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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Magnus Concordia Group Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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) CONNECTED TRANSACTION IN RESPECT OF
THE PROPOSED UNDERWRITING AGREEMENT
IN RESPECT OF THE RIGHTS ISSUE;
AND**

(2) NOTICE OF EGM

Financial adviser to the Company



Optima Capital Limited

**Independent Financial Adviser to the Independent Board Committee and
Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 7 to 32 of this circular. A letter from the Independent Board Committee is set out on pages 33 to 34 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 35 to 48 of this circular.

A notice convening the extraordinary general meeting (the "EGM") to be held at Room 103, 1/F, Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong on 6 January 2020 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the form of proxy (the "Form of Proxy") enclosed in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

All time and dates in this circular are to Hong Kong local time and dates.

12 December 2019

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DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this circular shall have the meanings as follows:

“Announcement”	the announcement of the Company issued on 28 October 2019 regarding the Rights Issue
“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 Limited (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., Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial Shareholder and the Underwriter

DEFINITIONS

“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 Financial Adviser”	Altus Capital Limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the 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 the 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 Practicable Date”	6 December 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“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 the 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

DEFINITIONS

“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 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 in relation to the placing of Unsubscribed Rights Shares
“Placing Period”	the period commencing from the second Business Day after the Latest time for acceptance and ending on 4:00 p.m. on the fifth Business Day after the Latest time for acceptance

DEFINITIONS

“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 circular, 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 the 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” or the “Placing Agent”	Realord Asia Pacific Securities Limited (formerly known as 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

DEFINITIONS

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, 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 conditional underwriting agreement dated 28 October 2019 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 under the Placing Agreement

DEFINITIONS

“Unsubscribed Arrangements”	the placement of Unsubscribed Rights Shares by Realord 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 circular
“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

In this circular, unless the context otherwise requires, the terms “connected transaction(s)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

References to the singular number include references to the plural and vice versa and references to one gender include every gender.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Qing

Ms. Au Hoi Lee Janet

Independent Non-executive Directors:

Mr. Lam Chi Hung Louis

Mr. Hung Kin Man

Mr. Ho Man

Registered address:

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Grand Cayman KY1-1111

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*Head Office and Principal Place of
Business in Hong Kong:*

Units D & E 20th Floor

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

12 December 2019

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RESPECT OF
THE PROPOSED UNDERWRITING AGREEMENT
IN RESPECT OF THE RIGHTS ISSUE;
AND
(2) NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2019 in relation to the possible Rights Issue, which aims to strengthen the Company's capital base, enhance liquidity and lower the gearing level, in particular, the amount of short-term loans. The Rights Issue allows all Qualifying Shareholders to participate in the potential growth of the Company while maintaining their respective pro rata shareholding interests in the Company. The Rights Issue is conditional upon obtaining the Independent Shareholders' approval of the Underwriting Agreement and the Underwriting Agreement becoming unconditional. The Board proposes to seek the approval of the Shareholders for the Underwriting Agreement.

LETTER FROM THE BOARD

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Underwriting Agreement and the transactions contemplated thereunder. In this connection, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Underwriting Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with (i) further information relating to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Underwriting Agreement and the transactions contemplated thereunder; (iii) a letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Underwriting Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM.

Prior to the commencement of the Rights Issue, the Company will make a further announcement and issue the Prospectus which will contain all the relevant details of the Rights Issue, including the definitive basis on which the Rights Shares are to be offered, the maximum number of Rights Shares to be issued, the Subscription Price, the period of any closure of the register of members and the Record Date, trading arrangements of the Rights Shares, the compensatory mechanism for No Action Shareholders, the arrangements for fractional entitlements, the underwriting arrangements and the expected timetable of the Rights Issue.

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 Latest Practicable Date:	3,972,974,900 Shares
Number of Rights Shares:	Up to 1,986,487,450 Rights Shares

LETTER FROM THE BOARD

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:	<p>Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares. The number of Underwritten Shares together with the Shares already held by the Huijin and the Committed Shares will be no less than 16.67% and not more than 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue.</p> <p>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.</p>
Irrevocable Undertaking:	<p>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.</p> <p>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 Latest Practicable Date, Qingda did not have any intention to dispose of any of the Shares held by it.</p>

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 circular.

LETTER FROM THE BOARD

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 circular 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 1.79% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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;

LETTER FROM THE BOARD

- (vi) 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; and
- (vii) a discount of approximately 42.1% to the unaudited consolidated net asset value per Share of approximately HK\$0.19 as at 30 September 2019.

The Subscription Price was commercially determined by the Company, having regard to the weak stock market sentiment as evidenced by the downward trend of the Hang Seng Index in the past six months, the percentage discount(s) in other recent market comparable rights issues as shown below, 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. The Company is of view that setting the Subscription Price at a relatively deep discount to the prevailing market price of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue by taking up their respective entitlements to maintain their shareholdings in the Company is not uncommon for rights issues carried out by listed issuers in Hong Kong.

