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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about this prospectus or as to the action to be taken, you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required under Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the SFC take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraphs headed “Warning of the Risks of Dealing in the Shares and the Nil-Paid Rights Shares” in the “Summary of the Rights Issue” and “Letter from the Board” in this prospectus.

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

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

The securities described herein have not been registered under the U.S. Securities Act of 1933, as amended, (the “US Securities Act”) or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States or to US persons (as defined in Regulation S under the US Securities Act).

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

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

**(Stock Code: 1172)**

### RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AT HK\$0.11 PER RIGHTS SHARE ON A NON-FULLY-UNDERWRITTEN BASIS

Financial adviser to the Company

  
**Optima Capital Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this prospectus.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Tuesday, 4 February 2020. The procedures for acceptance and payment or transfer of the Rights Shares are set out in the section headed “Procedures for acceptance and payment or transfer” on pages 23 to 28 of this prospectus.

The Shares have been dealt in on an ex-rights basis from Wednesday, 8 January 2020. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 21 January 2020 to Thursday, 30 January 2020 (both dates inclusive). The Rights Issue is on a non-fully-underwritten basis. Pursuant to the Company’s constitutional document, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfilment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 32 to 33 of this prospectus at or prior to the Latest time for the termination (which is currently expected to be 4:00 p.m. on Thursday, 6 February 2020). If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the Latest time for the termination, the Rights Issue will not proceed. Any persons dealing in the Shares or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (which is currently expected to be 4:00 p.m. on Thursday, 6 February 2020), or in the nil-paid Rights Shares on the Stock Exchange during the period in which they may be traded in their nil-paid form, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

17 January 2020

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## NOTICE

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**THE RIGHTS ISSUE WILL PROCEED ON A NON-FULLY-UNDERWRITTEN BASIS. THERE IS NO REQUIREMENT FOR A MINIMUM LEVEL OF SUBSCRIPTION. SUBJECT TO THE FULFILMENT OF THE CONDITIONS OF THE RIGHTS ISSUE AS SET OUT IN THE SECTION HEADED “CONDITIONS OF THE RIGHTS ISSUE” IN THE “LETTER FROM THE BOARD” ON PAGES 32 TO 33 OF THIS PROSPECTUS, THE RIGHTS ISSUE WILL PROCEED REGARDLESS OF THE ULTIMATE SUBSCRIPTION LEVEL. ANY UNSOLD RIGHTS SHARES WHICH ARE NOT SUBSCRIBED BY HUIJIN PURSUANT TO THE UNDERWRITING AGREEMENT WILL NOT BE ISSUED BY THE COMPANY AND THE SIZE OF THE RIGHTS ISSUE WILL BE REDUCED ACCORDINGLY. IF THE CONDITIONS OF THE RIGHTS ISSUE ARE NOT FULFILLED OR (WHERE APPLICABLE) WAIVED ON OR PRIOR TO THE LATEST TIME FOR THE TERMINATION, THE RIGHTS ISSUE WILL NOT PROCEED.**

**ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES OR IN THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE RIGHTS ISSUE IS SUBJECT ARE FULFILLED (AND THE DATE ON WHICH THE UNDERWRITER’ RIGHT OF TERMINATION OF THE UNDERWRITING AGREEMENT CEASES) WILL ACCORDINGLY BEAR THE RISK THAT THE RIGHTS ISSUE MAY NOT PROCEED. EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING EXTENDED TO NON-QUALIFYING SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN JURISDICTIONS OUTSIDE HONG KONG, UNLESS OFFER TO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.**

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlement to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the Provisional Allotment Letters will be filed or registered under the securities laws of any of the jurisdictions other than in Hong Kong, and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the Provisional Allotment Letters will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company and the Underwriter). Accordingly, the nil-paid Rights Shares and the fully-paid

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## NOTICE

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Rights Shares may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, into or within any jurisdiction outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, investors who are located or resided in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses, and Beneficial Owners who are resident outside Hong Kong should refer to the paragraph headed “Non-Qualifying Shareholders” under the section headed “Letter from the Board” of this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

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## FORWARD LOOKING STATEMENTS

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All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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## DEFINITIONS

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

“Announcement”	the announcement of the Company issued on 28 October 2019 regarding the Rights Issue
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participants”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Circular”	the circular of the Company issued on 12 December 2019 regarding the Rights Issue
“Committed Shares”	331,081,241 Rights Shares to be offered to and subscribed by Huijin under its entitlement, as set out in the Provisional Allotment Letter pursuant to the Rights Issue
“Company”	Magnus Concordia Group Limited (Stock Code: 1172), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board

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## DEFINITIONS

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“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 6 January 2020 at which the Independent Shareholders approved the Underwriting Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huijin”	Huijin Dingsheng International Holding Co., Limited, a company incorporated in the BVI with limited liability, a substantial Shareholder and the Underwriter
“Independent Shareholder(s)”	Shareholders other than Huijin and its associates, who are required under the Listing Rules to abstain from voting in the EGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant

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## DEFINITIONS

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“Last Trading Day”	25 October 2019, being the last full trading day for the Shares before the date of the Announcement
“Latest Acceptance Date”	4 February 2020, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Practicable Date”	10 January 2020, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining information contained herein
“Latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest time for termination”	4:00 p.m. on the date falling on the second Business Day after the Latest Acceptance Date (i.e. 6 February 2020 based on the expected timetable set out in the section headed “Expected Timetable” in this prospectus) or such later date as the Company and the Underwriter may agree in writing
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by Realord under the Placing Agreement) under the Unsubscribed Arrangements
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the provisional letters of allotment or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)



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## DEFINITIONS

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

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## DEFINITIONS

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“Qingda”	Qingda Developments Limited, a company incorporated in BVI with limited liability, a controlling Shareholder
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Realord” or the “Placing Agent”	Realord Asia Pacific Securities Limited (formerly known as Realord Manureen Securities Limited), a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO, and appointed by the Company to place any Unsubscribed Rights Shares under the Unsubscribed Arrangements in Rule 7.21(1)(b) of the Listing Rules
“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on 16 January 2020 or such later date as announced by the Company
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Shares in respect of which the Beneficial Owner is beneficially interested
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue of 1,986,487,450 Rights Shares at the Subscription Price on the basis of one Rights Share for every two existing Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.11 per Rights Share
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Underwriter”	Huijin, the underwriter under the Underwriting Agreement
“Underwriting Agreement”	the underwriting agreement dated 28 October 2019 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares that are conditionally underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsold Rights Shares”	the Unsubscribed Rights Shares which have not been placed to places by Realord under the Placing Agreement
“Unsubscribed Arrangements”	the placement of Unsubscribed Rights Shares by Realord pursuant to the terms of the Placing Agreement, details of which are set out in the section headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangements” in this prospectus
“Unsubscribed Rights Shares”	consist of (i) Rights Shares that are not being taken up by the Qualifying Shareholders; and (ii) unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares
“US Person(s)”	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended
“%”	per cent or percentage

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## DEFINITIONS

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

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this prospectus for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

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

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

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## EXPECTED TIMETABLE

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### EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue.

