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**融太集團股份有限公司**  
**MAGNUS CONCORDIA GROUP LTD**

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

**(Stock Code: 1172)**

- (1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES  
ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY TWO EXISTING SHARES HELD ON  
THE RECORD DATE AT HK\$0.11 PER RIGHTS SHARE ON  
A NON-FULLY-UNDERWRITTEN BASIS;**
- (2) CONNECTED TRANSACTION IN RELATION TO  
THE UNDERWRITING AGREEMENT;**
- AND**
- (3) CLOSURE OF REGISTER OF MEMBERS**

**Financial adviser to the Company**

  
**Optima Capital Limited**

## **PROPOSED RIGHTS ISSUE**

The Company proposed to raise a gross proceed of up to approximately HK\$219 million before expenses by way of the Rights Issue to the Shareholders. The Rights Issue involves the issue of up to 1,986,487,450 Rights Shares at the Subscription Price of HK\$0.11 per Rights Share on the basis of one Rights Share for every two existing Shares in issue on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$213 million.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as member of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 9 January 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is 7 January 2020 and the Shares will be dealt with on an ex-rights basis from 8 January 2020.

The Rights Issue is conditional upon obtaining the Independent Shareholders' approval of the Underwriting Agreement and the Underwriting Agreement becoming unconditional.

## **THE UNDERWRITING AGREEMENT AND IRREVOCABLE UNDERTAKING**

Pursuant to the Underwriting Agreement, Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which together with the Shares already held by Huijin and the Committed Shares, will be equal to 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue, which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares.

As at the date of this announcement, Huijin is interested in 662,162,483 Shares, representing approximately 16.67% of the total number of the existing issued Shares. It has irrevocably undertaken to the Company that it shall accept in full the Committed Shares under the Rights Issue.

**THE RIGHTS ISSUE WILL PROCEED ON A NON-FULLY-UNDERWRITTEN BASIS. THERE IS NO REQUIREMENT FOR A MINIMUM LEVEL OF SUBSCRIPTION. SUBJECT TO THE FULFILMENT OF THE CONDITIONS OF THE RIGHTS ISSUE, THE RIGHTS ISSUE WILL PROCEED REGARDLESS OF THE ULTIMATE SUBSCRIPTION LEVEL. ANY UNSOLD RIGHTS SHARES WHICH ARE NOT SUBSCRIBED BY HUIJIN PURSUANT TO THE UNDERWRITING AGREEMENT WILL NOT BE ISSUED BY THE COMPANY AND THE SIZE OF THE RIGHTS ISSUE WILL BE REDUCED ACCORDINGLY.**

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE UNDERWRITING AGREEMENT BY THE INDEPENDENT SHAREHOLDERS AT THE EGM. IF THE APPROVAL OF THE UNDERWRITING AGREEMENT BY THE INDEPENDENT SHAREHOLDERS AT THE EGM IS NOT OBTAINED, THE RIGHTS ISSUE WILL NOT PROCEED.**

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 30 December 2019 to 6 January 2020 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from 10 January 2020 to 16 January 2020 (both dates inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Underwriter under the Underwriting Agreement, Huijin, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Huijin and its associates shall abstain from voting in respect of the resolution relating to the Underwriting Agreement at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Underwriting Agreement. The Independent Board Committee will formulate its view, as the case may be, with respect to the terms of the Underwriting Agreement after obtaining and considering the advice of the independent financial adviser.

A circular containing, among other matters, further details of (i) the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Underwriting Agreement; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Underwriting Agreement; and (iv) a notice of the EGM, is expected to be despatched on or before 12 December 2019, to allow sufficient time for the preparation of the relevant information for inclusion in the circular. Upon the approval by the Independent Shareholders of the Underwriting Agreement at the EGM having been obtained, the Prospectus Documents will be despatched to the Qualifying Shareholders on 17 January 2020. The Overseas Letter and the Prospectus, without the Provisional Allotment Letter, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

**ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES OR IN THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE RIGHTS ISSUE IS SUBJECT ARE FULFILLED WILL ACCORDINGLY BEAR THE RISK THAT THE RIGHTS ISSUE MAY NOT PROCEED.**

## PROPOSED RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below (assuming there have been no change in the issued share capital of the Company on or before the Record Date):

### Issue statistics

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Subscription Price:	HK\$0.11 per Rights Share
Number of the existing Shares in issue as at the date of this announcement:	3,972,974,900 Shares
Number of Rights Shares:	Up to 1,986,487,450 Rights Shares
Aggregate nominal value of the Rights Shares:	Up to HK\$198,648,745
Enlarged issued share capital upon completion of the Rights Issue:	Up to 5,959,462,350 Shares
Number of Underwritten Shares:	Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which together with the Shares already held by the Huijin and the Committed Shares, will be equal to 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue, which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares.

