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**華融投資股份有限公司**

**HUARONG INVESTMENT STOCK CORPORATION LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2277)**

**DISCLOSEABLE TRANSACTION  
SUBSCRIPTION OF NOTES  
TO BE ISSUED BY MASTER GLORY GROUP LIMITED**

**SUBSCRIPTION OF NOTES**

The Board is pleased to announce that on 23 November 2017 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement, pursuant to which, among other matters, the Subscriber has conditionally agreed to subscribe for and the Issuer has conditionally agreed to issue to the Subscriber, the Notes in the principal amount of HK\$300 million.

**IMPLICATION UNDER THE LISTING RULES**

As disclosed in the Previous Announcement, Bloom Right Limited, an indirect wholly-owned subsidiary of the Company, entered into the November Subscription. The Subscription and the November Subscription, which are completed within 12 months, are aggregated for the purpose of Chapter 14 of the Listing Rules by virtue of Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Subscription, on a standalone basis or on an aggregate basis with the November Subscription, exceed(s) 5% but less than 25%, the Subscription (whether on a standalone basis or on an aggregate basis with the November Subscription) constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## THE SUBSCRIPTION AGREEMENT

The details of the Subscription Agreement are set out as follows:

**Date** : 23 November 2017

**Parties** : the Issuer, as issuer; and  
the Subscriber, as subscriber

**Subscription price of the Notes** : 100% of the principal amount of HK\$300 million.

The Company intends to fund the total subscription amount of the Notes by the Group's internal resources.

**Security** : The obligations of the Issuer arising under the Subscription Agreement and other related Transaction Documents are secured or guaranteed by (as the case may be):

- (a) a fixed charge on the entire issued share capital of Rich Dynamic to be executed by Topack Group in favour of the Subscriber ("**Share Charge**");
- (b) an equity pledge on the entire registered capital of Guangzhou Yupo to be executed by Rich Dynamic in favour of the Subscriber ("**Equity Pledge**");
- (c) a guarantee to be executed by a substantial shareholder of the Issuer ("**Guarantor**") in favour of the Subscriber ("**Deed of Guarantee**")

(collectively, the "**Security Documents**")

- Conditions precedent** : The Subscriber’s obligations to subscribe for the Notes under this Subscription Agreement are subject to the following conditions precedent being fulfilled (unless waived by the Subscriber in its absolute sole discretion):
- (a) the results of the due diligence review conducted on the Issuer and other members of the Issuer’s group being satisfactory to the Subscriber in its sole discretion;
  - (b) the Subscriber having performed and completed to its satisfaction “know your customer,” anti-money laundering or similar identification procedures in respect of the Issuer;
  - (c) the Subscriber having received all of the documents and evidence pursuant to the Subscription Agreement;
  - (d) evidence that the Subscriber has performed all necessary external, internal and corporate approvals and checks under all applicable laws and regulations, including but not limited to, (i) approval from the board of the Subscriber and the Company and (ii) the Company’s compliance with applicable rules of the Stock Exchange, including but not limited to an announcement published in accordance with the Listing Rules;
  - (e) evidence that all Authorizations having been obtained to enable the Issuer to enter into this Subscription Agreement and to perform its obligations hereunder (including but not limited to the issue of the Notes) having been obtained;
  - (f) no Material Adverse Effect having occurred;
  - (g) no events of default (“**Event of Default**”) pursuant to the Terms and Conditions having occurred or being continuing or would result from the proposed issue by the Issuer of the Notes;

- (h) the asset valuation report(s) issued by an independent professional party in relation to Guangzhou Yehui and Guangzhou Pofu having been satisfactory to the Subscriber in its sole discretion;
- (i) the Subscriber having received certain legal opinions to its satisfaction;
- (j) the representations and warranties of the Issuer contained in the Transaction Documents to which it is a party being true, accurate and correct and not misleading during the period beginning on the date of this Subscription Agreement and ending on the Completion Date (as defined below); and
- (k) the Guarantor is a director and the chairman of the board of the Issuer, and holds not less than 29% beneficial interest directly or indirectly in the Issuer as at the Completion Date

**Completion  
Deliverables**

: The duly executed and dated Note Certificate (including the Terms and Conditions), Instrument, Security Documents and an updated Register evidencing that the Subscriber has been entered in the Register as the Noteholder shall be delivered to the Subscriber.