First day of dealing in Shares on an ex-rights basis . . . . .	Wednesday, 8 January 2020
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue . . . . .	4:30 p.m. on Thursday, 9 January 2020
Register of members of the Company closes for determining entitlements under Rights Issue (both days inclusive) . . . . .	Friday, 10 January 2020 to Thursday, 16 January 2020
Record Date for determining entitlements under Rights Issue . . . . .	Thursday, 16 January 2020
Register of members of the Company reopens . . . . .	Friday, 17 January 2020
Despatch of Prospectus Documents . . . . .	Friday, 17 January 2020
First day of dealing in nil-paid Rights Shares . . . . .	Tuesday, 21 January 2020
Latest time for splitting of PAL . . . . .	4:30 p.m. on Thursday, 23 January 2020
Last day of dealing in nil-paid Rights Shares . . . . .	Thursday, 30 January 2020
Latest time for acceptance of and payment for Rights Shares . . . . .	4:00 p.m. on Tuesday, 4 February 2020
Announcement of the number of Unsubscribed Rights Shares subject to the Unsubscribed Arrangements to be posted on the Stock Exchange's website and the Company's website on or before . . . . .	Wednesday, 5 February 2020
Latest time for termination of the Underwriting Agreement . . . . .	4:00 p.m. on Thursday, 6 February 2020

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## EXPECTED TIMETABLE

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Commencement of placing of Unsubscribed Rights Shares by Realord under the Placing Agreement . . . . .	Thursday, 6 February 2020
Latest time of placing of Unsubscribed Rights Shares by Realord under the Placing Agreement . . . . .	4:00 p.m. on Tuesday, 11 February 2020
Announcement of the results of the Rights Issue (including results of placing of Unsubscribed Rights Shares and the amount of Net Gain per Unsubscribed Rights Share under the Unsubscribed Arrangements) to be posted on the Stock Exchange's website and the Company's website on or before . . . . .	Wednesday, 12 February 2020
Share certificates for fully-paid Rights Shares to be posted . . . . .	Thursday, 13 February 2020
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Friday, 14 February 2020
Payment of Net Gain to relevant No Action Shareholders (if any) . . . . .	Thursday, 5 March 2020

*Notes:*

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

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## EXPECTED TIMETABLE

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

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

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

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

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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Basis of the Rights Issue	:	One Rights Share for every two existing Shares held on the Record Date
Subscription Price	:	HK\$0.11 per Rights Share
Number of the existing Shares in issue as at the Latest Practicable Date	:	3,972,974,900 Shares
Number of the Rights Shares	:	Up to 1,986,487,450 Rights Shares
Aggregate nominal value of the Rights Shares	:	Up to HK\$198,648,745
Enlarged issued share capital upon completion of the Rights Issue	:	Up to 5,959,462,350 Shares
Number of the Underwritten Shares	:	Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares. The number of Underwritten Shares together with the Shares already held by Huijin and the Committed Shares will be not less than 16.67% and not more than 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue.
		The 28% limit is to ensure that Huijin's participation in the Rights Issue will not result in a change in control of the Company nor trigger any obligation for a general offer under the Code on Takeovers and Mergers issued by the SFC.
Irrevocable Undertaking	:	Huijin, being a substantial Shareholder and the Underwriter of the Rights Issue, has irrevocably undertaken to the Company that it will take up the Committed Shares, being all of the 331,081,241 Rights Shares under its entitlement pursuant to the terms of the Rights Issue.



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## SUMMARY OF THE RIGHTS ISSUE

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

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

The maximum number of 1,986,487,450 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50% of the total number of the existing issued Shares as at the Latest Practicable Date, and approximately 33.3% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue assuming there is no other change in the share capital of the Company except for the Rights Issue.

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

**THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE UNDERWRITING AGREEMENT BECOMING UNCONDITIONAL AND NOT BEING TERMINATED IN ACCORDANCE WITH ITS TERMS. ACCORDINGLY, THE RIGHTS ISSUE MAY OR MAY NOT BECOME UNCONDITIONAL AND MAY OR MAY NOT PROCEED.**

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

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

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## SUMMARY OF THE RIGHTS ISSUE

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

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LETTER FROM THE BOARD

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

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

**(Stock Code: 1172)**

*Executive Directors:*

Mr. Li Qing

Ms. Au Hoi Lee Janet

*Independent Non-executive Directors:*

Mr. Lam Chi Hung Louis

Mr. Hung Kin Man

Mr. Ho Man

*Registered address:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place of*

*Business in Hong Kong:*

Units D & E 20th Floor

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

17 January 2020

*To the Qualifying Shareholders,*

*and, for information only, certain Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS  
OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES  
HELD ON THE RECORD DATE AT HK\$0.11 PER RIGHTS SHARE  
ON A NON-FULLY-UNDERWRITTEN BASIS**

**INTRODUCTION**

On 28 October 2019, the Board announced that the Company, among other things, proposed to raise approximately HK\$219 million and after deducting the expenses approximately HK\$213 million, by way of the Rights Issue of 1,986,487,450 Right Shares at the Subscription Price of HK\$0.11 per Rights Share.

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## LETTER FROM THE BOARD

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Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted one Rights Share in nil-paid form for every two existing Shares held on the Record Date. The Company will not provisionally allot fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated, rounded down to the nearest whole number and disposed by the Company in the open market if a premium (net of expenses) can be obtained. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

Huijin, being a substantial Shareholder and the Underwriter of the Rights Issue, has irrevocably undertaken to the Company that it will take up the Committed Shares, being all of the 331,081,241 Rights Shares under its entitlement pursuant to the terms of the Rights Issue. The Rights Issue is conditional upon obtaining the Independent Shareholders' approval of the Underwriting Agreement and the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms.

At the EGM, the resolution approving the Underwriting Agreement and the transactions contemplated thereunder was duly passed by the Independent Shareholders by way of poll. Huijin and its associates abstained from voting in favour of the resolution relating to the Underwriting Agreement at the EGM.

The purpose of this prospectus is to provide you with further information of the Rights Issue, including information on dealings in, and transfers and acceptances of, the Rights Shares, as well as financial information and other information of the Group.

### **RIGHTS ISSUE**

#### **Issue statistics**

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Subscription Price:	HK\$0.11 per Rights Share
Number of the existing Shares in issue as at the Latest Practicable Date:	3,972,974,900 Shares
Number of the Rights Shares:	Up to 1,986,487,450 Rights Shares
Aggregate nominal value of the Rights Shares:	Up to HK\$198,648,745
Enlarged issued share capital upon completion of the Rights Issue:	Up to 5,959,462,350 Shares

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## LETTER FROM THE BOARD

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Number of the Underwritten  
Shares:

Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares. The number of Underwritten Shares together with the Shares already held by Huijin and the Committed Shares will be not less than 16.67% and not more than 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue.

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

Irrevocable Undertaking:

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

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

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

The maximum number of 1,986,487,450 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50% of the total number of the existing issued Shares as at the Latest Practicable Date, and approximately 33.3% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue assuming there is no other change in the share capital of the Company except for the Rights Issue.