The 28% limit is to ensure that Huijin's participation in the Rights Issue will not result in a change in control of the Company nor trigger any obligation for a general offer under the Code on Takeovers and Mergers issued by the SFC.

**Irrevocable Undertaking:**

Huijin, being a substantial Shareholder and the Underwriter of the Rights Issue, has irrevocably undertaken to the Company that it will take up the Committed Shares, being all of the 331,081,241 Rights Shares under its entitlement pursuant to the terms of the Rights Issue.

Qingda, being a controlling Shareholder, has indicated that it will not take up any of the Rights Shares under its entitlement after taking into account, among others, its financial position and recent market conditions. As at the date of this announcement, Qingda did not have any intention to dispose of any of the Shares held by it as at the date of this announcement.

There are no options, warrants, derivatives or other convertible securities granted by the Company which confer right to subscribe for, convert or exchange into Shares that are subsisting as at the date of this announcement.

Assuming no new Shares have been issued and no Shares have been repurchased on or before the Record Date, the maximum number of 1,986,487,450 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50% of the total number of the existing issued Shares as at the date of this announcement and approximately 33.3% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

**The Rights Issue will proceed on a non-fully-underwritten basis. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Any Unsold Rights Shares which are not subscribed by Huijin pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.**

## Subscription Price

The subscription price of HK\$0.11 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.14% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.88% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.1484;
- (iii) a discount of approximately 29.53% to the average of the closing prices per Share as quoted on the Stock Exchange for the 10 previous consecutive trading days up to and including the Last Trading Day of HK\$0.1561;
- (iv) a discount of approximately 17.5% to the theoretical ex-rights price of approximately HK\$0.1333 per Share based on the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a dilution effect of approximately 10.18% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.1333 per Share (taking into account the closing price of the Last Trading Day of HK\$0.145 per Share) and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.1484 per Share.

The Subscription Price was commercially determined by the Company, having regard to the current market conditions, the percentage discount(s) in other recent market comparable rights issues, the market price of the Shares prior to and including the Last Trading Day and the amount of fund the Company intends to raise under the Rights Issue.

Given that (i) each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date; (ii) the Subscription Price has been set at a discount to the recent closing prices per Share as quoted on the Stock Exchange with an objective to lower the further investment costs of the existing Shareholders to encourage them to take up their entitlements under the Rights Issue and to participate in the potential growth of the Company; and (iii) the proceeds from the Rights Issue can reduce the gearing level of the Group, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 9 January 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is 7 January 2020 and the Shares will be dealt with on an ex-rights basis from 8 January 2020.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date.



Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Provisional Allotment Letter and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

### **Non-Qualifying Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the Provisional Allotment Letter to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas place(s) and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders. As at the date of this announcement, there is one Overseas Shareholder with registered address located in the British Virgin Islands, Huijin, which is interested in 662,162,483 Shares, representing approximately 16.67% of the total number of the existing issued Shares. Such Shareholder will not be excluded from the Rights Issue.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. Such Rights Shares will form part of the Unsubscribed Rights Shares and if possible be placed by Realord Manureen under the Unsubscribed Arrangements to independent placees, and if not successfully placed out, will become Unsold Rights Shares and be dealt with in accordance with the terms of the Underwriting Agreement. Please refer to the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangements” below for the treatment of Unsubscribed Rights Shares under the Unsubscribed Arrangements and the section headed “Underwriting Agreement” below for the treatment of Unsold Rights Shares under the Underwriting Agreement.

For the avoidance of doubt, the Non-Qualifying Shareholders will be entitled to vote at the EGM unless such person is an associate of Huijin or is otherwise not an Independent Shareholder.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

### **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated, rounded down to the nearest whole number and will be disposed by the Company in the open market if a premium (net of expenses) can be obtained.

### **Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangements**

Pursuant to Rule 7.21(2) of the Listing Rules, as Huijin, a substantial Shareholder, acts as the Underwriter of the Rights Issue, the Company is required to make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the No Action Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(2)(a) of the Listing Rules.

Pursuant to the Placing Agreement, the Company has appointed Realord Manureen as the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. Realord Manureen will, on a best effort basis, procure, by not later than 4:00 p.m. on 11 February 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any unsold Unsubscribed Rights Shares will form the Unsold Rights Shares and will be dealt with in accordance with the terms of the Underwriting Agreement. Please refer to the section headed “Underwriting Agreement” for the treatment of Unsold Rights Shares.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

***Placing Agreement for the Unsubscribed Rights Shares***

Details of the Placing Agreement are summarized below:

Date: 28 October 2019

Issuer: The Company

Placing Agent: Realord Manureen was appointed as the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period on a best effort basis.