Set out below is an exhaustive list of the recent market comparable rights issues listed on the Stock Exchange (the “**Comparable(s)**”) announced during the period from 25 April 2019, being six-month period immediately preceding the Last Trading Day, to the date of the Announcement:

Date	Company	Stock code	Basis of entitlement	Subscription price HK\$	Discount to the closing price as quoted on the Stock Exchange on the last trading day %	Discount to the closing price as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the last trading day %	Discount to the closing price as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the last trading day %	Discount to the theoretical ex-right price based on the closing price as quoted on the Stock Exchange on the last trading day %
11 Oct 2019	Ping An Securities Group (Holdings) Limited	231	1 for 2	0.05	27.54	27.54	31.51	20.63
26 Aug 2019	Jiangnan Group Limited	1366	1 for 2	0.28	13.80	13.60	14.80	9.70
18 Jul 2019	Cocoon Holdings Limited	428	1 for 2	0.28	13.80	12.50	12.20	5.10
3 Jul 2019	South China Financial Holdings Limited	619	3 for 2	0.42	16.00	14.46	14.81	7.08
13 Jun 2019	International Standard Resources Holdings Limited	91	1 for 2	0.12	32.96	34.07	38.46	24.67
11 Jun 2019	Food Idea Holdings Limited	8179	1 for 2	0.0248	34.74	35.08	36.25	26.19
3 May 2019	Theme International Holdings Limited	990	1 for 2	0.10	14.53	15.97	15.97	9.91
				Minimum	34.74	35.08	38.46	26.19
				Maximum	13.80	12.50	12.20	5.10
				Mean	21.91	21.89	23.43	14.75
	The Company		1 for 2	0.11	24.14	25.88	29.53	17.50

LETTER FROM THE BOARD

Based on the above, the discounts of the Subscription Price to (i) the closing price as quoted on the Stock Exchange on the Last Trading Day of approximately 24.14%, (ii) the closing price as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately 25.88%; (iii) the closing price as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately 29.53%; and (iv) the theoretical ex-right share price based on the closing price as quoted on the Stock Exchange on the Last Trading Day of approximately 17.50% fall within the relevant discount range of the Comparables. The Directors consider that the Subscription Price to be fair and reasonable for the Company and the Shareholders as a whole.

The Directors are also aware that the Subscription Price of HK\$0.11 represents a discount to the unaudited consolidated net asset value per Share of approximately HK\$0.19 as at 30 September 2019 of approximately 42.1%. However, it is noted that the Share price had been closing at a price below the aforesaid unaudited consolidated net asset value per Share during the period of two months prior to the date of the Underwriting Agreement, the Directors consider it would be more appropriate to make reference to the prevailing market price of the Shares which reflect the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Latest Practicable Date, there is one Overseas Shareholders 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 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 the Rights Shares. All fractions of the 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.

LETTER FROM THE BOARD

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 as the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees 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 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 summarised below:

Date: 28 October 2019

Issuer: The Company

LETTER FROM THE BOARD

Placing Agent:	Realord was appointed as the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period on a best effort basis.
Commission and expenses:	<p>Realord 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 pursuant to the terms of the Placing Agreement.</p> <p>The Company shall also be responsible for the costs of legal advisers of and out of pocket expenses incurred by Realord for the purposes of the Placing Agreement, subject to a cap of HK\$300,000.</p> <p>The commission is not payable by the Company to Realord 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 shall be payable by the Company even if the Placing Agreement does not become unconditional or is terminated in accordance with its terms.</p>
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 <i>pari passu</i> in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

LETTER FROM THE BOARD

Condition of the Placing Agreement:

The obligations of Realord 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 under the Placing Agreement 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 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 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 of the Unsubscribed Rights Shares (including the commission payable) was determined after arm's length negotiation between Realord 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 (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.

LETTER FROM THE BOARD

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 circular.

LETTER FROM THE BOARD

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. Each Shareholder will receive one Share certificate for all allotted Rights Shares.

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.

LETTER FROM THE BOARD

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, 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 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, and it has confirmed that it currently does not have any intention to dispose of any of the Shares held by it as at the Latest Practicable Date.

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

Details of the Underwriting Agreement are summarised as follow:

Date: 28 October 2019

Issuer: The Company

Underwriter: Huijin

Number of Underwritten Shares: Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares. The number of Underwritten Shares together with the Shares already held by the Huijin and the Committed Shares will be no less than 16.67% and not more than 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue.

LETTER FROM THE BOARD

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 considers that the Underwriting Agreement 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 Prospectus Date (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 Prospectus Date, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than a Business Day before the Prospectus Date (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;

LETTER FROM THE BOARD

- (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 Latest Practicable Date, 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 under the Underwriting Agreement 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.

LETTER FROM THE BOARD

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

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- 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

LETTER FROM THE BOARD

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 Agreement 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.