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

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## LETTER FROM THE BOARD

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### Subscription Price

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

The Subscription Price represents:

- (i) a premium of approximately 0.92% to the closing price of HK\$0.109 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.14% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 25.88% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.1484;
- (iv) a discount of approximately 29.53% to the average of the closing prices per Share as quoted on the Stock Exchange for the 10 previous consecutive trading days up to and including the Last Trading Day of HK\$0.1561;
- (v) a discount of approximately 17.5% to the theoretical ex-rights price of approximately HK\$0.1333 per Share based on the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a dilution effect of approximately 10.18% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.1333 per Share (taking into account the closing price of the Last Trading Day of HK\$0.145 per Share) and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.1484 per Share; and
- (vii) a discount of approximately 42.1% to the unaudited consolidated net asset value per Share of approximately HK\$0.19 as at 30 September 2019.

## LETTER FROM THE BOARD

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

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

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

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## LETTER FROM THE BOARD

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

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

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

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

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

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must have been lodged with the Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 9 January 2020.



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## LETTER FROM THE BOARD

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The Company has sent the Prospectus Documents to the Qualifying Shareholders and this Prospectus is sent to the Non-Qualifying Shareholders (to the extent reasonably practicable and legally permitted) for information purposes only. No Provisional Allotment Letter will be sent to a Non-Qualifying Shareholder. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Provisional Allotment Letter and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

Beneficial Owners with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

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

### **Distribution of the Prospectus Documents**

The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons receiving the Prospectus Documents (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as agreed between the Company and the Underwriter, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdictions outside Hong Kong.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties above.

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## LETTER FROM THE BOARD

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### Non-Qualifying Shareholders

The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of the Overseas Letter and this Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the Provisional Allotment Letter to them.

As at the Latest Practicable Date, there was one Overseas Shareholder on the register of members of the Company, whose registered address was located in the BVI (i.e. Huijin), which is interested in 662,162,483 Shares, representing approximately 16.67% of the total number of the existing issued Shares.

Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Rights Shares to the relevant Overseas Shareholder. The Directors have been advised that Rights Shares shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the BVI, other than a business company incorporated in the BVI that is not a resident in the BVI, nor to a custodian, nominee or trustee of any such person. To the extent that the one Overseas Shareholder with registered addresses in the BVI is not resident of or domiciled in the BVI by way of conducting its operation outside of the BVI nor is it custodian, nominee or trustee of any person who is a resident of or who is domiciled in the BVI, the BVI Shareholder is entitled to participate in the Rights Issue and to be sent the Prospectus Documents solely by reasons that it is an existing Shareholder.

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong or the BVI, such Shareholder may or may not be eligible to take part in the Rights Issue. If, based on the legal advice received by the Company pursuant to the Company's enquiries in compliance with Rule 13.36(2)(a) of the Listing Rules and enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, (if any), the Directors consider that it is necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account of either the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the Latest Practicable Date, there are no Non-Qualifying Shareholders.

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

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## LETTER FROM THE BOARD

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Arrangements” below for the treatment of the Unsubscribed Rights Shares under the Unsubscribed Arrangements and the section headed “Underwriting Agreement” below for the treatment of the Unsold Rights Shares under the Underwriting Agreement.

Receipt of this prospectus and/or a Provisional Allotment Letter or the crediting of nil-paid Rights Shares to any stock account (including in CCASS) does not and will not constitute an offer in any jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the Provisional Allotment Letters must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the Provisional Allotment Letters or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any jurisdiction outside Hong Kong, unless offer to such jurisdictions could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board’s judgement, be unduly burdensome. If a Provisional Allotment Letter or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the Provisional Allotment Letter or transfer the Provisional Allotment Letter or transfer the nil-paid Rights Shares in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or a Provisional Allotment Letter in, into or from, any jurisdiction outside Hong Kong (whether under a contractual or legal obligation or otherwise) should draw the recipient’s attention to the contents of this section.

**It is the responsibility of anyone (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any such person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers.**

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## LETTER FROM THE BOARD

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The Company reserves the right to treat as invalid any acceptances of or applications for the nil-paid Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Furthermore, the Company reserves the right to treat as invalid any purported acceptance of the provisional allotment of Rights Shares comprised in a Provisional Allotment Letter or to refuse to register any purported transfer of the rights represented thereby if it appears to the Company or its agents that acceptance of such provisional allotment of Rights Shares or transfer or the registration of such transfer may involve a breach of the laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the Provisional Allotment Letter in respect of such matters.

### Procedures for acceptance and payment or transfer

#### *General*

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed “Non-Qualifying Shareholders” in this “Letter from the Board”.

Each subscriber (including, without limitation, agents, nominees and trustees) of Rights Shares being offered and sold outside the US will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to the Company and the Underwriter and to any person acting on their behalf, unless in their sole discretion the Company and the Underwriter waive such requirement expressly in writing:

- he/she/it was a Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is not resident or located in, or a citizen of, the US;
- he/she/it is not accepting an offer to acquire or take up the rights or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the US at the time the instruction to accept was given;

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## LETTER FROM THE BOARD

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- he/she/it is not doing so for the account of any person who is located in the United States, unless:
  - (a) the instruction to purchase or take up the nil-paid Rights Shares or to subscribe for or accept Rights Shares was received from a person outside the United States, and
  - (b) the person giving such instruction has confirmed that it (i) has the authority to give such instruction and (ii) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring rights or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the US; and
- he/she/it understands that neither the rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the US and the rights and Rights Shares are being distributed and offered only outside the US in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the US, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties above.

The Company may treat as invalid any instruction which:

- appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or
- otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or

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## LETTER FROM THE BOARD

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- purports to exclude the representation and/or warranty required by the paragraphs above.

### ***Action to be taken by Qualifying Shareholders***

#### *Subscription for all Rights Shares provisionally allotted*

A Provisional Allotment Letter is enclosed with this prospectus for each Qualifying Shareholder which entitles him/she/it to subscribe for the number of Rights Shares shown in the Provisional Allotment Letter. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on 4 February 2020. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Magnus Concordia Group Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on 4 February 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

#### *Transfer and "splitting" of nil-paid Rights Shares*

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the Provisional Allotment Letter or to transfer all or part of his/her/its rights to more than one person, the original Provisional Allotment Letter must be surrendered and lodged for cancellation not later than 4:30 p.m. on 23 January 2020 with the Registrar, who will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original Provisional Allotment Letter. This process is commonly known as "splitting" the nil-paid Rights Shares.

Having "split" the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new Provisional Allotment Letter should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

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## LETTER FROM THE BOARD

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If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a Provisional Allotment Letter (or a split Provisional Allotment Letter, as the case may be) to another person, he/she/it should complete and sign the registration information in the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than 4:00 p.m. on 4 February 2020.

The Provisional Allotment Letter contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a Provisional Allotment Letter together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any Provisional Allotment Letter in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

No receipt will be given in respect of any application monies received.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue" in this "Letter from the Board") is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred) without interest, by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around 13 February 2020.

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## LETTER FROM THE BOARD

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### ***Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than through CCASS)***

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Owner in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

### ***Action to be taken by Beneficial Owners holding interests in Shares through CCASS***

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.