Commission and expenses: Realord Manureen will receive a commission of the higher of (a) HK\$300,000; and (b) 1.5% of the sum which is equal to the Subscription Price multiplied by the Unsubscribed Rights Shares that have been successfully placed by Realord Manureen pursuant to the terms of the Placing Agreement.

The Company shall also be responsible for the costs of legal advisers of and out of pocket expenses incurred by Realord Manureen for the purposes of the Placing Agreement, subject to a cap of HK\$300,000.

The commission is not payable by the Company to Realord Manureen if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms. The legal costs and out of pocket expenses (subject to a cap of HK\$300,000) once incurred by Realord Manureen shall be payable by the Company even if the Placing Agreement does not become unconditional or is terminated in accordance with its terms.

Placing price of the Unsubscribed Rights Shares: The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.

Placees: The Unsubscribed Rights Shares are expected to be placed to placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.

Ranking of Unsubscribed Rights Shares: Unsubscribed Rights Shares (when allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Condition of the Placing Agreement: The obligations of Realord Manureen under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (except for the condition that the Placing Agreement become unconditional).

In the event that the above condition precedent has not been fulfilled on or before the Latest time for termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

Termination: The obligations of Realord Manureen under the Placing Agreement will be terminated if all of the Rights Shares have been accepted by the Qualifying Shareholders on or before the Latest time for acceptance.

Realord Manureen confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company. The engagement between the Company and Realord Manureen of the Unsubscribed Rights Shares (including the commission payable) was determined after arm's length negotiation between Realord Manureen and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by Realord Manureen (an independent licensed placing agent) to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders. If all of the Unsubscribed Rights Shares are successfully placed, the underwriting obligations of Huijin under the Underwriting Agreement will be terminated forthwith. If and only if there remain any Unsubscribed Right Shares after the placing, Huijin will be obliged to take up such amount of the Unsubscribed Rights Shares up to the Underwritten Shares at the Subscription Price. Any Unsold Rights Shares that are not taken up by Huijin will not be issued by the Company.

The Board is of the view that the above Unsubscribed Arrangements and the terms of the Underwriting Agreement are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Unsubscribed Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. Such Placing Agent is not connected with the Company or any of its connected persons (including Huijin);

- (iii) given the current market situation and global economic environment, it is difficult and very costly for the Company to find licensed persons to underwrite the Rights Issue. Further, the appointment of Huijin as the Underwriter will not only save substantial costs as no commission will be payable to Huijin under the Underwriting Agreement, it will also provide certainty of funding to the Company as Huijin will underwrite the Underwritten Shares on a firm commitment basis. The proceeds from such fully-underwritten portion are essential as they will be used to refinance certain existing short term bank loans which are due to expire/subject to annual renewal within three months after completion of the Rights Issue. Please refer to the section headed “Reasons for the Rights Issue and Proposed Use of Proceeds” below for further details regarding the use of proceeds; and
- (iv) the Unsubscribed Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares to the Company.

### **Conditions of the Rights Issue**

The Rights Issue will be conditional upon obtaining the Independent Shareholders’ approval of the Underwriting Agreement and the Underwriting Agreement becoming unconditional. For details of the conditions of the Underwriting Agreement, please refer to the section headed “Underwriting Agreement – Conditions of the Underwriting Agreement” in this announcement.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

### **Stamp Duty and other applicable fees and charges**

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

## **Share Certificates for the Rights Shares**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before 13 February 2020 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

## **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **THE IRREVOCABLE UNDERTAKING**

As at the date of this announcement, Huijin, the Underwriter and a substantial Shareholder which is interested in 662,162,483 Shares, representing approximately 16.67% of the total number of the existing issued Shares, has, pursuant to the Underwriting Agreement, irrevocably undertaken to the Company that it shall accept or procure the acceptance of in full the Committed Shares and shall procure that the Provisional Allotment Letter(s) in respect of the Committed Shares shall be lodged with the Registrar of the Company with payment therefor in accordance with the terms of the Prospectus Documents on or before three Business Days before the Latest time for acceptance or such later date as agreed between the Company and Huijin.



Qingda, being a controlling Shareholder, has indicated that it will not take up any of the Rights Shares under its entitlement after taking into account, among others, its financial position and recent market conditions, but it has confirmed that it currently does not have any intention to dispose of any of the Shares held by it as at the date of this announcement.

