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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 a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Xinyang Maojian Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Xinyang Maojian Group Limited.



(Formerly known as China Zenith Chemical Group Limited 中國天化工集團有限公司)

(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 362)

**CONNECTED TRANSACTION
ISSUE OF NEW SHARES TO A CONNECTED PERSON
UNDER SPECIFIC MANDATE**

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



Capitalised terms used on this cover shall have the meanings as defined in this circular unless the context requires otherwise.

A letter from the board of directors of the Company is set out on pages 5 to 11 of this circular. A letter from the Independent Board Committee (as defined herein) to the Independent Shareholders is set out on pages 12 and 13 of this circular. A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders of the Company, is set out on pages 14 to 33 of this circular.

A notice convening the special general meeting of the Company to be held at Room 4007, 40./F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong, on Friday, 30 November 2018 at 4:00 p.m. is set out on pages SGM-1 and SGM-2 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and lodge the same with the Company's branch Share registrar in Hong Kong, Tricor Tengis Limited, at 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

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

15 November 2018

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 5 October 2018 in respect of the Subscription
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in Hong Kong
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Company”	Xinyang Maojian Group Limited (formerly known as China Zenith Chemical Group Limited), (stock code: 362), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dragon Wise”	Dragon Wise Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is owned as to 55% by Virtue Ever and is the sole legal and beneficial owner of Xinyang Maojian International
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit

DEFINITIONS

“Independent Financial Adviser” or “Akron”	Akron Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser approved by the Independent Board Committee and appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the shareholders of the Company other than those who are required to abstain under the Listing Rules from voting at the SGM for the resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	person(s) who is/are independent of the Company and its connected persons and their respective associates
“Lapsed Placing”	the placing of up to a maximum of 220,000,000 Placing Shares on a best efforts basis from the period commencing immediately from the date of the Placing Agreement and expiring at 5:00 p.m. on the date falling 14 days after the date of the Placing Agreement (i.e. 3 October 2018), which has lapsed on 3 October 2018
“Latest Practicable Date”	12 November 2018 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing approval
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5 December 2018
“Mr. Sha”	Mr. Sha Tao
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“Placing Agreement”	the placing agreement dated 19 September 2018 and entered into between the Company and the Placing Agent in relation to the Lapsed Placing
“Placing Price”	HK\$0.315 per Placing Share
“Placing Share(s)”	the new Shares proposed to be issued under the Lapsed Placing
“Prosper Path”	Prosper Path Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, and is wholly owned by the Company
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held at Room 4007, 40/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong on Friday, 30 November 2018 at 4:00 p.m. for the purpose of considering and, if thought fit, approving by the Independent Shareholders the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	a specific mandate to be sought from the Independent Shareholders at the SGM for the allotment and issue of the Subscription Shares to Mr. Sha upon completion of the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Sha
“Subscription”	the proposed issue of the Subscription Shares to Mr. Sha
“Subscription Agreement”	the conditional subscription agreement dated 5 October 2018 entered into between the Company and Mr. Sha in relation to the issue of 220,000,000 Subscription Shares to Mr. Sha

DEFINITIONS

“Subscription Price”	the subscription price of HK\$0.315 per Subscription Share
“Subscription Share(s)”	the 220,000,000 new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Virtue Ever”	Virtue Ever Limited, a company incorporated under the laws of Seychelles with limited liability and is legally and beneficially wholly owned by Mr. Sha
“Xinyang Maojian International”	Xinyang Maojian International Holding Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Dragon Wise
“%”	per cent.

References to time and dates in this circular are to time and dates in Hong Kong.

LETTER FROM THE BOARD



(Formerly known as China Zenith Chemical Group Limited 中國天化工集團有限公司)

(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 362)

Executive Directors:

Chan Yuk Foebe
Law Tze Ping Eric
Yu Defa

Registered Office:

Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Independent Non-Executive Directors:

Ma Wing Yun Bryan
Tam Ching Ho
Hau Chi Kit

Principal Place of Business:

Room 4007, 40/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

15 November 2018

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Announcement in respect of the Subscription.

The purpose of this circular is to provide you with, among other things,

- (i) Details of the Subscription;
- (ii) A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares);

LETTER FROM THE BOARD

- (iii) The recommendation of the Independent Board Committee to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares) as well as voting at the SGM; and
- (iv) The notice of the SGM to the Shareholders.

SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are set out below.

Date: 5 October 2018

Parties: (i) the Company; and
(ii) Mr. Sha

Background of Mr. Sha is set out in the section headed “Information on the Subscriber” below in this circular.

Issue of Subscription Shares to Mr. Sha

Pursuant to the Subscription Agreement, the Company will allot and issue, and Mr. Sha will subscribe for, 220,000,000 Subscription Shares at the Subscription Price.

The amount of 220,000,000 Subscription Shares represents (i) 19.8% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.5% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (i.e. 1,330,427,319 Shares). The aggregate nominal value of the Subscription Shares to be issued to Mr. Sha is HK\$22,000,000.

Ranking of the Subscription Shares

The Subscription Shares to be issued to Mr. Sha pursuant to the Subscription Agreement, when fully paid, will rank *pari passu* in all respects with the Shares in issue as at the date of the Subscription Agreement, including the right to rank in full for all distributions declared, made or paid by the Company at any time after the date of the Subscription Agreement.

Subscription Price

The Subscription Price (i.e. HK\$0.315 per Subscription Share) represents:

- (i) a discount of approximately 5.97% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;

LETTER FROM THE BOARD

- (ii) a discount of approximately 3.08% to the average closing price of approximately HK\$0.325 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreement; and
- (iii) a discount of approximately 3.67% to the average closing price of approximately HK\$0.327 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and Mr. Sha with reference to the Placing Price per Placing Share under the Placing Agreement, details of which were announced by the Company on 19 September 2018.

The Directors consider that the Subscription Price is fair and reasonable, having taken into account the Placing Price of HK\$0.315 per Placing Share under the Lapsed Placing which was determined with reference to, among other things, the then prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent, and the lapse of the Lapsed Placing which was due to the uncertainties of the financial market.

Subscription monies

Based on the Subscription Price and 220,000,000 Subscription Shares to be subscribed by Mr. Sha, the total subscription monies payable by Mr. Sha to the Company pursuant to the Subscription Agreement amount to HK\$69,300,000, which will be settled by cash.

Conditions precedent to the Subscription Agreement

Completion of the transactions contemplated in the Subscription Agreement is conditional upon fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to completion of the Subscription Agreement);
- (ii) the passing of resolution(s) by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated under the Subscription Agreement;
- (iii) the Company obtaining all necessary written consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Subscription Agreement, if applicable; and
- (iv) the representations and warranties of the Company and Mr. Sha being true and accurate and not misleading at all times from the date of the Subscription Agreement up to and including the date of completion of the Subscription Agreement.