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## LETTER FROM THE BOARD

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### *Effect of bad weather on latest time for acceptance of and payment for Rights Shares*

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

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

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

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

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

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

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

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## LETTER FROM THE BOARD

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

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

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

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

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

Details of the Placing Agreement are summarised below:

Date:	28 October 2019
Issuer:	The Company
Placing Agent:	Realord was appointed as the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period on a best effort basis.
Commission and expenses:	Realord will receive a commission of the higher of (a) HK\$300,000; and (b) 1.5% of the sum which is equal to the Subscription Price multiplied by the Unsubscribed Rights Shares that have been successfully placed by Realord pursuant to the terms of the Placing Agreement.

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## LETTER FROM THE BOARD

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

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

Placing price of the  
Unsubscribed Rights  
Shares:

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

Placees:

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

Ranking of the Unsubscribed  
Rights Shares:

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

Condition of the Placing  
Agreement:

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

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

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## LETTER FROM THE BOARD

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

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

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

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

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

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## LETTER FROM THE BOARD

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

### CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The conditions to the Underwriting Agreement are set out in the paragraph headed “Conditions of the Underwriting Agreement” under the section headed “Underwriting Agreement” below. **Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.**

### Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 20,000 Shares.

No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

It is expected that dealings in the Rights Shares in nil-paid form will commence on 21 January 2020 and will end on 30 January 2020 (both dates inclusive) and dealings in the Rights Shares in fully-paid form will commence on 14 February 2020.

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## LETTER FROM THE BOARD

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

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

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

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

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

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

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

### **THE IRREVOCABLE UNDERTAKING**

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

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## LETTER FROM THE BOARD

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

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

### UNDERWRITING AGREEMENT

Details of the Underwriting Agreement are summarised as follow:

Date: 28 October 2019

Issuer: The Company

Underwriter: Huijin

Huijin is a substantial shareholder and its ordinary course of business does not include the underwriting of securities.

Number of the Underwritten Shares: Huijin shall underwrite such number of Rights Shares (rounded down to the nearest whole number), which is expected to be not less than 294,294,001 Rights Shares and not more than 675,405,734 Rights Shares. The number of the Underwritten Shares together with the Shares already held by Huijin and the Committed Shares will be not less than 16.67% and not more than 28% of the total enlarged issued share capital of the Company at completion of the Rights Issue.

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

Commissions and expenses: Huijin will not receive any commission for underwriting the Underwritten Shares.

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

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## LETTER FROM THE BOARD

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Since no commission is payable to the Underwriter, the Board considers that the Underwriting Agreement is on normal commercial terms or better and is fair and reasonable so far as the Shareholders are concerned.

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

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

- (i) the approval by the Independent Shareholders of the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement), in each case by way of poll at the EGM in accordance with the Listing Rules by no later than the Prospectus Date;
- (ii) the Stock Exchange issuing a certificate authorising registration of this prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than a Business Day before the Prospectus Date (or such later time and/or date as the Company and the Underwriter may agree);
- (iii) a duly certified copy of this prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than a Business Day before the Prospectus Date, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than a Business Day before the Prospectus Date (or such later time and/or date as the Company and Huijin may agree);
- (iv) the despatch on the Prospectus Date of copies of the Prospectus Documents to the Qualifying Shareholders;
- (v) the compliance and performance by the Company with/of all its obligations and undertakings pursuant to the terms and conditions of the Underwriting Agreement and by the Latest time for termination;
- (vi) no breach of any of the Company's warranties under the Underwriting Agreement;
- (vii) the Shares remaining listed on the Stock Exchange at all times prior to the Latest time for termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (or such longer period as the Company, and Huijin may agree); and no indication being received before 4:00 p.m. on the Latest time for termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;



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## LETTER FROM THE BOARD

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- (viii) the grant by the Listing Committee of the Stock Exchange (and such permission not being withdrawn or revoked) of the permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) (subject only to allotment and despatch of the appropriate documents of title) by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively); and
- (ix) the Placing Agreement becoming unconditional on or before the Latest time for termination.

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

As at the Latest Practicable Date, save for condition precedent (i), none of the conditions precedent has been fulfilled.

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

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

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

- (i) there is any material adverse change or prospective material adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the reasonable opinion of the Underwriter, is or may be materially adverse in the context of the Rights Issue; or
- (ii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (iii) the Company withdraws the circular of the Company or this prospectus (and/or any other documents issued or used in connection with the Rights Issue) or the Rights Issue; or

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## LETTER FROM THE BOARD

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

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## LETTER FROM THE BOARD

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

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

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

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

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## LETTER FROM THE BOARD

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

### EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

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

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

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

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## LETTER FROM THE BOARD

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

The Company had not conducted any fund raising activities involving issue of securities in the twelve (12) months before the Latest Practicable Date.

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

As disclosed in the annual report of the Company for the year ended 31 March 2019, the Group had (i) bank borrowings of approximately HK\$135 million; and (ii) bank and cash balances of approximately HK\$68 million as at 31 March 2019. The gearing ratio, calculated as a percentage of total interest-bearing borrowings to shareholders' funds, was approximately 0.21 as at 31 March 2019. The Group had arranged further borrowings since 31 March 2019 to meet its funding needs. As disclosed in the announcements of the Company dated 25 July 2019 and 30 September 2019, the Group obtained new bank facilities with an aggregate amount of up to HK\$470 million subsequent to 31 March 2019 comprising (i) a HK\$320 million revolving bank facility and (ii) a HK\$150 million revolving credit facility. There have been significant cash flows out of the bank facilities and bank and cash balances of the Group subsequent to 31 March 2019 and until the Latest Practicable Date, which mainly include approximately (i) HK\$110 million for refinancing certain existing bank loans; (ii) HK\$142 million for settling the last payment for the acquisition of Jinjin Investments Co., Limited (金錦投資有限公司); (iii) HK\$195 million for working capital purposes of its securities investment and trading business; and (iv) HK\$120 million for working capital purposes of its printing business as well as corporate expenses.

As at the Latest Practicable Date, the total outstanding bank borrowings amounted to approximately HK\$397 million and bank and cash balances amounted to approximately HK\$117 million. The outstanding bank loans comprise a long term loan of approximately HK\$18 million which will be matured by the second quarter of 2021, and short term revolving loans of approximately HK\$379 million which are subject to rollovers every one to three months at the discretion of the relevant lenders and the facilities are subject to annual review and renewal during the second and third quarters of 2020. As these short-term revolving facilities are secured by certain properties or listed securities held by the Group, the facility amounts are subject to review from time to time and may be adjusted downward depending on the mark-to-market value of the underlying pledged assets.

As advised by the Directors, the Company has considered alternative fund raising methods which include, among other things, (i) placing of new Shares which, as opposed to Rights Issue, does not allow the Shareholders to maintain their respective shareholdings in the Company; and (ii) debt financing. Due to the current global and regional economic environment, it has been difficult for the Group to obtain longer term financing and hence, the new banking facilities obtained during the year are all short term in nature and the facility amounts are subject to the market volatility of the value of the underlying pledged assets. It has also been difficult for the Group to obtain additional financing without additional asset backing and collaterals, or at acceptable interest rates. As such, the Directors did not pursue the above alternative fund raising methods which are considered not appropriate.