LETTER FROM THE BOARD

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):

	As at the Latest Practicable Date		Shareholdings immediately after completion of the Rights Issue			
			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 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 pursuant to Placing Agreement	
	Number of Issued Shares	%	Number of Issued Shares	%	Number of Issued Shares	%
Qingda	2,025,303,473	50.98	2,025,303,473	44.04	2,025,303,473	33.98
Huijin	662,162,483	16.67	1,287,537,725	28.00	1,668,649,458	28.00
Other Shareholders	1,285,508,944	32.35	1,285,508,944	27.96	2,265,509,419	38.02
Total	3,972,974,900	100.00	4,598,350,142	100.00	5,959,462,350	100.00

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 Latest Practicable Date.

LETTER FROM THE BOARD

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 (“**Ms. Xu**”). It is an investment holding company and holds 662,162,483 Shares as at the Latest Practicable Date and is a substantial shareholder of the Company. Huijin intends to fund its subscription of the Committed Shares and Underwritten Shares (if any) by further capital injection by or shareholder’s loan to Huijin 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, 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 Latest Practicable Date, 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\$120 million for working capital purposes of its printing business as well as corporate expenses.

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As at the Latest Practicable Date, the total outstanding bank borrowings amounted to approximately HK\$462 million and bank and cash balances amounted to approximately HK\$93 million. The outstanding bank loans comprise a long term loan of approximately HK\$18 million which will be matured by the second quarter of 2021, and short term revolving loans of approximately HK\$444 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.

As advised by the Directors, the Company has considered alternative fund raising methods which include, among other things, (i) placing of new Shares which, as opposed to Rights Issue, does not allow the Shareholders to maintain their respective shareholdings in the Company; and (ii) debt financing. Due to the current global and regional economic environment, 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. It has also been difficult for the Group to obtain additional financing without additional asset backing and collaterals, or at acceptable interest rates. As such, the Directors did not pursue the above alternative fund raising methods which are considered not appropriate.

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.

LETTER FROM THE BOARD

The estimated expenses of the Rights Issue (including commission, fees and expenses payable to Realord in connection with the placing, 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 of approximately HK\$4 million (assuming no commission is payable to Realord as no additional Rights Shares have been placed pursuant to the Placing Agreement) 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.

The Company's expected funding needs for the next 12 months from the Latest Practicable Date is approximately HK\$240 million, which include i) the repayment of bank loans principal together with interest and related charges of approximately HK\$239 million; and ii) the estimated capital expenditure for operation of approximately HK\$1 million. Such funding needs are estimated on the basis of the following key assumptions or factors: i) no premature termination or reduction of the Group's existing banking facilities; ii) the existing revolving bank loans will be refinanced upon the maturity; iii) no material change to the political, legal, fiscal, market or economic conditions in the regions in which the Group's business operation is based; and iv) no material adverse change of the Group's existing businesses.

Taking into account the proceeds from the Rights Issue and the above-mentioned key assumptions or factors, the Directors are of the opinion that the Group will have sufficient working capital to satisfy its expected funding needs for the next 12 months from the Latest Practicable Date in the absence of unforeseen circumstances. At the Latest Practicable Date, the Company has no definitive plans for any further equity fund raising activities. However, should the Company identify any investment opportunity which is in line with its investment strategy and can provide remunerative returns, or should any extra funding needs arise in the next 12 months, the Company may consider other funding methods to finance such investment and/or such funding needs.

LETTER FROM THE BOARD

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.

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

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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.

THE EGM

An ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, to approve, among other things, the Underwriting Agreement and the transactions contemplated thereunder. The voting in relation to the Underwriting Agreement will be conducted by way of poll.

Huijin and its associates shall abstain from voting in respect of the resolution relating to the Underwriting Agreement at the EGM. Save for Huijin and its associates, to the best knowledge of the Company, none of the Shareholders are required to abstain from voting on the ordinary resolution proposed at the EGM to consider and, if thought fit, to approve, among other things, the Underwriting Agreement.

A notice convening the EGM to be held at 10:30 a.m. on 6 January 2020 at Room 103, 1/F, Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong, is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. at or before 10:30 a.m. on 4 January 2020) or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

An announcement of the poll results of the EGM will be published on the websites of the Stock Exchange and the Company.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 33 to 34 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 35 to 48 of this circular, consider that the Underwriting Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve, among other things, the Underwriting Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the ordinary resolutions in relation to the Underwriting Agreement and the transactions contemplated thereunder proposed at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed resolutions in relation to the Underwriting Agreement (as the case may be).

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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.

Yours faithfully,
By Order of the Board
Magnus Concordia Group Limited
Li Qing
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

12 December 2019

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED
UNDERWRITING AGREEMENT IN RESPECT OF THE RIGHTS ISSUE;
AND
(2) NOTICE OF EGM**

We refer to the circular dated 12 December 2019 issued by the Company of which this letter forms part of (the “**Circular**”). Capitalised terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

Under the Listing Rules, the Underwriting Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company and are subject to the approval of the Independent Shareholders at the EGM.