Save for the irrevocable undertaking from Huijin which provide for irrevocable and unconditional commitments to accept Huijin's entitlement of the Rights Shares, and Qingda's indication of not accepting its entitlement of the Rights Shares, the Company has not received any other irrevocable commitments to accept or reject the Rights Shares.

## **UNDERWRITING AGREEMENT**

Principal terms of the Underwriting Agreement are as follow:

Date: 28 October 2019

Issuer: The Company

Underwriter: Huijin

Number of Underwritten Shares and the underwriting arrangement: Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which together with the Shares already held by the Huijin and the Committed Shares, will be equal to 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue, which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares.

The actual amount of Rights Shares to be taken up by Huijin will depend on the level of subscriptions by the Qualifying Shareholders, and the results of the placing pursuant to the Unsubscribed Arrangements under the Placing Agreement.

Commissions and expenses:

Huijin will not receive any commission for underwriting the Underwritten Shares.

The Company is not required to pay or reimburse any other fees or expenses under the Underwriting Agreement.

Since no commission is payable to the Underwriter, the Board (excluding members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the independent financial adviser) considers that the Underwriting Agreement (including expenses payable in connection thereto) is on normal commercial terms or better and is fair and reasonable so far as the Shareholders are concerned.

### **Conditions of the Underwriting Agreement**

The obligations of Huijin under the Underwriting Agreement are conditional on the fulfilment (or waiver, if applicable, by Huijin and subject as mentioned below) of the following conditions:

- (i) the approval by the Independent Shareholders of the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement), in each case by way of poll at the EGM in accordance with the Listing Rules by no later than the Prospectus Date;
- (ii) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than a Business Day before the date of the Prospectus (or such later time and/or date as the Company and the Underwriter may agree);
- (iii) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than a Business Day before the date of the Prospectus, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than a Business Day before the date of the Prospectus (or such later time and/or date as the Company and Huijin may agree);

- (iv) the despatch on the Prospectus Date of copies of the Prospectus Documents to the Qualifying Shareholders;
- (v) the compliance and performance by the Company with/of all its obligations and undertakings pursuant to the terms and conditions of the Underwriting Agreement and by the Latest time for termination;
- (vi) no breach of any of the Company's warranties under the Underwriting Agreement;
- (vii) the Shares remaining listed on the Stock Exchange at all times prior to the Latest time for termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (or such longer period as the Company, and Huijin may agree); and no indication being received before 4:00 p.m. on the Latest time for termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (viii) the grant by the Listing Committee of the Stock Exchange (and such permission not being withdrawn or revoked) of the permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) (subject only to allotment and despatch of the appropriate documents of title) by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively); and
- (ix) the Placing Agreement becoming unconditional on or before the Latest time for termination.

All the above conditions precedent are required to be satisfied (or waived, if applicable). None of the Company and Huijin may waive the conditions precedent in (i) to (ix) (except for condition precedent (vi) of which Huijin has the sole discretion to waive).

As at the date of this announcement, none of the conditions precedent has been fulfilled.

In the event that the above conditions precedent have not been fulfilled (or waived in whole or in part by Huijin) in accordance with the terms thereof by the Latest time for termination, the Underwriting Agreement shall be terminated and the obligations of all parties under the Underwriting Agreement shall be terminated and the provision under the termination clause shall apply.

### **Termination of the Underwriting Agreement**

If at any time prior to the Latest time for termination:

- (i) there is any material adverse change or prospective material adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the reasonable opinion of the Underwriter, is or may be materially adverse in the context of the Rights Issue; or
- (ii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (iii) the Company withdraws the circular of the Company or the Prospectus (and/or any other documents issued or used in connection with the Rights Issue) or the Rights Issue; or
- (iv) any adverse change in market conditions (including with limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which, in the reasonable opinion of the Underwriter, is likely to materially adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (v) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is temporary or routine in nature for not more than ten trading days); or

- (vi) order or petition (not withdrawn on or before the Latest time for termination) for the winding up being levied upon any of the Company or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of the Company or anything analogous thereto occurring in respect of any of these companies; or
  
- (vii) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
  - a) any change (whether or not permanent) in the local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong or the United States; or
  
  - b) any event force majeure (including, without limitation, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong or the United States); or
  
  - c) the declaration of a banking moratorium by the PRC, Hong Kong or United States authorities occurring due to exceptional financial circumstances or otherwise; or
  
  - d) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong; or
  
  - e) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong, or
  
  - f) any change or development occurs involving a prospective change in taxation in Hong Kong or the PRC or the implementation of any exchange controls; or