LETTER FROM THE BOARD

In the event that the conditions precedent above are not waived (as to Condition (iv) above only) or fulfilled by 5:00 p.m. on the Long Stop Date (or such later date as may be agreed by Mr. Sha and the Company), the Subscription Agreement and all rights and obligations thereunder shall cease and terminate and none of the parties thereto shall have any claim against the other.

Completion

Completion of the Subscription Agreement shall take place on the 5th Business Day after the date on which all the relevant conditions precedent to the Subscription Agreement set out above have been fulfilled (or such other as Mr. Sha and the Company may agree in writing), and in any event not later than the Long Stop Date (or such later date as may be agreed by Mr. Sha and the Company).

APPLICATION FOR LISTING

Completion of the Subscription is conditional on, among other things, the Listing Committee of the Stock Exchange granting the listing approval. Application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

SPECIFIC MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued under the Specific Mandate to be proposed for voting by Independent Shareholders at the SGM. The Specific Mandate, if approved, will be valid until the completion of the Subscription or termination of the Subscription Agreement.

INFORMATION OF THE COMPANY

The Group is principally engaged in the manufacture and sale of coal-related chemical products and generation and supply of power and steam and will commence the online and overseas sale of Xinyang Maojian Tea Leaves soon.

INFORMATION ON THE SUBSCRIBER

Mr. Sha is an indirect controlling shareholder of Dragon Wise. As set out in the Company's circular dated 23 July 2018, Mr. Sha, through Virtue Ever, will be a substantial shareholder of the Company when the 220,000,000 new Shares as consideration shares are allotted and issued in full to Dragon Wise pursuant to the terms of the share transfer agreement dated 5 January 2018 entered into between Prosper Path, a wholly-owned subsidiary of the Company, and Dragon Wise in relation to the acquisition of the entire share capital of Xinyang Maojian International (as amended and supplemented by the Supplemental Agreement dated 11 June 2018 entered into between Prosper Path and Dragon Wise).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company considers that due to the recent stock market performance in Hong Kong and the increase in bank interest rates, there are uncertainties as to the regional economic and financial conditions. Therefore, the unfavourable market condition limits the Company's ability to raise capital.

As disclosed in the Company's announcement dated 3 October 2018, the Placing has not been successful due to uncertainties of the financial market. In the circumstances, the Company considers that the Subscription from Mr. Sha is the best alternative for the Company to raise capital in order to enable the Group to maintain a sufficient cash position, to meet its current liabilities and to enhance its capital base. Accordingly, the Company is of the view that the Subscription is in the best interest of the Company and its Shareholders as a whole.

USE OF PROCEEDS

If the Subscription Agreement is completed, the gross proceeds and net proceeds (after deducting professional fees and other related expenses) to be received by the Company from the issue of the Subscription Shares at the Subscription Price of HK\$0.315 per Subscription Share are expected to be HK\$69,300,000 and approximately HK\$68,800,000, respectively. In such case, the net Subscription Price per Share to be issued under the Subscription Agreement will be approximately HK\$0.313. The proceeds from the issue of the Subscription Shares will be used in repayment of bank loans and bonds payable.

EFFECT ON THE SHAREHOLDING STRUCTURE

The effects of the Share Subscription on the shareholding structure of the Company are, for illustrative purpose only and assuming no further issue of new Shares or repurchase of Shares by the Company from the Latest Practicable Date up to the dates of the completion of the Subscription, set out as follows:

	As at the Latest Practicable Date		Immediately upon completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Substantial shareholders</i>				
Mr. Chan Yuen Tung	304,231,111	27.40	304,231,111	22.87
Mr. Sha	—	—	220,000,000	16.54
<i>Director</i>				
Ms. Chan Yuk Foebe	7,170,000	0.65	7,170,000	0.54
<i>Public shareholders</i>	<u>799,026,208</u>	<u>71.95</u>	<u>799,026,208</u>	<u>60.05</u>
Total	<u><u>1,110,427,319</u></u>	<u><u>100.00</u></u>	<u><u>1,330,427,319</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Save for the Lapsed Placing, the Company has not conducted any fund raising activity in the past 12 months immediately before the Latest Practicable Date.

LISTING RULES IMPLICATION

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the SGM.

Reference is made to the Company's circular dated 23 July 2018 that the Company considers Mr. Sha to be a connected person as he through Virtue Ever will be a substantial shareholder of the Company when the 220,000,000 new Shares as consideration shares are allotted and issued in full to Dragon Wise pursuant to the terms of the share transfer agreement dated 5 January 2018 entered into between Prosper Path and Dragon Wise in relation to the acquisition of the entire share capital of Xinyang Maojian International (as amended and supplemented by the Supplemental Agreement dated 11 June 2018 entered into between Prosper Path and Dragon Wise). Hence, the Subscription constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into the Subscription Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened to obtain the Independent Shareholders' approval for the Subscription Agreement, and the transaction contemplated thereunder, including the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Mr. Sha.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, save for Mr. Sha and his associates, no Shareholder has a material interest in the Subscription. As such, no Shareholder other than Mr. Sha and his associates will abstain from voting on the resolution(s) for approving the Subscription to be proposed at the SGM. No Directors has a material interest in the Subscription Agreement and the transactions contemplated thereunder and no Directors will abstain from voting on the relevant Board resolution(s).

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. Akron has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The SGM will be held at Room 4007, 40/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong on Friday, 30 November 2018 at 4:00 p.m. for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder by the Independent Shareholders, including the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Mr. Sha.

LETTER FROM THE BOARD

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof, should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the SGM will be voted by way of a poll by the Shareholders.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee) are of the opinion that while the Subscription is not in the ordinary and usual course of business of the Company, the terms of the Subscription Agreements and the transactions contemplated thereunder, and the grant of Specific Mandate are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the SGM enclosed in this circular.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 and 13 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the letter from the Independent Financial Adviser set out on pages 14 to 33 of this circular which contains the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

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

By Order of the Board
Xinyang Maojian Group Limited
Chan Yuk Foebe
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



(Formerly known as China Zenith Chemical Group Limited 中國天化工集團有限公司)

(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 362)

15 November 2018

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER SPECIFIC MANDATE

We refer to the circular dated 15 November 2018 issued by the Company to its Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the Subscription, the details of which are set out in the letter from the Board contained in the Circular.

Akron Corporate Finance Limited has been appointed to advise us, the Independent Board Committee, and the Independent Shareholders in relation to the Subscription. We wish to draw your attention to the letter from the Board, and the letter from the Independent Financial Adviser containing its advice in respect of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares), as set out in the Circular.

After taking into account the factors and reasons considered by Akron Corporate Finance Limited and its conclusion and advice, we concur with its views and consider that while the Subscription is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement, the transactions contemplated under the Subscription Agreement and the Specific Mandate are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Shareholders should vote in favor of the resolution to be proposed at the SGM to approve the Subscription Agreement, the transactions contemplated under the Subscription Agreement and the grant of the Specific Mandate for the allotment and issuance of the Subscription Shares.