We have been authorised by the Board to form the Independent Board Committee to consider the Underwriting Agreement and the transactions contemplated thereunder (the “**Transaction**”) and advise the Independent Shareholders as to the fairness and reasonableness of the Transaction, and to recommend how the Independent Shareholders should vote at the EGM.

We wish to draw your attention to the letter from the Board set out on pages 7 to 32 of the Circular and the letter from Altus Capital Limited, the Independent Financial Adviser as approved and appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders, which contains its advice to us in respect of the Transaction, as set out on pages 35 to 48 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that (i) the Underwriting Agreement and the transactions contemplated thereunder is in the interests of the Company and Shareholders as a whole; and (ii) the terms of the Underwriting Agreement are on normal commercial terms or better and are fair and reasonable as far as the Independent Shareholders are concerned, despite the entering into of the Underwriting Agreement not being in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve, among other things, the Transaction.

Yours faithfully,

for and on behalf of the

Independent Board Committee

Mr. Lam Chi Hung Louis, Mr. Hung Kin Man, Mr. Ho Man

Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transaction as contemplated under the Underwriting Agreement which has been prepared for the purpose of incorporation in this circular.

ALTUS

Altus Capital Limited

21 Wing Wo Street
Central
Hong Kong

12 December 2019

To the Independent Board Committee and the Independent Shareholders

Magnus Concordia Group Limited

Units D&E, 20/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

**CONNECTED TRANSACTION IN RESPECT
OF THE PROPOSED UNDERWRITING AGREEMENT
IN RESPECT OF THE RIGHTS ISSUE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Underwriting Agreement and the transactions contemplated thereunder. Details of the transactions are set out in the “Letter from the Board” contained in the circular of the Company dated 12 December 2019 (“**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 28 October 2019, the Company announced that it proposes to raise approximately HK\$219 million before expenses by way of a rights issue of up to 1,986,487,450 Rights Shares (assuming no new Shares will be issued on or before the Record Date) 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 maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$213 million.

Huijin has irrevocably undertaken to the Company that it shall accept in full the Committed Shares under the Rights Issue. Pursuant to the Underwriting Agreement, Huijin shall underwrite not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares (rounded down to the nearest whole number). Together with the Shares held by Huijin as at the Latest Practicable Date and the Committed Shares, Huijin's shareholding in the Company will be no less than 16.67% and not more than 28.00% at completion of the Rights Issue.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Huijin is interested in an aggregate of 662,162,483 Shares, representing approximately 16.67% of the total number of 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.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Chi Hung Louis, Mr. Hung Kin Man and Mr. Ho Man has been established to advise the Independent Shareholders as to (i) whether the Underwriting Agreement has been entered into in the ordinary and usual course of business of the Group and is in the interests of the Company and Shareholders as a whole; (ii) whether the terms of the Underwriting Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution relating to the Underwriting Agreement and the transactions contemplated thereunder at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Underwriting Agreement has been entered into in the ordinary and usual course of business of the Group and is in the interests of the Company and Shareholders as a whole; (ii) whether the terms of the Underwriting Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution relating to the Underwriting Agreement and the transactions contemplated thereunder at the EGM.

We have not acted as an independent financial adviser or financial adviser of the Group in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the terms of the Underwriting Agreement and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of, and not associated with the Company, its controlling Shareholder or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Underwriting Agreement; (ii) the Placing Agreement; (iii) the annual report of the Company for the year ended 31 March 2019 (the “**2019 Annual Report**”); (iv) various announcements issued by the Company subsequent to the Company’s publication of its 2019 Annual Report and up to the date of this letter; (v) the interim results announcement of the Company for the six months ended 30 September 2019 (the “**2019 Interim Results Announcement**”); and (vi) other information set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Underwriting Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information of the Company

(a) *Principal business of the Group*

The Group is principally engaged in (i) manufacturing and trading of printed products; (ii) property investment; (iii) property development and sale; and (iv) securities investment and trading business. The printing segment comprises the manufacture and sales of printed products, including art books, packaging boxes and children's books. The property investment segment includes the investment and leasing of real estate properties. The property development business includes the development, sale and trading of real estate properties. The securities investment and trading segment invests and trades listed debt and equity instruments.

(b) *Historical financial information of the Group*

Set out below is a summary of the audited financial results of the Group for each of the years ended 31 March 2018 and 2019 and unaudited financial results for the six months ended 30 September 2018 and 2019 as extracted from the Group's 2019 Annual Report and 2019 Interim Results Announcement.