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## LETTER FROM THE BOARD

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Amidst the current unstable economic and political environment, the Board is of the view that it is utmost important to strengthen its capital base by way of the Rights Issue with a view to enhancing liquidity and lowering the gearing level, in particular, the amount of short-term loans.

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

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

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

Assuming none of the Rights Shares is taken up by the Qualifying Shareholders (other than the Committed Shares by Huijin) and Huijin has taken up its maximum underwriting commitment under the Underwriting Agreement but no additional Rights Shares have been placed pursuant to the Placing Agreement and the Underwriting Agreement, the gross proceeds from the Rights Issue will be approximately HK\$69 million and the net proceeds from the Rights Issue after deducting the expenses of approximately HK\$4 million (assuming no commission is payable to Realord as no additional Rights Shares have been placed pursuant to the Placing Agreement) are estimated to be approximately HK\$65 million.

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

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## LETTER FROM THE BOARD

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

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

### TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

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

**THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE UNDERWRITING AGREEMENT BECOMING UNCONDITIONAL AND NOT BEING TERMINATED IN ACCORDANCE WITH ITS TERMS. ACCORDINGLY, THE RIGHTS ISSUE MAY OR MAY NOT BECOME UNCONDITIONAL AND MAY OR MAY NOT PROCEED.**

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

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## LETTER FROM THE BOARD

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

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

### ADDITIONAL INFORMATION

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

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



## 1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group for (i) each of the three financial years ended 31 March 2017, 2018 and 2019; and (ii) the six months period ended 30 September 2019 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.mcgroup.hk>):

- annual report of the Company for the year ended 31 March 2017 published on 21 July 2017 (pages 68 to 142), which can be found at:  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0721/ltn20170721327.pdf>)
- annual report of the Company for the year ended 31 March 2018 published on 23 July 2018 (pages 137 to 245), which can be found at:  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0723/ltn20180723478.pdf>)
- annual report of the Company for the year ended 31 March 2019 published on 19 July 2019 (pages 144 to 257), which can be found at:  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0719/ltn20190719357.pdf>)
- interim report of the Company for the six months period ended 30 September 2019 published on 5 December 2019 (pages 34 to 76), which can be found at:  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1205/2019120500573.pdf>)

The financial information of Jinjin Investments Co. Limited (“**Jinjin Investments**”) and its subsidiaries (the “**Jinjin Group**”), for each of the three years ended 31 December 2015, 2016 and 2017 and the eight months ended 31 August 2018, is disclosed in the circular of the Company dated 28 February 2019 (the “**Acquisition Circular**”) (pages II – 5 to II – 55), which was published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.mcgroup.hk>).

## 2. STATEMENT OF INDEBTEDNESS

As at 30 November 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had unaudited outstanding bank borrowings of approximately HK\$463 million and lease liabilities of approximately HK\$5 million.

All of the Group’s bank borrowings are secured. As at 30 November 2019, the bank borrowings of the Group are secured by certain assets, including right-of-use assets, other property, plant and equipment, investment properties, accounts receivable, financial assets at fair value through profit or loss and pledged cash and cash equivalents with an aggregate carrying value of approximately HK\$622 million and guaranteed by the Company. The bank borrowings of the Group are also secured by equity interests in certain subsidiaries of the Group and by the assignment of rental income.

**Contingent liabilities**

As at 30 November 2019, the Group provided financial guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC, either directly provided to the banks or to the housing provident fund management center who arranged the bank mortgages of approximately HK\$1,251 million.

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable in the ordinary course of the business, the Group did not, at the close of business on 30 November 2019, being the latest practicable date for the purpose of this indebtedness statement, have any outstanding mortgages, charges, debts, securities issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

**3. WORKING CAPITAL SUFFICIENCY**

The Directors, after due and careful enquiries, are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; (ii) the Group's presently available banking facilities/bank borrowings and the intended renewal of such facilities/bank borrowings upon maturity; and (iii) the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this prospectus.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2019, being the date to which the latest published reviewed accounts of the Group were made up, up to and including the Latest Practicable Date.

**5. THE ACQUISITION OF JINJIN INVESTMENTS****Background**

On 8 October 2018, the Company announced that Clever Star Development Limited (the "**Purchaser**") (a wholly-owned subsidiary of the Company), the Company, Huijin (as seller) and Ms. Xu Ruiqiao (as seller guarantor) entered into the sale and purchase agreement (the "**SPA**"), pursuant to which the Purchaser conditionally agreed to acquire, and Huijin conditionally agreed to sell, the entire issued share capital of Jinjin Investments at the consideration of HK\$400 million (the "**Consideration**") in accordance with the terms and conditions of the SPA (the "**Acquisition**").

The consideration for the Acquisition was to be satisfied by: (i) the payment of approximately HK\$261 million in cash; and (ii) the allotment and issuance of 662,162,483 consideration shares at the issue price of HK\$0.21 by the Company to Huijin, subject to retention of the tax payable by Huijin as required and estimated pursuant to relevant PRC tax laws in relation to the Acquisition. The Purchaser also agreed to pay, in addition, the conditional payment of up to HK\$200 million to Huijin in proportion to the fulfillment of certain performance targets, in accordance with the terms and conditions of the SPA.

As announced by the Company on 1 August 2019, the completion of the Acquisition took place on 1 August 2019 and the Consideration had been fully satisfied except for withholding of approximately HK\$39.4 million by the Group as retention of Huijin's tax payable, which was still being fully withheld by the Group as at the Latest Practicable Date. As at the Latest Practicable Date, no conditional payment has been paid to the seller pursuant to the SPA.

Jinjin Investments is an investment holding company. Its principal asset is the entire equity interest in Zigong Zhongzhi Cultural Tourism Investment Company Limited\* (自貢中置文化旅遊投資有限公司) (“**Zhongzhi Wenlv**”) indirectly held by it. Zhongzhi Wenlv is principally engaged in the development and sale of residential properties in Sichuan Province, PRC.

There is no variation to the remuneration payable to and benefits in kind receivable by the Directors in consequence of the Acquisition.

### Financial Information of the Jinjin Group

The followings are the unaudited financial information of the Jinjin Group for the year ended 31 December 2018 and the nine months ended 30 September 2019:

	<b>For the year ended 31 December 2018</b>	<b>For the nine months ended 30 September 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	596,641	513,074
Net profit before tax	31,007	100,238
Net (loss)/profit after tax	(8,795)	46,246

	<b>As at 31 December 2018</b>	<b>As at 30 September 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net liabilities value	294,501	242,975

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Jinjin Group since 30 September 2019 up to and including the Latest Practicable Date.

## **6. FINANCIAL, BUSINESS AND TRADING PROSPECTS OF THE GROUP**

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

With the view of expanding the property development business segment to capture rapid growth of the property market in Mainland China, the Group, through the Acquisition, had acquired a property development project in Zigong City, Sichuan Province, the PRC in October 2018. The project is located in the high-tech industrial development zone which is also a tourism region in the Zigong City. The management of the Company considers that the acquisition can deliver attractive return to its Shareholders from sales of the residential units.