Yours faithfully
For and on behalf of the
Independent Board Committee

Mr. Ma Wing Yun Bryan

Mr. Tam Ching Ho

Mr. Hau Chi Kit

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 Subscription Agreement and the transactions contemplated thereunder, and is prepared for inclusion in this circular.



15 November 2018

*The Independent Board Committee and the Independent Shareholders
of Xinyang Maojian Group Limited*

Dear Sirs,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to its Shareholders dated 15 November 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 5 October 2018 (after trading hours), the Company and Mr. Sha entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Sha has conditionally agreed to subscribe for, 220,000,000 Subscription Shares at the Subscription Price of HK\$0.315 per Subscription Share. Based on the Subscription Price and Subscription Shares to be subscribed by Mr. Sha, the total subscription monies payable by Mr. Sha to the Company pursuant to the Subscription Agreement amount to HK\$69,300,000, which will be settled by cash.

Pursuant to the terms of the share transfer agreement dated 5 January 2018 entered into between Prosper Path and Dragon Wise in relation to the acquisition of the entire share capital of Xinyang Maojian International (as amended and supplemented by the supplemental agreement dated 11 June 2018), Mr. Sha will be entitled to 220,000,000 new Shares and become a substantial shareholder of the Company when the consideration shares are allotted and issued in full to Dragon Wise, which Mr. Sha is the ultimate beneficial owner. Hence, the Subscription constitutes a

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into the Subscription Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, save for Mr. Sha and his associates, no Shareholder has a material interest in the Subscription. As such, no Shareholder other than Mr. Sha and his associates will abstain from voting on the resolution(s) for approving the Subscription to be proposed at the SGM. No Director has a material interest in the Subscription Agreement and the transactions contemplated thereunder and no Director has abstained from voting on the relevant Board resolution(s).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit, has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. We, Akron Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and Akron Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinion and representations contained or referred to in the Circular and the statements, information, opinion and representations provided to us by the management of the Company (the "Management") and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Management and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors as set out in the Circular were reasonably made after due and careful inquiry and careful

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular as a whole misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription Agreement and the transactions contemplated thereunder. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion taking into account the events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter has been extracted from published or otherwise publicly available sources, it is our sole responsibility to ensure that such information has been correctly and fairly extracted, reproduced or presented from relevant sources and not be used out of context.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, we have taken into consideration the following factors and reasons:

1. Background and financial information of the Group

The Group is principally engaged in the manufacture and sale of coal-related chemical products, generation and supply of power and steam and public facilities construction. It will commence the online and overseas sale of Xinyang Maojian Tea Leaves soon.

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Set out below is the key financial results and financial position of the Group for the two years ended 30 June 2017 (“**FY2017**”) and 30 June 2018 (“**FY2018**”) as extracted from the annual report of the Company for the year ended 30 June 2018 (the “**2018 Annual Report**”):

	For the year ended 30 June	
	2018	2017
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Revenue from continuing operations	367,632	186,110
Loss before taxation	(225,881)	(151,822)
Loss for the year from continuing operations	(218,614)	(130,877)
Profit/(loss) for the year	(218,614)	61,318
	As at 30 June	
	2018	2017
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Non-current assets	2,819,057	2,919,362
Current assets	<u>357,732</u>	<u>231,442</u>
<i>Total Assets</i>	3,176,789	3,150,804
Non-current liabilities	1,113,572	937,770
Current liabilities	<u>386,302</u>	<u>344,750</u>
<i>Total liabilities</i>	1,499,874	1,282,520
Net current liabilities	(28,570)	(113,308)
Net assets	1,676,915	1,868,284
Bank balances and cash	62,240	93,159

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	As at 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Borrowings		
<i>Categorised as non-current liabilities:</i>		
Bank loans	24,259	44,087
Bonds payable	820,458	633,475
 <i>Categorised as current liabilities:</i>		
Bank loans	73,516	41,539
Other loans	53,339	65,131
 Gearing ratio	 47.2%	 40.7%

The revenue of the Group increased from approximately HK\$186.1 million for FY2017 to approximately HK\$367.6 million for FY2018, representing an increase of approximately 97.5%. The increase is mainly attributable to (i) the increase in revenue from residential supply of heat from approximately HK\$118 million for FY2017 to approximately HK\$166 million for FY2018 resulted from the increase of the residential heat supplying area; and (ii) the services income of approximately HK\$108 million from construction and monitor of public facilities construction recognized by the Group, following the completion of an acquisition of the Group in January 2018.

The Group's net loss for FY2018 was approximately HK\$218.6 million compared with a net profit of approximately HK\$61.3 million in FY2017. As stated in the 2018 Annual Report, the reversal was main attributable to a combined net effect of (i) absence of an one-off profit of approximately HK\$192.2 million from disposal of certain subsidiaries of the Group in FY2017; (ii) increase of administrative expenses of approximately HK\$84 million from FY2017 to FY2018; (iii) decrease of other operating expenses of approximately HK\$24 million due to shorten suspension period in coal related chemical production in fine-tuning process and installation of supplementary machineries; and (iv) idle operating cost resulted from the coal related chemical division.

As at 30 June 2018, the Group recorded net current liabilities of approximately HK\$28.6 million and net assets of approximately HK\$1,676.9 million respectively. Current ratio of the Group increased from approximately 0.67 as at 30 June 2017 to approximately 0.93 as at 30 June 2018. As at 30 June 2018, the bank balances and cash of the Group amounted to approximately HK\$62.2 million.

The total borrowings of the Group as at 30 June 2018 amounted to approximately HK\$971.6 million, which mainly comprised of the bonds payable and bank loans in the amount of approximately HK\$820.5 million and HK\$97.8 million respectively, representing

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approximately 94.5% of total borrowings in aggregate. The corporate bonds of the Group consist of tranches with outstanding term to maturity of 1 to 9 years and bear interest from 3% to 12% per annum. The Group's bank loans bear interest rates from 2.1% to 9.6% per annum. As set out in the 2018 Annual Report, bank loans of approximately HK\$73.5 million were repayable within 12 months and was recorded as current liabilities. The gearing ratio of the Group as at 30 June 2018, calculated by the total liabilities of approximately HK\$1,499.9 million over the total assets of approximately HK\$3,176.8 million, was approximately 47.2% as compared to that of approximately 40.7% as at 30 June 2017.

2. Reasons for and benefits of the Subscription

(a) *Reasons for and benefits of the Subscription*

As stated in the Letter from the Board, it is the intention of the Group to utilise the net proceeds from the issue of the Subscription Shares in repayment of certain bank loans and bonds payable.

Based on our discussion with the Management, we noted that the outstanding borrowings of the Group that was repayable within one year from 30 September 2018 (the "**Repayment Obligations**") was approximately HK\$68.1 million, which consisted of (i) interest-bearing bank loans of the Group with repayment obligations in the principal amount of approximately RMB49.9 million (equivalent to approximately HK\$56.8 million) with interest rates ranged from 5.7% to 9.6% per annum; and (ii) bonds payable with repayment obligations in the principal amount of approximately HK\$11.3 million with coupon rate at 6.8% per annum.