	Six months ended 30 September		Year ended 31 March	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (audited) HK\$'000	2018 (audited) HK\$'000
Revenue	230,985	115,259	214,380	222,119
Gross profit	36,690	33,706	66,521	69,688
Profit before taxation	30,097	4,236	2,941	15,919
Profit for the period/year	30,754	3,986	2,541	14,696

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 September 2019 (unaudited) HK\$'000	As at 31 March 2019 (audited) HK\$'000	2018 (audited) HK\$'000
Bank borrowings			
Current	402,466	71,099	26,268
Non-current	<u>14,000</u>	<u>63,532</u>	<u>89,068</u>
	416,466	134,631	115,336
Cash and bank balances	130,106	67,945	128,038
Net current assets	744,455	65,067	191,736
Total equity	756,627	626,633	637,869
Gearing ratio (<i>Note</i>)	0.55 time	0.21 time	0.18 time

Note: Gearing ratio represents the ratio of bank borrowings to shareholders' funds.

Year ended 31 March 2019

The Group recorded a total revenue of approximately HK\$214.4 million for the year ended 31 March 2019, representing a decrease of approximately 3.5% from approximately HK\$222.1 million in 2018. Such decline in revenue was mainly due to the competitive pricing strategy for printed products under keen market competition and weakened demand caused by the decelerating economic growth momentum resulting from rising global trade tensions.

Consequently, the Group's gross profit decreased to approximately HK\$66.5 million (2018: approximately HK\$69.7 million), while the gross profit margin maintained at approximately 31.1% (2018: 31.3%) as the Group benefited from the production efficiency enhancement from new facilities and cost control measures of the printing business.

The Company's profit for the year narrowed to approximately HK\$2.5 million (2018: approximately HK\$14.7 million). The decrease in profit was mainly attributable to (i) a one-off transaction cost incurred for the acquisition of a property development business in Sichuan Province; (ii) the drop in profit contribution from the printing business; and (iii) the decrease in exchange gain resulting from the translation of Renminbi receivables and payables.

According to the 2019 Annual Report, as at 31 March 2019, the Group had net current assets of approximately HK\$65.1 million (31 March 2018: approximately HK\$191.7 million). Such decrease was mainly attributable to the increase in short term borrowings and decrease in cash and bank balances.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2019, the Group's bank borrowings amounted to approximately HK\$134.6 million (as at 31 March 2018: approximately HK\$115.3 million) with approximately HK\$71.1 million (as at 31 March 2018: approximately HK\$26.3 million) repayable within one year and approximately HK\$63.5 million (as at 31 March 2018: approximately HK\$89.0 million) repayable after one year. The Group's cash and bank balances has decreased from approximately HK\$128.0 million as at 31 March 2018 to approximately HK\$67.9 million as at 31 March 2019.

Total equity of the Company was approximately HK\$626.6 million as at 31 March 2019 (as at 31 March 2018: approximately HK\$637.9 million). The Group's gearing ratio was approximately 0.21 time as at 31 March 2019 (as at 31 March 2018: approximately 0.18 time), which was calculated based on the ratio of total bank borrowings to the shareholders' funds.

Six months ended 30 September 2019

The Group recorded a revenue of approximately HK\$231.0 million for the six months ended 30 September 2019, representing a substantial increase from approximately HK\$115.3 million for the corresponding period in 2018. The significant growth in revenue was mainly due to the development and sales of residential units in Zigong City, Sichuan Province, the PRC, a new property development business acquired by the Group in August 2019, as well as the surge in revenue from sales of printed products.

As a result of minimal gross margin recorded by the aforementioned sales of residential units in Zigong City, Sichuan Province, the PRC, the Group's gross profit had only increased by approximately HK\$3.0 million, from approximately HK\$33.7 million in 2018 to approximately HK\$36.7 million in 2019, notwithstanding the substantial increase in revenue.

The Company's profit for the period surged from approximately HK\$4.0 million for the six months ended 30 September 2018 to approximately HK\$30.8 million for the corresponding period in 2019. The increase was mainly attributable to a bargain purchase gain arising from the completion of acquisition of a property development project in Zigong City, Sichuan Province, the PRC, which was partially offset by valuation losses of certain investment properties of the Group.

As at 30 September 2019, the Group recorded net current assets of approximately HK\$744.5 million (as at 31 March 2019: approximately HK\$65.1 million). Such increase in assets was mainly attributable to acquisition of the residential property development business in Zigong City, Sichuan Province, the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 September 2019, the Group's bank borrowings amounted to approximately HK\$416.5 million (as at 31 March 2019: approximately HK\$134.6 million) with approximately HK\$402.5 million (as at 31 March 2019: approximately HK\$71.1 million) repayable within one year and approximately HK\$14.0 million (as at 31 March 2019: approximately HK\$63.5 million) repayable after one year. The Group's cash and bank balances have increased from approximately HK\$67.9 million as at 31 March 2019 to approximately HK\$130.1 million as at 30 September 2019.

Total equity of the Company was approximately HK\$756.6 million as at 30 September 2019 (as at 31 March 2019: approximately HK\$626.6 million). As a result of the above mentioned increases in bank borrowings, the Group's gearing ratio significantly increased from approximately 0.21 time as at 31 March 2019 to approximately 0.55 time as at 30 September 2019.