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

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**APPENDIX II                    PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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*For illustrative purposes, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Rights Issue as if the Rights Issue had been completed on 30 September 2019. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.*

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group attributable to equity holders of the Company has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as if the Rights Issue had been completed on 30 September 2019.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company upon completion of the Rights Issue as at 30 September 2019 or at any future date.

## APPENDIX II      PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2019, as extracted from the condensed consolidated statement of financial position of the Group as at 30 September 2019 in the published interim report of the Company, and is adjusted for the effect of the Rights Issue described below.

Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2019 <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 September 2019 <i>HK\$</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue <i>HK\$</i>
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Based on 1,986,487,450 Rights Shares at the Subscription Price of HK\$ 0.11 per Rights Share (assuming (i) all Rights Shares had been taken up by Huijin under the Underwriting Agreement or placed to placees procured by Realord pursuant to the Placing Agreement; OR (ii) all Qualifying Shareholders (other than Qingda) take up all the Rights Shares under their respective entitlement, and all Rights Shares under Qingda's entitlement had been taken up by Huijin under the Underwriting Agreement or placed to placees procured by Realord pursuant to Placing Agreement)

756,627	212,714	969,341	0.19	0.16
<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>

Based on 625,375,242 Rights Shares at Subscription Price of HK\$ 0.11 per Rights Share (assuming none of the Rights Shares is taken up by the Qualifying Shareholders (other than the Committed Shares by Huijin) and Huijin has taken up its maximum underwriting commitment under the Underwriting Agreement but no additional Rights Shares have been placed pursuant to the Placing Agreement)

756,627	64,691	821,318	0.19	0.18
<i>(Note 1)</i>	<i>(Note 5)</i>		<i>(Note 3)</i>	<i>(Note 6)</i>

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## APPENDIX II      PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

1. The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2019 is based on the unaudited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 September 2019 of approximately HK\$756,627,000 as extracted from the Group's published interim report.
2. The estimated net proceeds from the Rights Issue of approximately HK\$212,714,000 is calculated based on 1,986,487,450 Rights Shares to be issued at the subscription price of HK\$0.11 per Right Share, after deduction of estimated related expenses, including among others, financial advisory fees and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$5,800,000.
3. The unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 September 2019 is calculated based on the unaudited consolidated net tangible assets attributable to the equity holders of the Company of approximately HK\$756,627,000 (Note 1) divided by the number of Shares in issue of 3,972,974,900 Shares as at 30 September 2019.
4. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue of approximately HK\$969,341,000 divided by 5,959,462,350 Shares, which represents the aggregating of 3,972,974,900 Shares in issue as at 30 September 2019 and 1,986,487,450 Rights Shares to be issued, assuming that the Rights Issue had been completed on 30 September 2019.
5. The estimated net proceeds from the Rights Issue of approximately HK\$64,691,000 is calculated based on 625,375,242 Rights Shares to be issued at the subscription price of HK\$0.11 per Right Share, after deduction of estimated related expenses, including among others, financial advisory fees and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$4,100,000.
6. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue of approximately HK\$821,318,000 divided by 4,598,350,142 Shares, which represents the aggregating of 3,972,974,900 Shares in issue as at 30 September 2019 and 625,375,242 Rights Shares to be issued, assuming that the Rights Issue had been completed on 30 September 2019.
7. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2019.

**(B) ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.*



22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

To the Directors of Magnus Concordia Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Magnus Concordia Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 September 2019, and related notes (the “Pro Forma Financial Information”) as set out on pages II-1 to II-3 of the prospectus dated 17 January 2020 issued by the Company (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one rights share for every two existing shares held on the record date (the “Rights Issue”) as if the Rights Issue had taken place at 30 September 2019. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s unaudited condensed consolidated statement of financial position as at 30 September 2019, on which an interim report has been published.

**Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).



**Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

17 January 2020

**1. RESPONSIBILITY STATEMENT**

This prospectus, for which the Directors collectively and individually accept full responsibility for the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 prospectus misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue (assuming no new Shares are issued by the Company between the Latest Practicable Date and the Record Date) will be, as follows:

	<i>HK\$</i> (Nominal value)
Authorised share capital:	
Ordinary shares of HK\$0.10 each	
8,000,000,000 Shares	800,000,000.00
Preference shares of HK\$0.01 each	
2,000,000,000 shares	20,000,000.00
<i>As at Latest Practicable Date</i>	
Issued and fully paid share capital:	
3,972,974,900 Shares in issue	397,297,490.00
<i>Enlarged issued share capital of the Company upon completion of the Rights Issue</i>	
1,986,487,450 Rights Shares to be issued	198,648,745.00
Issued and fully paid share capital upon completion of the Rights Issue:	
5,959,462,350 Shares	595,946,235.00

*Note:* Assuming all Rights Shares had been taken up

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects, including capital, dividends and voting rights with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants or convertible securities which confer rights to subscribe for or affect the Shares. No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

### **3. DISCLOSURE OF INTERESTS**

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

## 4. SUBSTANTIAL SHAREHOLDERS

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

Long position in the Shares

Name	Capacity	Number of shares in the Company	Percentage of Shares in issue
Qingda Developments Limited	Beneficial owner	2,025,303,473 <i>(Note 1)</i>	50.98%
New Element Investments Limited ("New Element")	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Integrity Fund Limited Partnership ("Integrity Fund")	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Kapok Wish Investment Limited ("Kapok Wish")	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Grand Generation Belief Virtue Investment Limited ("Grand Generation")	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Wang Xiqiang	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Xinsheng International Holding Limited ("Xinsheng International")	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Zeng Dazhang	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%
Ally Cosmo Group Limited ("Ally Cosmo")	Interest of a controlled corporation	2,025,303,473 <i>(Note 1)</i>	50.98%

Name	Capacity	Number of shares in the Company	Percentage of Shares in issue
Li Li	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
Juye Investments Limited ("Juye Investments")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
Chen Liying	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
Shining Orient Investment Limited ("Shining Orient")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
Pioneer Fund Limited Partnership ("Pioneer Fund")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
Hong Kong Huixin Investment Limited ("Hong Kong Huixin")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
Higher Cycle Investment Limited ("Higher Cycle")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
SFund International Investment Fund Management Limited ("SFund International")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
廣州匯垠天粵股權投資基金管理 有限公司 ("廣州匯垠")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
廣州科技金融創新投資控股 有限公司 ("廣州科技")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
廣州產業投資基金管理有限公司 ("廣州產業")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%
廣州市城市建設投資集團 有限公司 ("廣州城市建設")	Interest of a controlled corporation	2,025,303,473 (Note 1)	50.98%

Name	Capacity	Number of shares in the Company	Percentage of Shares in issue
Luso International Banking Limited ("Luso International")	Security interest in the shares	2,025,303,473 (Note 2)	50.98%
Huijin Dingsheng International Holding Company Limited ("Huijin")	Beneficial owner	662,162,483 (Note 3)	16.67%
	Underwriter	675,405,734 (Note 4)	17.00%
Xu Ruiqiao	Interest of a controlled corporation	662,162,483 (Note 3)	16.67%
	Interest of a controlled corporation	675,405,734 (Note 4)	17.00%