As noted from the 2018 Annual Report, as at 30 June 2018, the current assets and current liabilities of the Group amounted to approximately HK\$357.7 million and approximately HK\$386.3 million respectively, resulting net current liabilities of approximately HK\$28.6 million. The bank balances and cash of the Group was approximately HK\$62.2 million where the Repayment Obligations, which will become due within one year from 30 September 2018, was approximately HK\$68.1 million.

In addition, we have obtained and reviewed the working capital requirements provided by the Management for the twelve months from October 2018 to September 2019. With the projection of (i) the Repayment Obligations; (ii) the operation needs of the Group for the next twelve months; and (iii) the bank balances and cash of the Group, the net proceeds from the Subscription and other available resources, we noted that the Group is expected to maintain a positive cash position for the next twelve months as from October 2018.

Taking into account the current financial position of the Group, in particular (i) the net current liabilities position of the Group as at 30 June 2018; (ii) the current liquidity and cash position of the Group as compared with the Repayment Obligations; and (iii) the expected working capital requirement of the Group, we concur with the Management

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that it is prudent for the Group to closely monitor its liquidity and cash position, including but not limited to the search of suitable fundraising exercises, in order to maintain a sufficient cash position and satisfy the expected funding needs of the Group for the year ending 30 June 2019.

As advised by the Management, the net proceeds of HK\$68.8 million will be utilised by the Group as (i) approximately HK\$68.1 million in repayment of the bank loans and bonds payable under the Repayment Obligations; and (ii) the remaining amount of HK\$0.7 million in general working capital. In view of the above factors, the Subscription would enable the Group (i) to relieve the immediate financial pressure by the repayment of outstanding principal amount under the Repayment Obligations; and (ii) to improve its gearing position from approximately 47.2% to approximately 45.1% as a consequence, we consider that such improvement in the financial position would allow the Group to have more financial flexibility in utilizing the resources in its existing business operations as well as for any potential developments shall opportunities arise.

Further, the Subscription demonstrates the confidence of Mr. Sha places in the long-term development of the business of the Group and his support to strengthen the financial position of the Group, which is conducive to enhancing the market image of the Company.

(b) Financing alternatives of the Group

As advised by the Management, the Board has considered other ways of fund raising methods apart from the Subscription such as placement of new Shares to independent investors, rights issue, open offer and debt financing.

With regards to placement of new Shares to independent investors, we have discussed with the Management and are advised that given (i) the unsuccessful fundraising exercise in the recent event of the Lapsed Placing and the success of equity financing will be dependent on the changing market sentiment; and (ii) the loss-making position of the Group from continuing operation for the past two years, the Directors consider that it would be difficult for a placing agent to seek independent third parties to subscribe for new Shares without a large discount to the prevailing market prices of the Shares as compared with the Subscription as compared to the Subscription Price. Furthermore, while a share placement has a similar dilutive effect as the Subscription, it requires payment of placing commission to placing agents and there is no guarantee that the Group will be able to obtain the required funding since share placement is generally conducted on a best-effort basis.

As regards to the viability of equity financing by way of rights issue or open offer, the Board considers that a rights issue or open offer would result in less favourable terms to the Company than the Subscription as well as extra administrative work and costs (including financial, legal, printing and other professional advisory fees) for the

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preparation of the listing documents, including but not limited to prospectus and application forms for acceptance and unaudited pro forma financial information to be included in the prospectus.

In respect of bank borrowing, we note that one of the intention of the Subscription is to enable the Group to maintain a sufficient cash position and to meet its current liabilities. In regard of this, we have inquired into the Management on possible debt financing exercises considered or attempted by the Group before considering the entering into of the Subscription. We are given to understand that the Management has approached principal banks of the Group in Hong Kong and the PRC (the “**Principal Banks**”) regarding the possibility of refinancing its outstanding borrowings or extension of respective repayment dates but did not receive positive feedback. As advised by the Management, it is indicated by the Principal Banks that due to (i) the historical financial performance of the Group; and (ii) the Group does not have sufficient assets acceptable to banks for securing bank financing, it may not be practicable for the Group to rollover such Repayment Obligations or to obtain additional debt financing at favourable terms and additional finance charges may be incurred.

As stated in the 2018 Annual Report, the Group recorded consecutive net losses from continuing operations for each of FY2017 and FY2018 which amounted to approximately HK\$130.9 million and HK\$218.6 million respectively. In addition, the Group recorded net current liabilities of approximately HK\$28.6 million as at 30 June 2018. As discussed above, we are given to understand that the interest rate of the Repayment Obligations ranged from 5.7% to 9.6% per annum (the “**Existing Interest Rate Range**”). Assuming that the Group is granted with bank financing with loan size equivalent to the amount of the Subscription (i.e. HK\$69.3 million) with interest being charged at the Existing Interest Rate Range, the Group will incur annual interest expenses of approximately HK\$4.0 million to HK\$6.7 million. Given the increase in net loss in FY2018 and net current liabilities position of the Group, it would be preferable for the Group to improve its liquidity. However, bank borrowings (i) will incur additional interest burden on the Group and tie up cash resources of the Group for interest payment and worsen the gearing ratio of the Group; (ii) are subject to lengthy due diligence and negotiations with the banks which involve providing documents for credit evaluation procedure by the banks before entering into any debt financing agreements; and (iii) will depend on operating condition and financial position of the Group.

In contrast to each of the alternatives, taking into account that (i) the Subscription allows the Group to refinance certain existing indebtedness and enhance its capital base, details as discussed under the section headed “5. Financial effects of the Subscription” below; (ii) the Subscription does not require repayment of principal and/or incur any interest expenses to the Group as compared to bank borrowings; and (iii) the Subscription does not incur underwriting/placing commission and can provide more

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certainty to the Company to raise the required funding as compared to rights issue, open offer and share placement, we consider that equity financing by way of the Subscription is comparatively a more appropriate and viable means of raising additional capital.

Based on the foregoing, after considering the above alternatives, we are of the view and concur with the Directors that the Subscription is a preferred way of raising funds based on the circumstances of the Company.

After taking into consideration that (i) the Subscription will allow the Group to relieve its financial obligation for the year ending 30 June 2019; (ii) the Subscription will strengthen the capital base and improve the liquidity position of the Group; (iii) the less favorable fundraising alternatives as compared to the Subscription; and (iv) the Subscription by Mr. Sha demonstrates support to the development of the business of the Group, we are of the view that the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

3. Principle terms of the Subscription Agreement

On 5 October 2018 (after trading hours), the Company and Mr. Sha entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Sha has conditionally agreed to subscribe for, 220,000,000 Subscription Shares at the Subscription Price of HK\$0.315 per Subscription Share. Based on the Subscription Price and Subscription Shares to be subscribed by Mr. Sha, the total subscription monies payable by Mr. Sha to the Company pursuant to the Subscription Agreement amount to HK\$69,300,000, which will be settled by cash.