**Completion Date**

: The closing of the Subscription shall take place on the fifth (5th) Business Day after fulfillment (or waiver as the case may be) of the conditions precedent set out in the Subscription Agreement, or any other date as the Issuer and the Subscriber may agree (“**Completion Date**”)

**Use of proceeds**

: The proceeds shall be used for acquisition of high quality assets (save and except for purchase of any listed company’s shares) and as its general working capital

## TERMS OF THE NOTES

A summary of the principal terms and conditions of the Notes is set out below:

- Issuer of the Notes** : the Issuer
- Principal amount of the Notes** : HK\$300 million
- Form** : The Notes are in registered form.
- Status of the Notes** : The Notes constitute direct, general, unconditional, unsubordinated, and (pursuant to the Terms and Conditions), secured and guaranteed obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future direct, unsecured, unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- Maturity date** : The date falling on the third anniversary of the date of issue of the Notes.
- Interest rate** : 9.5% per annum, which will be payable by the Issuer quarterly in arrears.

If the Issuer defaults in the payment of any sum due and payable in respect of any Notes, the Issuer shall pay interest on such sum to the Noteholder from the original due date to the date of actual payment in full (both before and after judgment) calculated at the rate of 24% per annum accrued on the basis of the actual number of days elapsed and a 365 day year (“**Default Interest**”).

- Redemption on maturity** : Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the maturity date of the Notes, subject to the Terms and Conditions.
- If the Issuer fails to rectify an Event of Default and a written notice is served by a Noteholder to the Issuer specifying the Event of Default, that Noteholder shall have the right (but not the obligation) to demand the Issuer to, and the Issuer shall, redeem all or such part of the outstanding principal amount of the relevant Note at the applicable redemption amount pursuant to the Terms and Conditions plus any Default Interest.
- Transferability** : The Notes can only be assigned or transferred (a) when an Event of Default has occurred and the notice declaring the Note has become immediately due and payable pursuant to the Terms and Conditions has been served by the Noteholder on the Issuer; (b) when it is assigned or transferred to any of the Noteholder's Affiliates; or (c) when it is assigned or transferred to a third party with the prior written consent of the Issuer.
- Negative pledge** : The Issuer will not and will ensure that no member of the Security Group will create or permit to subsist any Security Interest over any present or future assets or revenue or interest or shareholding of any member of the Security Group, except for the following: (a) any lien arising by operation of law; (b) any Security Interest created or entered into with the written consent of the Subscriber; or (c) any Security Interest already created or existed in specific properties of the Security Group on the date of the Subscription Agreement as specified in the Subscription Agreement.
- Listing** : No application will be made for a listing of the Notes.

## **INFORMATION OF THE OBLIGORS**

The Issuer is a company incorporated in Bermuda whose issued shares are listed on the Stock Exchange (stock code: 275). The Issuer and its subsidiaries are principally engaged in (i) property development, investment and trading, (ii) industrial water supply business, (iii) trading of securities and (iv) other strategic investments.

The Guarantor is a natural person and substantial shareholder of the Issuer.

Topack Group is a company incorporated in the British Virgin Islands, which is the indirect wholly-owned subsidiary of the Issuer. It is principally engaged in investment holding.

Rich Dynamic is a company incorporated in Hong Kong, whose shares are ultimately wholly-owned by the Issuer. It is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Obligors and their ultimate beneficial owner(s) (if applicable) are third parties independent of the Company and Connected Persons of the Company.

## **INFORMATION OF THE SUBSCRIBER AND THE GROUP**

The Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company.

The Group is principally engaged in (i) direct investments; (ii) financial services and others; and (iii) foundation and substructure construction services.

## **REASONS AND BENEFITS FOR THE SUBSCRIPTION**

As the interest rate of the Notes is generally more favourable and higher than the interest rate of fixed deposits offered by well-recognised financial institutions in Hong Kong, the Board considers that the Subscription can diversify the Group's investment portfolio, broaden the Group's sources of income and provide the Group with a stable investment return.

The terms and conditions of the Subscription Agreement and the Instrument (including the interest rate of the Notes) have been negotiated between the Issuer and the Subscriber on an arm's length basis with reference to the normal prevailing commercial practice and the principal amount of the Notes. Given that the due and

punctual performance of the obligation of the Notes are secured and guaranteed by the Securities, the Directors consider that the Subscription Agreement is entered into on normal commercial terms and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As disclosed in the Previous Announcement, Bloom Right Limited, an indirect wholly-owned subsidiary of the Company, entered into the November Subscription. The Subscription and the November Subscription, which are completed within 12 months, are aggregated for the purpose of Chapter 14 of the Listing Rules by virtue of Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Subscription, on a standalone basis or on an aggregate basis with the November Subscription, exceed(s) 5% but less than 25%, the Subscription (whether on a standalone basis or on an aggregate basis with the November Subscription) constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