## Notes:

- Such interests represented 50.98% of the issued share capital of the Company owned by Qingda Developments Limited, a company wholly-owned by New Element, which is in turn wholly-owned by Integrity Fund. The limited partners of Integrity Fund are Grand Generation, which is wholly-owned by Mr. Wang Xiqiang, and Xinsheng International, which is wholly-owned by Mr. Zeng Dazhang. The general partner of Integrity Fund is Kapok Wish. Kapok Wish is owned as to 30% by Ally Cosmo, 30% by Juye Investments and 40% by Shining Orient. Ally Cosmo is wholly-owned by Ms. Li Li, and Juye Investments is wholly-owned by Ms. Chen Liying. Shining Orient is wholly-owned by Pioneer Fund. The limited partner of Pioneer Fund is Hong Kong Huixin, which is wholly-owned by SFund International. The general partner of Pioneer Fund is Higher Cycle, which is wholly-owned by SFund International. Accordingly, all of the abovementioned parties are deemed to be interested in the interests owned by Qingda Developments Limited pursuant to Part XV of the SFO.
- Luso International is interested in 2,025,303,473 shares of the Company in its capacity as a person having a security interest in the shares of the Company.
- Such interests represented 16.67% of the issued share capital of the Company owned by Huijin, a company wholly-owned by Ms. Xu Ruiqiao. Accordingly, Ms. Xu Ruiqiao is deemed to be interested in the interests owned by Huijin pursuant to Part XV of the SFO.
- Huijin is interested in 675,405,734 shares of the Company in its capacity as an underwriter pursuant to the Underwriting Agreement. Ms. Xu Ruiqiao is also deemed to be interested in the interests owned by Huijin pursuant to Part XV of the SFO.

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

## 5. CORPORATE INFORMATION

<b>Underwriter of the Rights Issue</b>	Huijin Dingsheng International Holding Co., Limited Tricor Services (BVI) Limited P.O. Box 3340 Road Town Tortola, BVI
<b>Legal advisers to the Company</b>	Norton Rose Fulbright Hong Kong 38th Floor, Jardine House 1 Connaught Place Central, Hong Kong  Conyers Dill & Pearman (Cayman Islands) 29th Floor One Exchange Square 8 Connaught Place Central Hong Kong
<b>Financial adviser to the Company</b>	Optima Capital Limited Suite 1501, 15th Floor, Jardine House 1 Connaught Place Central, Hong Kong
<b>Auditor and reporting accountants</b>	Ernst & Young Certified Public Accountants 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
<b>Share Registrar and transfer office</b>	Tricor Investor Services Limited Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong



<b>Principal bankers</b>	Industrial Bank Co. Ltd. Hong Kong Branch 12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong  Hang Seng Bank Limited 83 Des Voeux Road, Central, Hong Kong
<b>Company secretary</b>	Ng Yee Man Fiona <i>Fellow member of Chartered Association of Certified Public Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators, and the Hong Kong Institute of Chartered Secretaries</i>
<b>Authorised representatives</b>	Au Hoi Lee Janet Ng Yee Man Fiona

## 6. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### (a) Names and addresses

<b>Name</b>	<b>Business/residential address</b>
<i>Executive Directors</i>	
<b>Mr. Li Qing</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong
<b>Ms. Au Hoi Lee Janet</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong
<i>Independent non-executive Directors</i>	
<b>Mr. Lam Chi Hung Louis</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong

<b>Name</b>	<b>Business/residential address</b>
<b>Mr. Hung Kin Man</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong
<b>Mr. Ho Man</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong
<i>Senior management</i>	
<b>Mr. Leung Ho Man</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong
<b>Ms. Ng Yee Man Fiona</b>	Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong

**(b) Qualification and positions held**

***Executive Directors***

*Mr. Li Qing*

Mr. Li Qing (“**Mr. Li**”), aged 43, was appointed as an executive Director on 26 January 2018. He is currently the chairman of the board of directors of SFund International Investment Fund Management Limited (“**SFund International**”). Prior to joining SFund International, he worked as a deputy general manager and general manager in Lianyungang Gangshi Runbang Zhiye Company Limited\* (連雲港市潤邦置業有限公司) from January 2008 to January 2013. He was then the general manager and chairman in Hunan Huiyin Tianxing Private Equity Investment Fund Co., Ltd\* (湖南匯垠天星股權投資私募基金管理有限公司) from November 2014 to October 2016. Mr. Li is also a director of Qingda, New Element Investments Limited (an indirect controlling shareholder of the Company) and Kapok Wish Investment Limited (the general partner of Integrity Fund Limited Partnership, which is an indirect controlling

shareholder of the Company). On 15 January 2019, he was appointed as an executive director and the chairman of the board of directors of SFund International Holdings Limited (a company listed on the Stock Exchange, stock code: 1367).

Mr. Li graduated from the faculty of music in Minzu University of China (中央民族大學) in June 2001. He received a master's degree from the Musikakademie der Stadt Kassel in Germany in September 2004. Mr. Li has over 10 years of experience working in senior management roles in real estate investment and fund management.

*Ms. Au Hoi Lee Janet*

Ms. Au Hoi Lee Janet (“**Ms. Au**”), aged 41, was appointed as an executive Director on 26 January 2018. She is also a member of the nomination committee and the remuneration committee of the Company. She is the investment director and deputy general manager of SFund International since June 2017 and March 2018, respectively. Prior to joining SFund International, Ms. Au had work experience in the financial services industry at The Goldman Sachs Group, Inc. from July 2000 to October 2002 and Morgan Stanley Asia Limited from August 2008 to April 2009 and from September 2009 to April 2013. Ms. Au then worked as the deputy general manager at WH Group Limited (a company listed on the Stock Exchange, stock code: 288) from May 2013 to October 2014 and the chief financial officer and director of Eddingpharm International Holdings Limited from November 2014 to March 2016, and Ms. Au worked as a consultant at Baring Private Equity Asia Limited from October 2016 to May 2017. Ms. Au is also a director of Qingda, New Element Investments Limited (an indirect controlling shareholder of the Company) and Kapok Wish Investment Limited (the general partner of Integrity Fund Limited Partnership, which is an indirect controlling shareholder of the Company).

Ms. Au obtained a bachelor of arts degree from the University of Rochester in May 2000. Ms. Au received a master of business administration degree from the Columbia University in May 2008. Ms. Au has over 15 years of experience in mergers & acquisitions and corporate management.

*Independent non-executive Directors**Mr. Lam Chi Hung Louis*

Mr. Lam Chi Hung Louis (“**Mr. Lam**”), aged 72, was appointed as an independent non-executive Director on 26 January 2018. He is also the chairman of the remuneration committee and a member of the audit committee of the Company. Mr. Lam has been the managing director and founder of LR Construction Technologies Limited since August 2012 and the managing director and co-founder of LR Construction and Consultancy Limited since April 2012. He is also currently the managing director and co-founder of LR IOT Limited (formerly known as Alternative Turbine Technologies Limited) since May 2009. He is also currently an independent non-executive director of In Construction Holdings Limited (a company listed on the Stock Exchange, stock code: 1500). From 1976 to 1987, Mr. Lam was a lecturer in the Department of Civil and Structural Engineering of the University of Hong Kong. From November 1996 to August 2004, Mr. Lam was a principal lecturer of the Vocational Training Council.