The amount of 220,000,000 Subscription Shares represents (i) approximately 19.8% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.5% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (i.e. 1,330,427,319 Shares). The aggregate nominal value of the Subscription Shares to be issued to Mr. Sha is HK\$22,000,000.

For further details, please refer to the section headed “SUBSCRIPTION AGREEMENT” in the Letter from the Board.

4. Evaluation of the Subscription Price

The Subscription Price of HK\$0.315 per Subscription Share represents:

- (i) a discount of approximately 5.97% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on 5 October 2018, being the date of the Subscription Agreement;
- (ii) a discount of approximately 3.08% to the average closing price of HK\$0.325 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the date of the Subscription Agreement;

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- (iii) a discount of approximately 3.67% to the average closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the date of the Subscription Agreement; and
- (iv) a discount of approximately 3.08% to the closing price of HK\$0.325 per Share quoted on the Stock Exchange on the Latest Practicable Date.

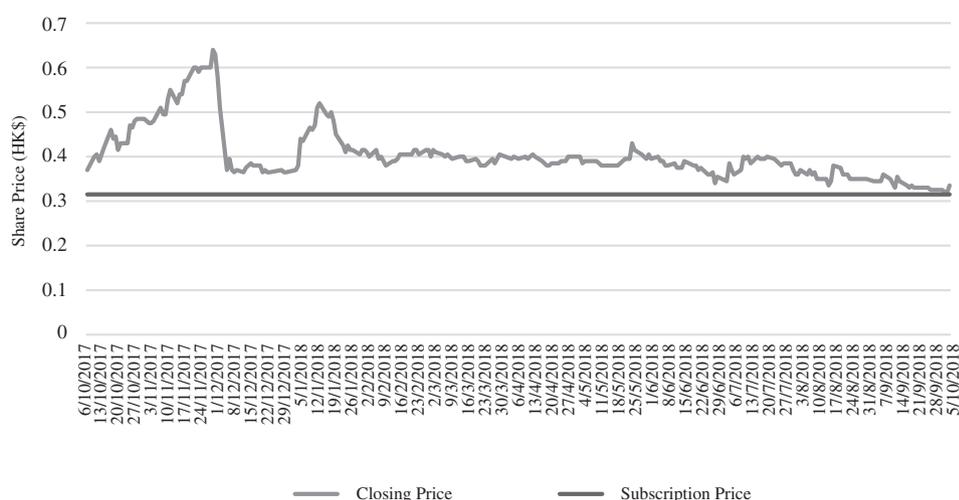
As set out in the Letter from the Board, the Subscription Price was arrived at after arm's length negotiations between the Company and Mr. Sha with reference to the Placing Price per Placing Share under the Placing Agreement, details of which were announced by the Company on 19 September 2018.

In order to further assess the fairness and reasonableness of the Subscription Price, we have performed (i) a review of the daily closing price of the Shares as quoted on the Stock Exchange from 6 October 2017 up to and including the date of the Subscription Agreement (the “**Review Period**”) (being a period of one year prior to the date of the Subscription Agreement, which is commonly used for analysis purpose to illustrate the general trend and level of movement of the closing prices of the Shares) and compared with the Subscription Price; (ii) a comparison with comparable companies which are listed in the Stock Exchange; and (iii) a comparison with the recent share issues which involve placing, subscription or issue of new shares under specific mandates by companies listed on the Stock Exchange.

Comparison with historical closing prices of the Shares

The comparison of daily closing prices of the Shares during the Review Period and the Subscription Price is illustrated as follows:

Historical daily closing price per Share



Source: Website of the Stock Exchange (www.hkex.com.hk)

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As shown in the chart above, during the Review Period, the average closing price of the Shares was approximately HK\$0.404 per Share (the “**Average Closing Price**”). The daily closing price ranged from HK\$0.32 per Share (the “**Lowest Closing Price**”) recorded on 3 October 2018 and 4 October 2018 to HK\$0.64 per Share (the “**Highest Closing Price**”) recorded on 28 November 2017 during the Review Period. As shown in the chart above, during the Review Period, a general downward trend was exhibited for the closing price of the Shares.

The Subscription Price of HK\$0.315 represents (i) a discount of approximately 1.6% to the Lowest Closing Price of HK\$0.32 per Share; (ii) a discount of approximately 50.8% to the Highest Closing Price of HK\$0.64 per Share; and (iii) a discount of approximately 22.0% over the Average Closing Price of HK\$0.404 for the Review Period.

As shown in the chart above, during the period from 6 October to 28 November 2017, the closing price of the Shares was in an upward trend and closed between HK\$0.37 per Share and HK\$0.64 per Share. After attaining the peak of HK\$0.64 per Share on 28 November 2017, the closing price of the Shares significantly dropped (the “**Significant Drop**”) by approximately 43.0% to HK\$0.365 per Share on 7 December 2017. We have enquired into the Directors regarding the possible reasons for the Significant Drop. As confirmed by the Directors, the Directors were not aware of any matters that might have affected the price of the Shares. During the first half of January 2018, there was an upward trend in the closing price of the Shares with a maximum of HK\$0.52 per Share. Thereafter, the closing price of the Shares exhibited a downward trend and reached to the Lowest Closing Price of HK\$0.32 per Share.

Despite a discount represented by the Subscription Price to the closing price of Shares (the “**Discount**”) during the Relevant Period, taken into account that (i) the declining trend of the closing price of the Shares from the second half of January 2018 to the date of the Subscription Agreement; (ii) the Discount during the Relevant Period was within the relevant range of the comparables issues, details of which are shown in the section headed “Comparable issues analysis”; and (iii) the Discount encourages the Subscriber to participate in the Subscription, we are of the view that the Subscription Price which represents a discount to the recent market price of the Shares, is fair and reasonable.

Comparison with other comparable companies

To further evaluate the fairness and reasonableness of the Subscription Price, we have attempted to carry out analysis on comparable companies to compare the Subscription Price against the market valuation of other comparable companies using the commonly adopted comparison benchmarks in the evaluation of a company, namely the price-to-earnings ratio (“**PER**”), price-to-book ratio (“**PBR**”) and price-to-sales ratio (“**PSR**”). PER of the Group is not applicable since the Group has recorded a loss from continuing operations in the last two financial years as disclosed in the 2018 Annual

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Report. Therefore, for the purpose of our analysis, we have adopted PBR and PSR analysis and implied valuation of the Company based on the Subscription Price to assess the fairness and reasonableness of the terms of the Subscription.