- g) any litigation or claim of material importance to the business, financial or operations of the Group being threatened or instituted against any member of the Group; or
- h) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong or the PRC; or
- i) any governmental or regulatory commission, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal in any relevant jurisdiction commencing any investigation, or formally announcing to investigate or take other legal action, against the Group or any of the Directors in respect of any matter related to the Group's business, which investigation has or would have material adverse effect on the trading price of the Shares or the Group; or

the effect of which events or circumstances referred to in paragraphs (i) to (vii) above, individually or in the aggregate (in the reasonable opinion of the Underwriter): (1) is or will likely be materially adverse to the Group (taken as a whole), or materially prejudicially affects or would materially and prejudicially affect, the Group (taken as a whole) or the Rights Issue; or (2) makes or will likely make it inadvisable or inexpedient to proceed with the Rights Issue; or (3) will make or is likely to make the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Rights Issue or pursuant to the underwriting thereof provided always that the events or circumstances referred to in the above do not include any force majeure events, sanctions and/or changes in, or enactments of, laws or regulations or other events or circumstances that have been subsisting or are in contemplation in Hong Kong, the PRC or the United States as at the date of the Underwriting Agreement;

then in any such case the Underwriter may by notice in writing to the Company, served prior to the Latest time for termination, rescind or terminate the Underwriting Agreement.

If prior to the Latest time for termination any such notice as is referred to the termination clause of the Underwriting Agreement is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall be terminated forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of the parties in respect of any breach of the Underwriting Agreement and claims arising from the Underwriting Agreement occurring prior to such termination.

Rescission or termination of the Underwriting Agreement under the termination clause of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other party prior to such rescission or termination.

## EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Rights Issue are set out as below (assuming no change in the total number of issued Shares except for the Rights Shares):

	Shareholdings immediately after completion of the Rights Issue					
	As at the date of this announcement		Assuming none of the Rights Shares is taken up by the Qualifying Shareholders (other than the Committed Shares by Huijin) and Huijin has taken up its maximum underwriting commitment under the Underwriting Agreement but no additional Rights Shares have been placed pursuant to the Placing Agreement		Assuming (i) all Rights Shares had been taken up by Huijin under the Underwriting Agreement or placed to places procured by Realord Manureen pursuant to the Placing Agreement OR (ii) all Qualifying Shareholders (other than Qingda) (Note) take up all the Rights Shares under their respective entitlement, and all Rights Shares under Qingda's entitlement had been taken up by Huijin under the Underwriting Agreement or placed to places procured by Realord Manureen pursuant to Placing Agreement	
	Number of Issued Shares	%	Number of Issued Shares	%	Number of Issued Shares	%
<b>Qingda</b>	2,025,303,473	50.98	2,025,303,473	44.04	2,025,303,473	33.98
<b>Huijin</b>	662,162,483	16.67	1,287,537,725	28.00	1,668,649,458	28.00
<b>Other Shareholders</b>	1,285,508,944	32.35	1,285,508,944	27.96	2,265,509,419	38.02
<b>Total</b>	<u>3,972,974,900</u>	<u>100.00</u>	<u>4,598,350,142</u>	<u>100.00</u>	<u>5,959,462,350</u>	<u>100.00</u>

*Note:* Qingda, being a controlling Shareholder, has indicated that it will not take up any of the Rights Shares under its entitlement.

## **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company had not conducted any fund raising activities involving issue of securities in the twelve (12) months before the date of this announcement.

## **EXPECTED TIMETABLE FOR THE RIGHTS ISSUE**

Announcement . . . . . Monday, 28 October 2019

Despatch of circular with notice and  
form of proxy for the EGM . . . . . Thursday, 12 December 2019

Latest time for lodging transfer of Shares to  
be qualified for attendance and voting  
at the EGM . . . . . 4:30 p.m. on Friday,  
27 December 2019

Register of members of the Company  
closes (both dates inclusive) for  
determining entitlement for attending  
and voting at the EGM . . . . . Monday, 30 December 2019 to  
Monday, 6 January 2020

Latest time for lodging forms of  
proxy for the EGM . . . . . 10:30 a.m. on Saturday,  
4 January 2020

Record date for attendance and  
voting at the EGM . . . . . Monday, 6 January 2020

Date and time of EGM . . . . . 10:30 a.m. on Monday,  
6 January 2020

Announcement of poll results of the EGM . . . . . Monday, 6 January 2020

Last day of dealing in Shares  
on a cum-rights basis . . . . . Tuesday, 7 January 2020