(c) *Banking facilities obtained subsequent to 31 March 2019*

Subsequent to 31 March 2019, as set out in the announcements of the Company dated 25 July 2019 and 30 September 2019, the Group obtained new short term banking facilities with an aggregate amount of HK\$470 million comprising (i) HK\$320 million revolving banking facilities with maturity terms ranging from one year (subject to extension for one more year) to two years from the first utilisation date; and (ii) HK\$150 million revolving credit facilities, which are subject to annual review without a definitive maturity date.

We understand from the Management that it has been difficult for the Group to obtain long term financing and hence, the new banking facilities obtained subsequent to 31 March 2019 are all short term in nature and the facility amounts are subject to the market volatility of the value of the underlying pledged assets.

(d) *Future prospects*

Being affected by the weak market sentiment amid rising global trade tensions, the Group faces more challenges to sustain the growth momentum. The Group has refined its strategic development by focusing on the property investment and property development businesses in order to capture opportunities emerging from the real estate market, especially the residential market in Mainland China.

With the view of expanding the property development business segment to capture rapid growth of the property market in Mainland China, the Group had acquired a property development project in Zigong City, Sichuan Province, the PRC, in August 2019. The project is located in the high-tech industrial development zone which is also a tourism region in the Zigong City. The Management considers that the acquisition can deliver attractive return to its shareholders from sales of the residential units.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In an effort to expand property development and maintain its competitiveness, the Group is paying particular attention to its working capital and cash flow sufficiency. Amidst the current unstable economic and political environment, the Board considered that it is utmost important to strengthen the Company's capital base by way of the Rights Issue with a view to enhancing liquidity and lowering its gearing.

2. Background information of the Underwriter

Huijin is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Xu Ruiqiao (“**Ms. Xu**”). It is a substantial shareholder of the Company, holding an aggregate of 662,162,483 Shares, representing approximately 16.67% of the existing total issued share capital of the Company as at the Latest Practicable Date. It has irrevocably undertaken to the Company that it shall accept in full the Committed Shares under the Rights Issue.

Huijin intends to fund its subscription of the Committed Shares and Underwritten Shares (if any) by further capital injection by or shareholder's loan to Huijin from Ms. Xu using her own cash on hand derived from the business 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).

3. Principal terms of the Underwriting Agreement

3.1 Principal terms

Pursuant to the Underwriting Agreement, taking into account of the number of Underwritten Shares, together with the Shares held by Huijin as at the Latest Practicable Date and the Committed Shares, Huijin's shareholding in the Company will be no less than 16.67% and not more than 28.00% at completion of the Rights Issue.

The actual number 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. For further details of the terms of the Underwriting Agreement, please refer to the “Letter from the Board” in the Circular. To assess the fairness and reasonableness of the terms of the Underwriting Agreement, we have considered the following:

3.1.1 Underwritten Shares

As set out in the Provisional Allotment Letter pursuant to the Rights Issue, 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. As such, apart from the Underwritten Shares, Huijin is committed to support the Rights Issue with no less than approximately HK\$36 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 (an independent licensed placing agent) to Independent Third Parties on a best effort basis. However, if Realord is unable to place all of the Unsubscribed Rights Shares, Huijin is committed to subscribe for a certain number of the Rights Shares pursuant to the Underwriting Agreement. Depending on the level of subscriptions by the Qualifying Shareholders, Huijin shall underwrite not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares, representing approximately HK\$32 million and HK\$74 million respectively.

Assuming (i) the Qualifying Shareholders do not take up any Rights Shares (other than the Committed Shares by Huijin); and (ii) no additional Rights Shares are placed by the Placing Agent, Huijin will take up its maximum underwriting commitment under the Underwriting Agreement. Under such circumstances, the gross proceeds from the Rights Issue will be approximately HK\$69 million by way of issuing up to 625,375,242 Rights Shares (i.e. 331,081,241 Committed Shares and 294,294,001 Underwritten Shares at the subscription price of HK\$0.11 per Rights Shares). The minimum amount of net proceeds from the Rights Issue after deducting the expenses of approximately HK\$4 million (i.e. assuming the placing had not completed and no commission payable to Realord under the Placing Agreement) will be approximately HK\$65 million.

Considering the appointment of Huijin as the Underwriter can provide certainty of funding to the Company as Huijin, will underwrite the Underwritten Shares on a firm commitment basis regardless of the participation level from Other Shareholders, we concur with the Management that the entering into of the Underwriting Agreement, and Huijin's committed Underwritten Shares as contemplated thereunder, is in the interests of the Company and Shareholders as a whole, despite it is not in the ordinary and usual course of business of the Group.