Mr. Lam obtained a bachelor of science in engineering degree from the University of Hong Kong in November 1969. In November 1972, he received a Doctor of Philosophy from the University of Hong Kong. Mr. Lam was admitted as a member of The Institution of Civil Engineers in July 1975 and he was also admitted as a member of The Hong Kong Institution of Engineers since November 1975 and is also a registered professional engineer of Engineers Registration Board.

Mr. Lam has over 45 years of experience in engineering.

*Mr. Hung Kin Man*

Mr. Hung Kin Man (“**Mr. Hung**”), aged 54, was appointed as an independent non-executive Director on 26 January 2018. He is also the chairman of the nomination committee and a member of the audit committee of the Company. Mr. Hung has been practising as a barrister in Hong Kong since 1992. Mr. Hung was a Deputy District Court Judge in Hong Kong in March 2015.

Mr. Hung received his bachelor of law degree from the Wolverhampton Polytechnic in England in July 1990. He was called to the Bar in England and Wales and Bar of Hong Kong.

*Mr. Ho Man*

Mr. Ho Man (“**Mr. Ho**”), aged 50, was appointed as an independent non-executive Director on 26 January 2018. He is also the chairman of the audit committee and a member of both the remuneration committee and nomination committee of the Company. Mr. Ho has over 20 years of working experience in private equity investment and finance and is currently the managing director of an investment holding company. Prior to that, Mr. Ho served as an executive partner representative of a Chengdu-based private equity investment fund from December 2011 to May 2014. Mr. Ho worked for a Hong Kong-based private fund management company during January 2010 to December 2013 and was the managing director and head of China growth and expansion capital of CLSA Capital Partners (HK) Limited from August 1997 to October 2009.

Mr. Ho was a non-executive director of SCUD Group Limited (a company listed on the Stock Exchange, stock code: 1399) from December 2006 to October 2009 and Shanghai Tonva Petrochemical Co., Ltd. (a company listed on the Stock Exchange, stock code: 1103, currently known as Shanghai Dasheng Agriculture Finance Technology Co., Ltd) from September 2008 to October 2009. He was an independent director of Shenzhen Forms Syntron Information Co. Ltd (stock code: 300468.SZ), a company listed on the ChiNext of Shenzhen Stock Exchange, from February 2012 to February 2018. He was also an independent non-executive director of Momentum Financial Holdings Limited (a company listed on the Stock Exchange, stock code: 1152) from November 2016 to July 2019.

Mr. Ho has been an independent non-executive director of Fantasia Holdings Group Co., Limited (a company listed on the Stock Exchange, stock code: 1777) since October 2009; an independent non-executive director of Fu Shou Yuan International Group Limited (a company listed on the Stock Exchange, stock code: 1448), since December 2013; an independent non-executive director of CIMC-TianDa Holdings Company Limited (formerly known as China Fire Safety Enterprise Group Limited with effect from 24 April 2018; a company listed on the Stock Exchange, stock code: 445) since July 2015; and an independent non-executive director of Wanjia Group Holdings Limited (a company listed on the Stock Exchange, stock code: 401) since February 2018.

Mr. Ho has been a director of Shenzhen Daxiang Space Construction Co., Ltd., (stock code: 836604), a company listed on the National Equities Exchange and Quotations, since September 2015.

Mr. Ho was awarded an Executive Master of Business Administration degree from Tsinghua University and a master’s degree in finance from the London Business School. He is also a Chartered Financial Analyst.

*Senior management**Mr. Leung Ho Man*

Mr. Leung Ho Man (“**Mr. Leung**”), joined the Group in February 2018 and is the financial controller of the Company. He is responsible for the financial management and treasury functions of the Group, and acts as the coordinator for the internal audit, internal control and risk management functions of the Group in relation to corporate governance compliance.

Mr. Leung holds a Bachelor’s degree in Business Administration in Accounting and Finance and a Master of Science degree in Financial Analysis. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Leung has over 20 years of experience in financial management, accounting, auditing and corporate governance in an international accounting firm and listed companies.

*Ms. Ng Yee Man Fiona*

Ms. Ng Yee Man Fiona (“**Ms. Ng**”), is the company secretary of the Group. Ms. Ng is responsible for overseeing corporate governance, regulatory compliance and investor relation. She has more than 25 years’ experience in finance, accounting and corporate secretarial functions. Ms. Ng joined the Group in January 2018. Before joining the Group, Ms. Ng was a company secretary of a company listed on the Stock Exchange during 2013-2017, a financial controller and company secretary of a company listed on the Stock Exchange during 2007-2013, and a qualified accountant and company secretary of a company listed on the Stock Exchange during 2003-2007.

Ms. Ng is a fellow member of Chartered Association of Certified Public Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators, and the Hong Kong Institute of Chartered Secretaries.

**7. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the members of the Group.

## 8. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, have been entered into by the Group and are or may be material:

- (a) the Placing Agreement;
- (b) the Underwriting Agreement; and
- (c) the sale and purchases agreement dated 8 October 2018 entered into between Huijin (seller), Ms. Xu Ruiqiao (seller guarantor), Clever Star Development Limited (purchaser), a wholly-owned subsidiary of the Company, and the Company in respect of the acquisition of the entire issued share capital of Jinjin Investments Co. Limited, for a consideration of approximately HK\$400 million and a conditional payment of up to HK\$200 million, details of which were set out in the announcement of the Company dated 8 October 2018 and the circular of the Company dated 28 February 2019.

## 9. EXPENSES

The maximum amount of the expenses in connection with the Rights Issue (including commission, fees and expenses payable to Realord in connection with the placing, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$6 million and will be payable by the Company.

## 10. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has provided its advice for inclusion in this prospectus:

<b>Name</b>	<b>Qualification</b>
Ernst & Young	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or reference to its name in the form and context in which they appear in this prospectus.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it has 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, the above expert did not have any direct or indirect interest in any assets which had since 31 March 2019 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **11. GENERAL**

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The correspondence address of the Company is at Units D & E 20th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong.
- (b) The English text of this document shall prevail over the Chinese text for the purposes of interpretation.

#### **12. LEGAL EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

#### **13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of this prospectus, together with copies of the Provisional Allotment Letter and the written consent referred to in the paragraphs headed “Expert’s Qualification and Consent” in this Appendix III to this prospectus have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) at the place of business of the Company in Hong Kong at Units D&E, 20/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong, from the date of this prospectus up to and including 14th day from the date of this prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix III to this prospectus;



- (c) the report issued by Ernst & Young, regarding the unaudited pro forma statement of consolidated net tangible assets of the Group as set out in Appendix II to this prospectus;
- (d) the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this Appendix III to this prospectus;
- (e) the annual reports of the Company for each of the three years ended 31 March 2017, 2018 and 2019;
- (f) the interim report of the Company for the six months period ended 30 September 2019;
- (g) the Acquisition Circular;
- (h) the unaudited management accounts of the Jinjin Group for the year ended 31 December 2018 and the nine months ended 30 September 2019;
- (i) the Circular; and
- (j) this prospectus.