First day of dealing in Shares on an ex-rights basis. . . . .	Wednesday, 8 January 2020
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue. . . . .	4:30 p.m. on Thursday, 9 January 2020
Register of members of the Company closes for determining entitlements under Rights Issue (both days inclusive) . . . . .	Friday, 10 January 2020 to Thursday, 16 January 2020
Record Date for determining entitlements under Rights Issue. . . . .	Thursday, 16 January 2020
Register of members of the Company reopens . . . . .	Friday, 17 January 2020
Despatch of Prospectus Documents. . . . .	Friday, 17 January 2020
First day of dealing in nil-paid Rights Shares . . . . .	Tuesday, 21 January 2020
Latest time for splitting of PAL. . . . .	4:30 p.m. on Thursday, 23 January 2020
Last day of dealing in nil-paid Rights Shares . . . . .	Thursday, 30 January 2020
Latest time for acceptance of and payment for Rights Shares. . . . .	4:00 p.m. on Tuesday, 4 February 2020
Announcement of the number of Unsubscribed Rights Shares subject to the Unsubscribed Arrangements to be posted on the Stock Exchange's website and the Company's website on or before . . . . .	Wednesday, 5 February 2020

Latest time for termination of  
the Underwriting Agreement . . . . . 4:00 p.m. on Thursday,  
6 February 2020

Commencement of placing of Unsubscribed  
Rights Shares by Realord Manureen  
under the Placing Agreement. . . . . Thursday, 6 February 2020

Latest time of placing of Unsubscribed  
Rights Shares by Realord Manureen  
under the Placing Agreement. . . . . 4:00 p.m. on Tuesday,  
11 February 2020

Announcement of the results of the  
Rights Issue (including results of placing of  
Unsubscribed Rights Shares and the amount of  
Net Gain per Unsubscribed Rights Share  
under the Unsubscribed Arrangements) to be  
posted on the Stock Exchange's website and  
the Company's website on or before . . . . . Wednesday, 12 February 2020

Share certificates for fully-paid  
Rights Shares to be posted . . . . . Thursday, 13 February 2020

Commencement of dealings in  
fully paid Rights Shares . . . . . 9:00 a.m. on Friday,  
14 February 2020

Payment of Net Gain to relevant  
No Action Shareholders (if any) . . . . . Thursday, 5 March 2020

*Note:* All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Underwriter. If any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

## **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

## **INFORMATION ON THE PARTIES**

### **Information relating to the Company and the Group**

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company, and the Group is principally engaged in (i) manufacturing and trading of printed products; (ii) property investment, and property development and sale and (iii) securities investment and trading.

## **Information on the Underwriter and the Placing Agent**

Huijin, the Underwriter, is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Xu Ruiqiao. It is an investment holding company and holds 662,162,483 Shares as at the date of this announcement and is a substantial shareholder of the Company. Huijin intends to fund its subscription of the Committed Shares and Huijin Underwritten Shares (if any) by further capital injection by or shareholder's loan from Ms. Xu using her own cash on hand derived from the businesses and investments of her family. Such source of funding is not and will not be sourced from, backed or guaranteed by the Company or any of its connected persons (other than Ms. Xu herself).

Realord Manureen, the Placing Agent, is a licenced corporation to carry out type 1 (dealing in securities) regulated activities under the SFO.

## **REASONS FOR THE RIGHTS ISSUE AND PROPOSED USE OF PROCEEDS**

As disclosed in the annual report of the Company for the year ended 31 March 2019, the Group had (i) bank borrowings of approximately HK\$135 million; and (ii) bank and cash balances of approximately HK\$68 million as at 31 March 2019. The gearing ratio, calculated as a percentage of total interest-bearing borrowings to shareholders' funds, was approximately 0.21 as at 31 March 2019. The Group had arranged further borrowings since 31 March 2019 to meet its funding needs. As disclosed in the announcements of the Company dated 25 July 2019 and 30 September 2019, the Group obtained new bank facilities with an aggregate amount of up to HK\$470 million subsequent to 31 March 2019 comprising (i) a HK\$320 million revolving bank facility and (ii) a HK\$150 million revolving credit facility. There have been significant cash flows out of the bank facilities and bank and cash balances of the Group subsequent to 31 March 2019 and until the date of this announcement, which mainly include approximately (i) HK\$110 million for refinancing certain existing bank loans; (ii) HK\$142 million for settling the last payment for the acquisition of Jinjin Investments Co., Limited (金錦投資有限公司); (iii) HK\$195 million for working capital purposes of its securities investment and trading business; and (iv) HK\$117 million for working capital purposes of its printing business as well as corporate expenses.