<b>“Affiliates”</b>	with respect to any person, any other person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”) means (i) the beneficial ownership, directly or indirectly, of more than 30% of the equity interests of such person, or (ii) the ability to control the composition of the majority of or the decisions of the board of directors of such person or (iii) the possession, direct or indirect, of the power to direct or cause the direction of the management policies of such entity, whether through ownership of voting equity interests, by contract or otherwise
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<b>“Authorization”</b>	an authorization, consent, approval, resolution, license, exemption, filing, notarization or registration
<b>“Board”</b>	the board of Directors
<b>“Business Day(s)”</b>	a day (except a Saturday, Sunday and public holiday or any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00a.m. and 5:00p.m.) on which licensed banks in Hong Kong are open for business during their normal business hours
<b>“Company”</b>	Huarong Investment Stock Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2277)
<b>“Connected Person(s)”</b>	has the same meaning as ascribed to it under the Listing Rules
<b>“Director(s)”</b>	director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guangzhou Pofu”</b>	廣州市珀富實業有限公司, a company incorporated in the PRC whose entire equity interest is held by Guangzhou Yupo
<b>“Guangzhou Yehui”</b>	廣州市冶暉市場開發有限公司, a company incorporated in the PRC whose equity interest is held by Guangzhou Yupo
<b>“Guangzhou Yupo”</b>	廣州市裕珀投資管理有限公司, a company incorporated in the PRC whose entire equity interest is held by Rich Dynamic
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Instrument”</b>	the instrument to be executed as a deed by the Issuer constituting the Notes

<b>“Issuer”</b>	Master Glory Group Limited (凱華集團有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 275)
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Material Adverse Effect”</b>	a material adverse effect on: (a) the business, operations, property, condition (financial or otherwise) or prospects of any of the Issuer’s group member; (b) the ability of any of the Issuer’s group member to perform its obligations under the Transaction Documents; or (c) the validity or enforceability of the Transaction Documents or the rights or remedies of the Subscriber under the Transaction Documents
<b>“Notes”</b>	3-year 9.5% notes for an aggregate principle amount of HK\$300 million with the benefit of and subject to the terms and conditions of the Subscription Agreement and the Instrument and due on the maturity date of the Notes, to be issued by the Issuer
<b>“Noteholder”</b>	the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof)
<b>“November Subscription”</b>	the subscription of the notes issued by the Issuer in the principal amount of HK\$100 million, details of which were disclosed in the Previous Announcement
<b>“Note Certificate”</b>	the certificate(s) representing the Notes or any of them
<b>“Obligors”</b>	the Issuer, the Guarantor, Topack Group, Rich Dynamic and any person that is a party to any Transaction Documents that is not the Subscriber
<b>“Previous Announcement”</b>	the announcement of the Company dated 24 November 2016 in relation to the November Subscription
<b>“PRC”</b>	People’s Republic of China, for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

<b>“Register”</b>	the register of Noteholders maintained by the Issuer or such other Person from time to time appointed by the Issuer pursuant to the Instrument
<b>“Rich Dynamic”</b>	Rich Dynamic Limited (裕立有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Issuer
<b>“Security Group”</b>	Rich Dynamic, Guangzhou Yupu, Guangzhou Pofu and Guangzhou Yehui
<b>“Security Interest”</b>	any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“Stock Exchange”</b>	the Stock Exchange of Hong Kong Limited
<b>“Subscriber”</b>	Unique Rosy Limited (唯鴻有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“Subscription”</b>	the subscription of the Notes pursuant to the Subscription Agreement
<b>“Subscription Agreement”</b>	the subscription agreement dated 23 November 2017 in relation to the Subscription entered into between the Issuer and the Subscriber
<b>“Terms and Conditions”</b>	the document containing the terms and conditions applicable to the Notes
<b>“Topack Group”</b>	Topack Group Limited (德柏集團有限公司), a company incorporated in the British Virgin Islands and the indirect wholly-owned subsidiary of the Issuer and the parent company of Rich Dynamic

**“Transaction Documents”**

(a) the Subscription Agreement, (b) the Note Certificate (including the Terms and Conditions), (c) Security Documents, (d) the Instrument, and (e) any other document designated as such by the Issuer and the Subscriber.

“%”

per cent.

By order of the Board  
**Huarong Investment Stock Corporation Limited**  
**Qin Ling**  
*Chairman*

Hong Kong, 23 November 2017

*As at the date of this announcement, the executive Directors are Mr. Qin Ling, Mr. Yeung Chun Wai Anthony, Mr. Xu Xiaowu, Mr. Kwan Wai Ming, Mr. Liu Xiguang and Dr. Niu Shaofeng; the non-executive Director is Ms. Lin Xueqin; and Independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai, Dr. Fang Fuqian and Dr. Lam Lee G.*