We have searched for companies listed in Hong Kong which are engaged in similar line of business as the Group, with majority of its revenue derived from generation and supply of heat and power with focus on heat supply. However, we cannot identify any listed company that principally engaged in same business as the Group for deriving majority of its revenue. Taking into account the nature of and the uniqueness of the business of the Group, we have extended the selection criteria of the comparable companies to those which (i) are listed on the main board of Stock Exchange for at least one year; and (ii) have principal business being similar to that of the Group i.e. over 50% of their revenue generated from generation and supply of heat and electricity (mainly derived from non-renewable energy sources) as disclosed in their respective latest financial year. Besides, we have excluded the comparable companies which are H-share companies whose share capital structure is different from that of the Company as not all the issued shares of a H-share company can be traded on the Stock Exchange such as its A-shares or domestic shares.

Based on these criteria and the public information available on the Stock Exchange's website, we have, to our best effort, identified an exhaustive list of a total of six companies (the "**Comparable Companies**"). Independent Shareholders should note that the business, scale of operation, trading prospect, target market, product mix and capital structure of the Company are not exactly the same as those of the Comparable Companies and we have not conducted in-depth investigation into business and operations of the Comparable Companies, save for the aforesaid selection criteria. Since the Comparable Companies are principally engaged in similar business as the Group such that the fundamentals of the Comparable Companies and the Group are in general affected by similar factors including but not limited to, global economy, industry outlook and demand from customers, we consider that the Comparable Companies are fair and representative samples for comparison purpose and are relevant in assessing the fairness and reasonableness of the Subscription Price.

Details of our analysis are listed below:

Item	Company	Stock code	Principal Business	PSR <i>(Note 1)</i>	PBR <i>(Note 2)</i>
1	CLP Holdings Limited	2	Principally engaged in generation and supply of electricity in Hong Kong, India and Australia, and investment holding of power projects in Mainland China, Southeast Asia and Taiwan	2.39	1.80

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Item	Company	Stock code	Principal Business	PSR <i>(Note 1)</i>	PBR <i>(Note 2)</i>
2	Amber Energy Limited	90	Principally engaged in development, operation and management of power plants fueled by natural gas in the PRC	0.89	0.58
3	China Power Clean Energy Development Company Limited	735	Principally engaged in the development, construction, owning, operation and management of clean energy power plants in the PRC, including but not limited to natural gas power generation, wind power generation, hydro power generation, waste-to-energy power generation, photovoltaic power generation and other power generation. <i>(Note 3)</i>	0.58	0.33
4	China Resources Power Holdings Company Limited	836	Principally engaged in investing, developing, operating and managing power plants and coal mine projects in China	0.88	0.81
5	Tianjin Development Holdings Limited	882	Principally engaged in (i) utilities including supply of electricity, water, heat and thermal power; (ii) pharmaceutical including manufacture and sale of chemical drugs, and research and development of new medicine technology and new products, as well as design, manufacture and printing for pharmaceutical packaging and sale of other paper-based packaging materials; (iii) hotel; (iv) electrical and mechanical including the manufacture and sale of presses, mechanical and hydroelectric equipment and large scale pump units; and (v) strategic and other investments including investments in associates which are principally engaged in the manufacture and sale of elevators and escalators and provision of port services in Tianjin	0.43	0.18

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Item	Company	Stock code	Principal Business	PSR <i>(Note 1)</i>	PBR <i>(Note 2)</i>
6	CGN New Energy Holdings Co., Ltd	1811	Principally engaged in the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Korea	0.60	0.67
			Maximum	2.39	1.80
			Minimum	0.43	0.18
			Average	0.85	0.73
			The Subscription	0.95	0.21
				<i>(Note 4)</i>	<i>(Note 5)</i>

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The PSRs of the Comparable Companies were calculated based upon their respective market capitalization as at the date of the Subscription Agreement, and divided by their revenue as extracted from their respective latest published annual results as at the date of the Subscription Agreement.
2. The PBRs of the Comparable Companies were calculated based upon their respective market capitalization as at the date of the Subscription Agreement, and divided by their latest net assets value as extracted from their respective latest published annual results or interim results (as the case may be) as at the date of the Subscription Agreement.
3. The revenue generated from natural gas power generation accounted for over 50% of the total revenue of China Power Clean Energy Development Company Limited in its latest financial year.
4. The implied PSR of the Subscription is calculated based on the Subscription Price of HK\$0.315 divided by revenue per Share (calculated as revenue of the Group of approximately HK\$367,632,000 for year ended 30 June 2018 as extracted from the 2018 Annual Report divided by number of issued Shares as at the date of the Subscription Agreement (i.e. 1,110,427,319 Shares)).
5. The implied PBR of the Subscription is calculated based on the Subscription Price of HK\$0.315 divided by net asset value per Share (calculated as net assets value of the Group of approximately HK\$1,676,915,000 as at 30 June 2018 as extracted from the 2018 Annual Report divided by number of issued shares of the Company as at the date of the Subscription Agreement (i.e. 1,110,427,319 Shares)).

As depicted from the above table, the PSRs of the Comparable Companies ranged from approximately 0.43 time to approximately 2.39 times, with an average of approximately 0.85 times. Accordingly, the implied PSR of the Subscription of approximately 0.95 times falls within the range and above the average of the PSRs represented by the Comparable Companies.

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In addition, the PBRs of the Comparable Companies ranged from approximately 0.18 times to approximately 1.80 times, with an average of approximately 0.73 times. Accordingly, the implied PBR of the Subscription of approximately 0.21 times falls within the range of the PBRs represented by the Comparable Companies.

It is noted that the implied PBR is lower than the average of the PBRs represented by the Comparable Companies. Nevertheless, having considered that (i) the implied PSR of the Subscription Price falls within the range and is above the average of the PSRs represented by the Comparable Companies; (ii) the Subscription Price of HK\$0.315 is comparable to the prevailing market price of the Shares prior to the Last Trading Day as discussed under the sub-section headed “Comparison with historical closing prices of the Shares” above; (iii) the generally loss-making operating performance of the Group in FY2017 and FY2018 as discussed under the section headed “1. Background and financial information of the Group” above; and (iv) the Subscription Price represents a lower discount than that represented by the Comparable Issues (as defined below) as discussed under the sub-section “Comparable issues analysis” below, we consider the Subscription Price (after taking into account the aforesaid factors) is fair and reasonable as a whole.

Comparable issues analysis

As part of our analysis, we have also identified the connected transactions announced by companies listed on the Stock Exchange which involved placing/subscription/issue of new shares under specific mandate announced from 1 April 2018 up to and including the date of the Subscription Agreement (being approximately six months period prior to the date of the Subscription Agreement) (the “**Comparable Issues**”). We have excluded connected transactions involving (i) issue of consideration shares for acquisition of assets/businesses; (ii) issue of shares by H-share companies whose share capital structure is different from that of the Company as not all the issued shares of a H-share company can be traded on the Stock Exchange such as its A-share or domestic shares; (iii) shares issues which involved application of whitewash waiver; and (iv) shares issues which have subsequently lapsed or been terminated. Based on the aforesaid criteria and to the best of our knowledge, we have identified seven Comparable Issues.