3.1.2 Underwriting commission

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. Furthermore, as discussed with the Management, we understand that it is difficult and very costly for the Company to find licensed persons to underwrite the Rights Issue based on the current stock market situation and global economic environment. Even if the Company can find a suitable underwriter, it is unlikely for such underwriter to underwrite the Rights Issue at no cost to the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the market norm of commission charged by underwriters in relation to similar fund raising activities, we have identified 19 companies based on the following criteria: (i) companies listed on the Stock Exchange; and (ii) companies that had completed fund raising by means of rights issue or open offer during 2019 but prior to 28 October 2019 (being the date of the Announcement). We believe the identified 19 companies to be exhaustive and is sufficient for us to form a view on the reasonableness of the underwriting commission pursuant to the Underwriting Agreement. We noted that underwriting commission paid by these companies ranged from 0.8% to 3.5%.

Taking into consideration of the above, we concur with the Management that the appointment of Huijin as the Underwriter with no commission is on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Basis of the Rights Issue and proposed use of proceeds

4.1 Basis of the Rights Issue

As mentioned in the “Letter from the Board” of the Circular, the Company’s borrowings are relatively short term with maturity within three months from the expected date of completion of the Rights Issue. The Management is of the view that by repaying such short term borrowings using the Group’s existing financial resources and working capital may weaken its capital base which in turn will compromise the Company’s future development.

We understand from the Management that only short term banking facilities were obtained as it had been difficult for the Group to obtain longer term banking facilities. The Directors informed that they had approached its existing and new bankers to explore the possibility of additional borrowings but not avail. The Management was given to understand that under the current global and regional economic environment, the respective banks (i) are reluctant to provide additional financing without additional asset backing and collaterals; and/or (ii) are only able to offer loans at interest rates higher than the existing borrowing rates of the Company even if such loans are available.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the current unstable economic and political environment, the Management is of the view that it is vital for the Group to reduce its reliance on short term loans and lower the gearing by raising equity capital to reduce its current liabilities and to enhance the capital base of the Company in order to lay a more solid foundation for future development. Accordingly, the Company had been exploring various options to raise capital, such as placement of shares. After weighing the costs and benefits of various methods of fund raising, the Management is of the view that the Rights Issue is in the best interests of the Company and its Shareholders as a whole due to (i) it being the most cost effective (mainly due to Huijin's commitments in the Underwriting Agreement); and (ii) that existing Shareholders have a choice to participate in the exercise to avoid their shareholdings being diluted.

4.2 Use of proceeds

As mentioned in the paragraph "4.1 Basis of the Rights Issue" above, the Management is of the view that it is utmost important for the Company to raise and apply new funds, for purpose such as reducing its gearing. 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 of approximately HK\$6 million (i.e. assuming completion of the placing and payment of approximately HK\$2 million placing commission to Realord under the Placing Agreement) 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 within three months from the date of completion of the Rights Issue; and
- (ii) approximately 20%, or HK\$43 million for general working capital.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assuming none of the Rights Shares are 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, 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 of approximately HK\$4 million (i.e. assuming the placing had not completed and no commission payable to Realord under the Placing Agreement) are estimated to be approximately HK\$65 million. Under the aforesaid circumstance, the Company intends to apply the net proceeds of the Rights Issue for the repayment of external bank borrowings to lower its gearing.

4.3 Section conclusion

Having taking into account (i) the Rights Issue, with the Underwriting Agreement in place, not only is more cost effective for the Group to raise funds, but also provides certainty of funding to the Company as Huijin will underwrite the Underwritten Shares on a firm commitment basis; (ii) the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective shareholding interests in the Company; and (iii) the funds to be raised from the Rights Issue will first be used to repay its loans payable in order to reduce the gearing, we concur with the Management that it is justifiable and in the interests of the Company and Shareholders for the Group to raise funds by way of rights issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Possible dilution effect of the Rights Issue on the shareholding interests

As the Rights issue is to be offered to all Qualifying Shareholders on the same basis, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their provisional allotments of the Rights Shares under the Rights Issue in full. 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 below:

	As at the Latest Practicable Date		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 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 pursuant to Placing Agreement	
	Number of Issued Shares	%	Number of Issued Shares	%	Number of Issued Shares	%
Qingda	2,025,303,473	50.98	2,025,303,473	44.04	2,025,303,473	33.98
Huijin	662,162,483	16.67	1,287,537,725	28.00	1,668,649,458	28.00
Other Shareholders	1,285,508,944	32.35	1,285,508,944	27.96	2,265,509,419	38.02
Total	3,972,974,900	100.00	4,598,350,142	100.00	5,959,462,350	100.00

As with all rights issues, a dilution in the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue is inevitable. If the “Other Shareholders” as stated in the table above do not subscribe for the Rights Shares, the effect of such dilution ranges from 4.39% (assuming no Unsubscribed Rights Shares have placed by the Placing Agent) to 10.78% (assuming all Unsubscribed Rights Shares, apart from the Committed Shares, are placed by the Placing Agent or partially underwritten by Huijin).