As at the date of this announcement, the total outstanding bank borrowings amounted to approximately HK\$460 million and bank and cash balances amounted to approximately HK\$88 million. The outstanding bank loans comprise a long term loan of approximately HK\$19 million which will be matured in the second quarter of 2021, and short term revolving loans of approximately HK\$441 million which are subject to rollovers every one to three months at the discretion of the relevant lenders and the facilities are subject to annual review and renewal during the second and third quarters of 2020. As these short-term revolving facilities are secured by certain properties or listed securities held by the Group, the facility amounts are subject to review from time to time and may be adjusted downward depending on the mark-to-market value of the underlying pledged assets.

Due to the market situation, it has been difficult for the Group to obtain longer term financing and hence, the new banking facilities obtained during the year are all short term in nature and the facility amounts are subject to the market volatility of the value of the underlying pledged assets. Amidst the current unstable economic and political environment, the Board is of the view that it is utmost important to strengthen its capital base by way of the Rights Issue with a view to enhancing liquidity and lowering the gearing level, in particular, the amount of short-term loans.

Assuming all the Rights Shares have been taken up, the gross proceeds from the Rights Issue will be approximately HK\$219 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$213 million. The Company intends to apply the net proceeds from the Rights Issue as to:

- (i) approximately 80%, or HK\$170 million for the repayment of external bank borrowings with maturity of less than three months from the date of completion of the Rights Issue; and
- (ii) approximately 20%, or HK\$43 million for general working capital.

The estimated expenses of the Rights Issue (including underwriting fee, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$6 million and will be payable by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no new Shares have been issued and no Shares have been repurchased on or before the Record Date) is expected to be approximately HK\$0.107.

Assuming none of the Rights Shares is taken up by the Qualifying Shareholders (other than the Committed Shares by Huijin) and Huijin has taken up its maximum underwriting commitment under the Underwriting Agreement but no additional Rights Shares have been placed pursuant to the Placing Agreement and the Underwriting Agreement, the gross proceeds from the Rights Issue will be approximately HK\$69 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$65 million.

In the event that there is an undersubscription of the Rights Issue (including the aforesaid scenario), the net proceeds of the Rights Issue will first be utilised for the repayment of external bank borrowings up to the amount stated above, and the remaining amount (if any) will be applied for general working capital of the Group.

## **SHAREHOLDERS APPROVAL**

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in a general meeting. Nonetheless, the Rights Issue is subject to certain conditions including but not limited to the approval of the Underwriting Agreement by the Independent Shareholders at the EGM.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE UNDERWRITING AGREEMENT BY THE INDEPENDENT SHAREHOLDERS AT THE EGM. IF THE APPROVAL OF THE UNDERWRITING AGREEMENT BY THE INDEPENDENT SHAREHOLDERS AT THE EGM IS NOT OBTAINED, THE RIGHTS ISSUE WILL NOT PROCEED.**

**IT IS EXPECTED THAT SHARES WILL BE DEALT WITH ON AN EX-RIGHTS BASIS FROM 8 JANUARY 2020. THE RIGHTS SHARES WILL BE DEALT WITH IN THEIR NIL-PAID FORM FROM 21 JANUARY 2020 TO 30 JANUARY 2020.**

**THE RIGHTS ISSUE WILL PROCEED ON A NON-FULLY-UNDERWRITTEN BASIS. THERE ARE NO REQUIREMENTS FOR MINIMUM LEVELS OF SUBSCRIPTION. SUBJECT TO THE FULFILMENT OF THE CONDITIONS OF THE RIGHTS ISSUE, THE RIGHTS ISSUE WILL PROCEED REGARDLESS OF THE ULTIMATE SUBSCRIPTION LEVEL. ANY UNSOLD RIGHTS SHARES WHICH ARE NOT FINALLY SUBSCRIBED BY HUIJIN UNDER THE UNDERWRITING AGREEMENT WILL NOT BE ISSUED BY THE COMPANY AND THE SIZE OF THE RIGHTS ISSUE WILL BE REDUCED ACCORDINGLY.**

## **ODD LOT ARRANGEMENT**

No odd lot matching services will be provided by the Company in respect of the Rights Issue as it appears to be not cost-effective for the Company to appoint any designated broker to stand in the market to provide matching services for odd lot of the Rights Shares, comparing the fees to be charged by such broker and the market value of such odd lot of the Rights Shares.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 30 December 2019 to 6 January 2020 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from 10 January 2020 to 16 January 2020 (both dates inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Huijin is interested in an aggregate of 662,162,483 Shares, representing approximately 16.67% of the total number of the total issued Shares and is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Huijin and its associates shall abstain from voting in respect of the resolution relating to the Underwriting Agreement at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Underwriting Agreement. The Independent Board Committee will formulate its view, as the case may be, with respect to the terms of the Underwriting Agreement after obtaining and considering the advice of the independent financial adviser.

A circular containing, among other matters, further details of (i) the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Underwriting Agreement; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Underwriting Agreement; and (iv) a notice of the EGM, is expected to be despatched on 12 December 2019 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Upon the approval by the Independent Shareholders of the Underwriting Agreement at the EGM having been obtained, the Prospectus Documents will be despatched to the Qualifying Shareholders on 17 January 2020. The Overseas Letter and the Prospectus, without the Provisional Allotment Letter, will be sent to the Non-Qualifying Shareholders (if any) for their information only.



**ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES OR IN THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE RIGHTS ISSUE IS SUBJECT ARE FULFILLED WILL ACCORDINGLY BEAR THE RISK THAT THE RIGHTS ISSUE MAY NOT PROCEED.**

## **DEFINITIONS**

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“Board”	the board of Directors
“Business Day”	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shares”	331,081,241 Rights Shares to be offered to and subscribed by Huijin under its entitlement, as set out in the Provisional Allotment Letter pursuant to the Rights Issue
“Company”	Magnus Concordia Group Ltd (Stock Code: 1172), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board
“Connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Underwriting Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Huijin”	Huijin Dingsheng International Holding Co., Ltd., a company incorporated in the British Virgin Islands with limited liability, a substantial Shareholder and the Underwriter
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the terms of Underwriting Agreement
“Independent Shareholder(s)”	Shareholders other than Huijin and its associates, who are required under the Listing Rules to abstain from voting in the EGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company

“Last Trading Day”	25 October 2019, being the last full trading day for the Shares before the date of this announcement
“Latest Acceptance Date”	4 February 2020, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest time for termination”	4:00 p.m. on the date falling on the second Business Day after the Latest Acceptance Date (i.e. 6 February 2020 based on the expected timetable set out in the section headed “Expected Timetable for the Rights Issue” in this announcement) or such later date as the Company and the Underwriter may agree in writing
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by Realord Manureen under the Placing Agreement) under the Unsubscribed Arrangements
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the provisional letters of allotment or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)

“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Placing Agreement”	the placing agreement dated 28 October 2019 and entered into between the Company and Realord Manureen in relation to the placing of Unsubscribed Rights Shares
“Placing Period”	the period commencing from the third Business Day after the Latest time for acceptance and ending on 4:00 p.m. on the sixth Business day after the Latest time for acceptance
“Posting Date”	17 January 2020, or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue

“Prospectus Date”	proposed date of Prospectus
“Prospectus Documents”	the Prospectus and the Provisional Allotment Letter to be issued by the Company to the Qualifying Shareholders
“Provisional Allotment Letter(s)” or “PAL”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
“Qingda”	Qingda Developments Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling Shareholder
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Realord Manureen” or the “Placing Agent”	Realord Manureen Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO, and appointed by the Company to place any Unsubscribed Rights Shares under the Unsubscribed Arrangements in Rule 7.21(1)(b) of the Listing Rules
“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on 16 January 2020 or such later date as announced by the Company
“Registrar”	the share registrar of the Company, being Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue of 1,986,487,450 Rights Shares at the Subscription Price on the basis of one Rights Share for every two existing Shares held on the Record Date payable in full on acceptance

“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.11 per Rights Share
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Underwriter”	Huijin, the underwriter under the Underwriting Agreement
“Underwriting Agreement”	the underwriting dated 28 October 2019 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares that are conditionally underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsold Rights Shares”	the Unsubscribed Rights Shares which have not been placed to places by Realord Manureen under the Placing Agreement

“Unsubscribed Arrangements”	the placement of Unsubscribed Rights Shares by Realord Manureen pursuant to the terms of the Placing Agreement, details of which are set out in the section headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangements” in this announcement
“Unsubscribed Rights Shares”	consist of (i) Rights Shares that are not being taken up by the Qualifying Shareholders; and (ii) unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares
“US Person(s)”	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended
“%”	per cent or percentage

By Order of the Board  
**Magnus Concordia Group Limited**  
**Li Qing**  
*Director*

Hong Kong, 28 October 2019

*As at the date of this announcement, Mr. Li Qing, and Ms. Au Hoi Lee Janet are the executive directors of the Company, and Mr. Lam Chi Hung Louis, Mr. Hung Kin Man and Mr. Ho Man are the independent non-executive directors of the Company.*