As the Subscription involves issue of Shares under specific mandate to connected person, we are of the view that the Comparable Issues are appropriate as they provide the Independent Shareholders a general understanding of the general trend and recent market practice of issue of new shares under specific mandate to connected persons in the market for their further information to make decision with respect to the Subscription. The Comparable Issues which covered a review period of approximately six months period prior to the date of the Subscription Agreement adequately covered the prevailing market conditions and sentiments of the capital market for issue of shares to connected

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persons in Hong Kong. The number of the Comparable Issues identified may provide general reference of the recent common market practice of listed companies in Hong Kong in connected transactions involving issue of shares under specific mandate.

As such, we consider the Comparable Issues are fair and representative samples for comparison purpose, which represent a full and exhaustive list of relevant comparable share issues based on the stated criteria, and are sufficient for assessing the fairness and reasonableness of the Subscription.

Shareholders should note that the principal activities, market capitalisation, profitability and financial position of the Comparable Issues may not be the same as, or may even substantially vary from, that of the Company, and we have not conducted any detailed investigation into the respective businesses, operations, financial positions and prospects of the of the companies under the Comparable Issues.

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Our analysis of the Comparable Issues are set out in the following table:

Item	Company	Stock code	Principal business	Date of announcement	Premium/(discount) of placing/ subscription/issue price over/(to)	average	Market capitalization	Profit/(loss)	Net assets
					closing price per share on the last trading day prior to/on the date of the announcement	price per share for the last five consecutive trading days prior to/on the date of the announcement		for the year/period	value
					%	%	HK\$ million	Approximately million	Approximately million
					(Note 1)	(Note 1)	(Note 2)	(Note 3)	(Note 3)
1	China Putian Food Holding Limited	1699	Principally engaged in large-scale vertically integrated pork products supply business covers the procedures from hog farming, hog slaughtering, pork separating to sales and distribution	30 July 2018	(27.10)	(24.70)	307.20	RMB8.00	RMB630.11
2	Shougang Concord International Enterprises Company Limited	697	Principally engaged in (i) the business of car parking facilities and investment operation in the PRC with a focus on smart car parking market; (ii) the business of provision of private fund management services in the PRC; and (iii) trading of iron ore, steel and related products	24 July 2018	28.87	30.21	3,678.96	HK\$57.29	HK\$7,243.65
3	Sinofortune Financial Holdings Limited	8123	Principally engaged in (i) provision of the precious metals spot trading and brokerage services in the PRC; (ii) provision of securities and futures contracts trading services in Hong Kong; (iii) trading and principal investments in the PRC and Hong Kong; (iv) research, exploration and development of the student safety network project and the electronic student card in the PRC; (v) provision of stock information and research services through the internet network in the PRC; and (vi) sales of motor vehicles and provision of agency services in the PRC	6 July 2018	5.26	3.45	359.04	HK\$(136.30)	HK\$336.87
4	CMBC Capital Holdings Limited	1141	Principally engaged in the securities business, investment and financing and asset management and advisory business	3 July 2018	(18.40)	(19.50)	20,371.55	HK\$118.27 (Note 4)	HK\$1,280.19
5	China Grand Pharmaceutical and Healthcare Holdings Limited	512	Principally engaged in the research and development, manufacturing and sales of pharmaceutical preparations, pharmaceutical intermediates, specialised pharmaceutical raw materials and healthcare products	1 June 2018	(15.90)	(20.20)	14,257.16	HK\$485.76	HK\$2,459.60
6	China Baofeng (International) Limited	3966	Principally engaged in (i) photovoltaic power generation in the PRC; and (ii) the sales of lighting products including portable lighting products, shades for the lamps and furniture set and other home accessory products	24 May 2018	(13.33)	(13.91)	1,703.09	HK\$447.10	HK\$971.73
7	China Grand Pharmaceutical and Healthcare Holdings Limited	512	Principally engaged in the research and development, manufacturing and sales of pharmaceutical preparations, pharmaceutical intermediates, specialised pharmaceutical raw materials and healthcare products	24 May 2018	(21.10)	(20.20)	14,626.28	HK\$485.76	HK\$2,459.60
					Maximum	28.87	30.21		
					Minimum	(27.10)	(24.70)		
					Average	(8.81)	(9.26)		
	The Company	362		5 October 2018	(5.97)	(3.08)	371.99 (Note 5)	HK\$(218.61)	HK\$1,676.92

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

- Based on the figures disclosed in the initial announcement of the Comparable Issues respectively.

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2. The market capitalization of the Comparable Issues were calculated based on their respective closing price of their shares and total number of issued shares as at the respective date of the announcement.
3. The profit/(loss) for the year/period and the net asset value of the Comparable Issues were based on their respective latest published financial results at the respective date of the announcement.
4. Due to the change of financial year end date, the audited financial statements of CMBC Capital Holdings Limited were showed for the period of nine months from 1 April 2017 to 31 December 2017.
5. The market capitalization of the Company was calculated based on the closing price of HK\$0.335 per Share and total number of issued shares of 1,110,427,319 Shares as at the date of the Subscription Agreement i.e. 5 October 2018.

The subscription prices of the Comparable Issues:

- (i) ranged from a discount of approximately 27.10% to a premium of approximately 28.87%, with an average discount of approximately 8.81% (the “**LTD Average**”) to the respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Comparable Issues (the “**LTD Range**”); and
- (ii) ranged from a discount of approximately 24.70% to a premium of approximately 30.21%, with an average discount of approximately 9.26% (the “**5-days Average**”) to the respective average closing prices per share for the five consecutive trading days prior to/on the dates of relevant announcements of the Comparable Issues (the “**5-days Range**”).

The Subscription Price of HK\$0.315 per Subscription Share represents (i) a discount of approximately 5.97% to the closing price per Share on the date of the Subscription Agreement (the “**Subscription Price LTD Discount**”); and (ii) a discount of approximately 3.08% to the average closing price per Share for five consecutive trading days up to and including the date of the Subscription Agreement (the “**Subscription Price 5-days Discount**”). We note that each of Subscription Price LTD Discount and the Subscription Price 5-days Discount is within the LTD Range and 5-days Range and is lower than the discount presented by the LTD Average and the 5-days Average respectively. As such, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

5. Financial effects of the Subscription

(a) *Effects on net assets*

As set out in the 2018 Annual Report, the net assets value attributable to Shareholders of the Group (the “**NAV**”) was approximately HK\$1,583.8 million as at 30 June 2018. Upon completion of the Subscription, it is expected that the NAV will be

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immediately enhanced by the amount of net proceeds from the Subscription of approximately HK\$68.8 million, and that the Subscription is expected to have a positive impact on the NAV.

(b) *Effects on gearing ratio*

As set out in the 2018 Annual Report, the gearing ratio of the Group as at 30 June 2018, represented by the total liabilities of approximately HK\$1,499.9 million over the total assets of approximately HK\$3,176.8 million as at 30 June 2018 was approximately 47.2%. The net proceeds of approximately HK\$68,800,000 would be applied to repay the bank loans and bonds payable, the total liabilities of the Group would be reduced, as such, the gearing ratio of the Group would be reduced upon completion of the Subscription and repayment of the bank loans and bonds payable.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Subscription.