Given the inherent dilutive nature of equity fund raising in general, we are of the view that such potential dilution to the shareholding interests of the Shareholders as a result of the Rights Issue is acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the Underwriting Agreement and the transactions contemplated thereunder is in the interests of the Company and Shareholders as a whole; and (ii) the terms of the Underwriting Agreement are on normal commercial terms or better and are fair and reasonable as far as the Independent Shareholders are concerned, despite the entering into of the Underwriting Agreement not being in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Leo Tam
Assistant Director

Mr. Leo Tam (“Mr. Tam”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over five years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility for the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors, supervisors and the chief executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors of the Company).
- (b) As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.
- (c) As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (d) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 March 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.
- (e) There is no contract or arrangement subsisting at the date of this circular (including the Underwriting Agreement) in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company), so far as are known to any Director, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Number of Shares directly and indirectly held	Direct and indirect interests (%)
Qingda ^(Note)	2,025,303,473	50.98
Huijin	662,162,483	16.67

Note: Qingda is wholly owned by New Element Investments Limited, which is in turn wholly owned by Integrity Fund Limited Partnership (“**Integrity Fund**”). The general partner of Integrity Fund is Kapok Wish Investment Limited (“**Kapok Wish**”). Kapok Wish is owned as to 30% by Ally Cosmo Group Limited, 30% by Juye Investments Limited and 40% Shining Orient Investment Limited (“**Shining Orient**”). Shining Orient is wholly owned by Pioneer Fund Limited Partnership whose general partner is Higher Cycle Investment Limited, which is wholly owned by SFund International Investment Fund Management Limited (“**SFund International**”).

Save as disclosed, so far as is known to the Directors, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinions or advices for inclusion in this circular:

Name	Qualification
Altus Capital Limited	a licensed corporation to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Company and the Independent Shareholders on the terms of the Underwriting Agreement

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinion (as the case may be) and the references to its name included herein in the form and context in which it is respectively included.

The above expert confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. MATERIAL CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2019 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their close associates had interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) at the place of business of the Company in Hong Kong at Units D&E, 20/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong, from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Board, the text of which is set out on pages 7 to 32 of this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 33 to 34 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 35 to 48 of this circular;
- (d) the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix;
- (e) the Underwriting Agreement; and
- (f) this circular.

NOTICE OF EGM



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Magnus Concordia Group Limited (the “Company”) will be held on 6 January 2020 at 10:30 a.m. at Room 103, 1/F, Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong to consider and, if thought fit, pass the following resolutions. Capitalised terms defined in the circular dated 12 December 2019 issued by the Company (the “Circular”) shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTION

Resolution in relation to the Underwriting Agreement from Huijin THAT:

- (1) (a) the Underwriting Agreement, the terms and conditions thereof and transactions contemplated thereunder, including the connected transaction(s) be and are hereby approved, confirmed and ratified; and
- (b) any one of the executive Directors be and is hereby authorised to implement and take all steps and to do all acts and things which in his/her opinion may be necessary or desirable to give effect and/or to complete or in connection with the Underwriting Agreement and transactions contemplated thereunder, including, without limitation, to approve any changes and amendments thereto, to enter into any definitive agreement(s) to give effect to among others, the Underwriting Agreement and the terms and conditions thereunder, to obtain all necessary approvals from, and make all relevant registrations and filings with, the relevant authorities, and to sign and execute such further documents, or to do any other matters incidental thereto and/or as contemplated thereunder.

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

Hong Kong, 12 December 2019

NOTICE OF EGM

Notes:

(1) Voting arrangements

As disclosed in the Circular, Huijin and its associates will (and any person who is involved or interested in the Underwriting Agreement are required to) abstain from voting on the resolutions no. 1 and 2 above at the EGM.

(2) Registration procedures for the EGM

To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 30 December 2019 to Monday, 6 January 2020, both dates inclusive, during which period no share transfers of the Company will be effected. In order to be qualified for attending and voting at the EGM, all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 27 December 2019.

(3) Proxy

- i. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.
- ii. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority, shall be deposited by holders of Shares at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than forty-eight (48) hours before the time appointed for holding the EGM (i.e. no later than 10:30 a.m. on 4 January 2020) or any adjourned meeting thereof (as the case may be).
- iii. Shareholders or their proxies shall produce their identification documents when attending the EGM.

(4) Miscellaneous

- i. All voting at the EGM will be conducted by poll. Accordingly, the Chairman of the EGM will exercise his/her power under the articles of association of the Company to demand a poll in relation to the proposed ordinary resolution at the EGM.
- ii. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
- iii. Shareholders are advised to read the circular to the shareholders of the Company dated 12 December 2019 which contains information concerning the resolutions to be proposed in this notice.
- iv. Place of business of the Company in Hong Kong:

Units D & E 20th Floor
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong
Telephone: 852-2160 3088
Facsimile: 852-2160 3080

As at the date of this notice, 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.