6. Possible dilution effect on the shareholding interests of the public Shareholders

The following table sets out the shareholding structure of the Company (i) as at the date of the Subscription Agreement; and (ii) immediately after the completion of the Subscription (assuming there is no change in the issued share capital of the Company from the date of the Subscription Agreement and up to completion of the Subscription).

	As at the date of the Subscription Agreement		Immediately after the completion of the Subscription (assuming there is no change in the issued share capital of the Company from the date of the Subscription Agreement and up to completion of the Subscription)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<i>Substantial shareholders</i>				
Mr. Chan Yuen Tung	304,231,111	27.40	304,231,111	22.87
Mr. Sha	—	—	220,000,000	16.54
<i>Director</i>				
Ms. Chan Yuk Foebe	7,170,000	0.65	7,170,000	0.54
<i>Public shareholders</i>	<u>799,026,208</u>	<u>71.95</u>	<u>799,026,208</u>	<u>60.05</u>
Total	<u>1,110,427,319</u>	<u>100</u>	<u>1,330,427,319</u>	<u>100</u>

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As illustrated in the table above, the shareholding in the Company held by existing public Shareholders would be diluted from approximately 71.95% as at the date of the Subscription Agreement to approximately 60.05% immediately upon completion of the Subscription.

Nonetheless, having considered (i) the benefits of the Subscription as discussed under the section headed “2. Reasons for and benefits of the Subscription and use of net proceeds” above; (ii) as discussed under the section headed “4. Evaluation of the Subscription Price” above, the terms of the Subscription Agreement, including the Subscription Price, are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the financial position of the Group will be improved immediately upon completion of the Subscription as discussed under the section headed “5. Financial effects of the Subscription”, we are of the view that the dilution effect on the shareholding of existing public Shareholders as a result of the Subscription is acceptable.

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the opinion that (i) the nature of the Subscription is not in the ordinary and usual course of business of the Company but is in the interest of the Company and the Shareholders as a whole; and (ii) the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited
Ross Cheung
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Subscription (assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the date of completion of the Subscription) are as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000</u>
<i>Issued, fully paid or credited as fully paid:</i>		<i>HK\$</i>
1,110,427,319	Shares in issue as at the Latest Practicable Date	111,042,731.9
220,000,000	Subscription Shares to be allotted and issued upon completion of the Subscription and Placing Shares to be allotted and issued upon completion of the Placing	22,000,000
<u>1,330,427,319</u>	Shares	<u>133,042,731.9</u>

All the issued Shares in the capital of the Company rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed above, as at the Latest Practicable Date the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of 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 or short positions which they are 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares of the Company (Long Position):

Name	Capacity	Number of Shares held	Approximate percentage of issued capital of the Company
Ms. Chan Yuk Foebe	Beneficial owner	7,170,000	0.65%

Interests in Share Options of the Company:

Name	Capacity	Number of Shares held	Approximate percentage of issued capital of the Company
Ms. Chan Yuk Foebe	Beneficial owner	10,780,000	0.97%
Mr. Law Tze Ping Eric	Beneficial owner	10,780,000	0.97%

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or proposed Director and chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures 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 which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or proposed Director was a director or employee of a company which had any 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.

Substantial Shareholders' interests and short positions in the Shares, underlying Shares and debentures

As at the Latest Practicable Date, so far as is known to the Directors, the interests of substantial shareholders (as defined in the Listing Rules) in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Position in Shares:

Name	Capacity	Number of Shares held	Approximate percentage of issued capital of the Company
Mr. Chan Yuen Tung	Beneficial owner	304,231,111	27.40%

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Mr. Chan Yuen Tung (other than Directors or chief executives of the Company) was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group. Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, 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, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors or proposed Directors or expert (as named in this Circular) had any direct or indirect interest in the assets which had been, since 30 June 2018, being the date to which the latest published audited consolidated accounts of the Group were made up, 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.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and any proposed Directors and their respective close associates was interested in any business apart from the Group's business that competes or is likely to compete (either directly or indirectly) with the business of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which is not expiring or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 30 June 2018, the date to which the latest published audited financial statements of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advise contained in this circular:

Names	Qualifications
Akron Corporate Finance Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO.

Akron has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or advice, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Akron did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Akron did not have any direct or indirect interest in any assets which had been, since 30 June 2018, being the date to which the latest published audited consolidated accounts of the Group were made up, 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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours on any Business Day from the Latest Practicable Date up to and including the date of the SGM:

- (i) the Subscription Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 12 and 13 of this circular;
- (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 33 of this circular;
- (iv) the written consent referred to in the paragraph headed “Expert and consent” in this appendix; and
- (v) this circular.

NOTICE OF THE SGM



(Formerly known as China Zenith Chemical Group Limited 中國天化工集團有限公司)

(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 362)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Xinyang Maojian Group Limited (the “**Company**”) will be held at Room 4007, 40/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong on Friday, 30 November 2018 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) a subscription agreement dated 5 October 2018 (the “**Subscription Agreement**”) entered into between the Company and Mr. Sha Tao (a copy of the Subscription Agreement having been produced to the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) in respect of the subscription of 220,000,000 new shares of HK\$0.10 each in the share capital of the Company (the “**Subscription Shares**”) at a subscription price of HK\$0.315 per Subscription Share and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified;
- (ii) allotment and issue of the Subscription Shares by the Company to Mr. Sha Tao be and is hereby approved; and
- (iii) any one Director be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder.”

By Order of the Board
Xinyang Maojian Group Limited
Chan Yuk Foebe
Chairman and Executive Director

Hong Kong, 15 November 2018

NOTICE OF THE SGM

Notes:

- (i) Unless otherwise defined in this notice or the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this notice.
- (ii) Members of the Company whose names appear on the register of members maintained by the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 22/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at 4:30 p.m. on Tuesday, 27 November 2018 shall qualify for attending and voting at the special general meeting. The register of members of the Company will be closed from Wednesday, 28 November 2018 to Friday, 30 November 2018 (both days inclusive), during which period no share transfer will be registered. In order to qualify to attend and vote on the proposed resolutions set out in this notice, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch Share registrar in Hong Kong, Tricor Tengis Limited at 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Tuesday, 27 November 2018.
- (iii) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (if he is a holder of more than one share) to attend and vote on his behalf. A proxy need not be a member of the Company.
- (iv) The instrument appointing a proxy and the power of attorney or other, if any, under which it is signed, or a notarially certified copy of such power of attorney or other authorisation document(s), must be lodged with the Company's branch Share registrar in Hong Kong, Tricor Tengis Limited, at 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (v) Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the SGM, or any adjourned meeting, should they so wish.
- (vi) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), all votes of shareholders at the SGM will be taken by poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the date of this notice, the executive Directors of the Company are Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric and Mr. Yu Defa and the independent non-executive directors of the Company are Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit.