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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)

**MAJOR TRANSACTION IN RELATION TO
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
JINJIN INVESTMENTS CO., LIMITED INVOLVING
THE ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

THE AGREEMENT

The Board is pleased to announce that on 8 October 2018 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Company entered into the Agreement with the Seller and the Seller Guarantor, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of the Target Company at the Consideration of HK\$400 million in accordance with the terms and conditions of the Agreement. The Consideration shall be satisfied by: (i) the payment of the Deposit of HK\$80 million within three (3) business days after the date of the Agreement; (ii) the allotment and issuance of 662,162,483 Consideration Shares at the Issue Price of HK\$0.21 by the Company to the Seller on the Completion Date; and (iii) the payment of approximately HK\$181 million by the Purchaser to the Seller in cash on the Completion Date, subject to retention of the tax payable by the Seller 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 the Seller in proportion to the fulfillment of the Profit Target or of the Delivery Target, whichever is lower, in accordance with the terms and conditions of the Agreement.

The Target Company, through its subsidiaries, is engaged in the development and sale of residential properties in Sichuan Province, the PRC. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Enlarged Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition (calculated based on the aggregate of the Consideration and the Conditional Payment) are more than 25% but are all less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

THE EGM AND DISPATCH OF CIRCULAR

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the Acquisition.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Agreement and the Acquisition. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution approving the Agreement and the Acquisition.

The Company expects that a circular containing, among other things, (i) details of the Acquisition, the Agreement and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report of the Target Group; and (vi) notice of the EGM and form of proxy, to be despatched on or before 19 November 2018 so as to allow sufficient time for the Company to prepare the required financial information and other relevant information for inclusion in the Circular.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

INTRODUCTION

On 8 October 2018 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Company entered into the Agreement with the Seller and the Seller Guarantor, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of the Target Company at the Consideration of HK\$400 million in accordance with the terms and conditions of the Agreement. The Consideration shall be satisfied by: (i) the payment of the Deposit of HK\$80 million within three (3) business days after the date of the Agreement; (ii) the allotment and issuance of 662,162,483 Consideration Shares at the Issue Price of HK\$0.21 by the Company to the Seller on the Completion Date; and (iii) the payment of approximately HK\$181 million by the Purchaser to the Seller in cash on the Completion Date, subject to retention of the tax payable by the Seller 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 the Seller in proportion to the fulfillment of the Profit Target or of the Delivery Target, whichever is lower, in accordance with the terms and conditions of the Agreement.

Principal terms and conditions of the Agreement are set out below:

THE AGREEMENT

Date

8 October 2018

Parties

- (i) the Purchaser;
- (ii) the Company;
- (iii) the Seller; and
- (iv) the Seller Guarantor.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Seller and its ultimate beneficial owner, the Seller Guarantor, are third parties independent of the Company and its connected persons.

Subject matter

The Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of the Target Company, subject to the terms and conditions of the Agreement.

Details of the Target Group are set out in the section headed “Information of the Target Group” below.

Consideration and Payment Terms

The Consideration shall be HK\$400 million, which shall be satisfied in the following manner:

- (i) as to HK\$80 million payable by the Purchaser to the Seller or its nominee(s) in cash within three (3) business days after the date of the Agreement as deposit (the “**Deposit**”);
- (ii) as to approximately HK\$139 million payable by way of allotment and issuance of 662,162,483 Consideration Shares at the Issue Price by the Company to the Seller on the Completion Date; and
- (iii) as to approximately HK\$181 million payable by the Purchaser to the Seller in cash on the Completion Date (subject to retention of approximately HK\$39.4 million of tax payable by the Seller as required and estimated pursuant to the relevant PRC tax laws in relation to the Acquisition and payable within five (5) business days upon the Seller having delivered to the Purchaser evidence of payment of the relevant tax).

Performance Targets and Conditional Payment

The Seller undertook and guaranteed that the Target Group will fulfill (i) the Profit Target in relation to the contribution of consolidated net profits of not less than RMB200 million (equivalent to approximately HK\$228 million) to the consolidated financial statements of the Company from the Completion Date to 31 March 2021; and (ii) the Delivery Target in relation to delivering the aggregate gross floor area of not less than 550,000 sq.m. from the Completion Date to 31 March 2021.

In consideration for the fulfilment of the Profit Target and the Delivery Target, the Purchaser shall additionally pay the Conditional Payment to the Seller of up to HK\$200 million which shall be payable in five tranches (the “**Pro Rata Payment**”) for the periods (the “**Relevant Period**”) from (i) the Completion Date to 31 March 2019; (ii) 1 April 2019 to 30 September 2019; (iii) 1 October 2019 to 31 March 2020; (iv) 1 April 2020 to 30 September 2020; and (v) 1 October 2020 to 31 March 2021. The Pro Rata Payment shall be determined by (i) the product of the Conditional Payment and the completion percentage of either the Profit Target or Delivery Target (whichever is lower); and (ii) deducting the applicable tax and the Pro Rata Payment previously paid by the Purchaser.

The Pro Rata Payment shall be payable within thirty (30) days after the later of (i) the publication of each annual report of the Company for the years ended 31 March 2019, 2020 and 2021, or the publication of each interim report of the Company for the six months ended 30 September 2019 and 2020; or (ii) the issuance of the delivery report for the residential units for the Relevant Period by a professional entity acceptable to the Purchaser.

In the event that the Profit Target and/or the Delivery Target have not been reached by 31 March 2021, the Purchaser will have no obligation to pay the remaining balance of the Conditional Payment that has not been paid to the Seller and the Seller will unconditionally and irrevocably waive all its right to receive the remaining balance of the Conditional Payment.

Basis of determining the Consideration

The Consideration (including the Conditional Payment) was determined after arm’s length negotiation between the Purchaser and the Seller on normal commercial terms after taking into account a number of factors including but not limited to (i) the Company’s own assessment of the internal rate of return of the underlying projects of the Target Group with reference to, among others, the market analysis of the Zigong property market and cost analysis of the Target Group; (ii) the expected Appraisal Value of the Target Group of not less than HK\$600 million (being one of the conditions precedent to the Agreement); (iii) the Profit Target under which the Seller undertook and guaranteed that the contributions of consolidated net profits from the Target Group to the consolidated financial statements of the Company shall be not less than RMB200 million from the Completion Date to 31 March 2021; (iv) the future growth of the Zigong property market; and (v) the prospect of the business of the Target Group and the synergies that may be created following Completion.

The cash portion of the Consideration will be funded by bank borrowings and internal resources of the Group.

The Consideration Shares

Pursuant to the Agreement, the Company will allot and issue 662,162,483 Consideration Shares at the Issue Price of HK\$0.21 per Consideration Share to the Seller on the Completion Date to satisfy part of the Consideration.

The Issue Price of HK\$0.21 per Consideration Share represents:

- (a) a discount of approximately 7.5% to the closing price of the Shares of HK\$0.2270 per Share as quoted on the Stock Exchange on 8 October 2018, being the date of the Agreement;
- (b) a discount of approximately 6.0% to the average of the closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Agreement of approximately HK\$0.2234 per Share;
- (c) a discount of approximately 5.2% to the average of the closing prices of the Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Agreement of approximately HK\$0.2215 per Share; and
- (d) a premium of approximately 10.5% over the audited consolidated net asset value attributable to shareholders per Share as at 31 March 2018 of approximately HK\$0.19 per Share.

The Issue Price was determined after arm's length negotiations between the Purchaser and the Seller, taking into account, among other things, the prevailing market performance of the Shares. The Directors consider that the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration Shares to be allotted and issued, assuming there will not be any issue or repurchase of Shares prior to Completion, will represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issued of the Consideration Shares.

The Consideration Shares when allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

Conditions Precedent to Completion

Completion of the Agreement is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (a) approvals having been obtained from the Shareholders at the EGM for the Agreement and the transactions contemplated thereunder;
- (b) approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange;
- (c) the Purchaser or the Company having obtained and drawn down the required bank loan for financing the Acquisition;
- (d) the warranties given by the Purchaser and the Company in the Agreement remaining true and accurate and not misleading if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing;
- (e) the Seller and the Target Group having obtained all necessary approvals and permissions at the corporate level and all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, creditors and shareholders of the Target Group, other relevant third parties and/or governmental or regulatory authorities or bodies (including the relevant PRC, Hong Kong and BVI authorities or bodies), which are required for the execution and performance of the Agreement or Completion, having been obtained and not having been revoked prior to Completion;
- (f) other than the intra-group borrowings within the Target Group and guarantee provided to the relevant housing provident fund management center in the PRC, the Target Group having repaid all borrowings (including shareholder's loans) and released all encumbrances and guarantees granted to third parties;
- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the transactions contemplated under the Agreement;

- (h) the warranties given by the Seller and the Seller Guarantor in the Agreement remaining true and accurate and not misleading if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing;
- (i) the Seller and the Seller Guarantor having performed and complied with all agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by it on or before Completion;
- (j) no incidents which in the sole opinion of the Purchaser have or may have material adverse effect or prospective material adverse effect on the ownership, business, operations, assets, financial condition (including but not limited to contingent liabilities) or regulatory compliance (including but not limited to litigation, arbitration, appeal, legal proceeding, regulatory investigation and/or penalty) of the Target Group having occurred since 31 August 2018;
- (k) the Purchaser having obtained a valuation report from a professional valuer confirming the Appraisal Value of not less than HK\$600 million, which will be included in the Circular; and
- (l) the Purchaser having conducted and completed due diligence on business, legal and financial matters, and all such other matters as deemed necessary by the Purchaser in its absolute discretion in relation to the Target Group, and the Purchaser being satisfied with the results of such due diligence in its absolute discretion.

Neither the Purchaser nor the Seller shall have the right to waive any of the conditions set out in paragraphs (a), (b) and (g) above. The Purchaser may at its discretion waive any of the conditions set out in paragraphs (c), (e) to (f) and (h) to (l) above and the Seller may at its discretion waive the condition set out in paragraph (d) above. The above conditions are expected to be satisfied or waived on or before 31 December 2018 (or such later date as the parties to the Agreement may agree in writing). If any of the conditions has not been satisfied or waived by then, the Agreement shall be terminated and (i) no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof; and (ii) the Seller shall return the Deposit to the Buyer within three (3) business days after the termination of the Agreement.

Completion

Completion of the Agreement will take place on the Completion Date after all the conditions to the Agreement as set out in the section headed “Conditions precedent to Completion” above have either been fulfilled or (as the case may be) waived.

Following Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Enlarged Group.

INFORMATION ON THE COMPANY, THE SELLER AND THE TARGET COMPANY

Information on the Company and the Group

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

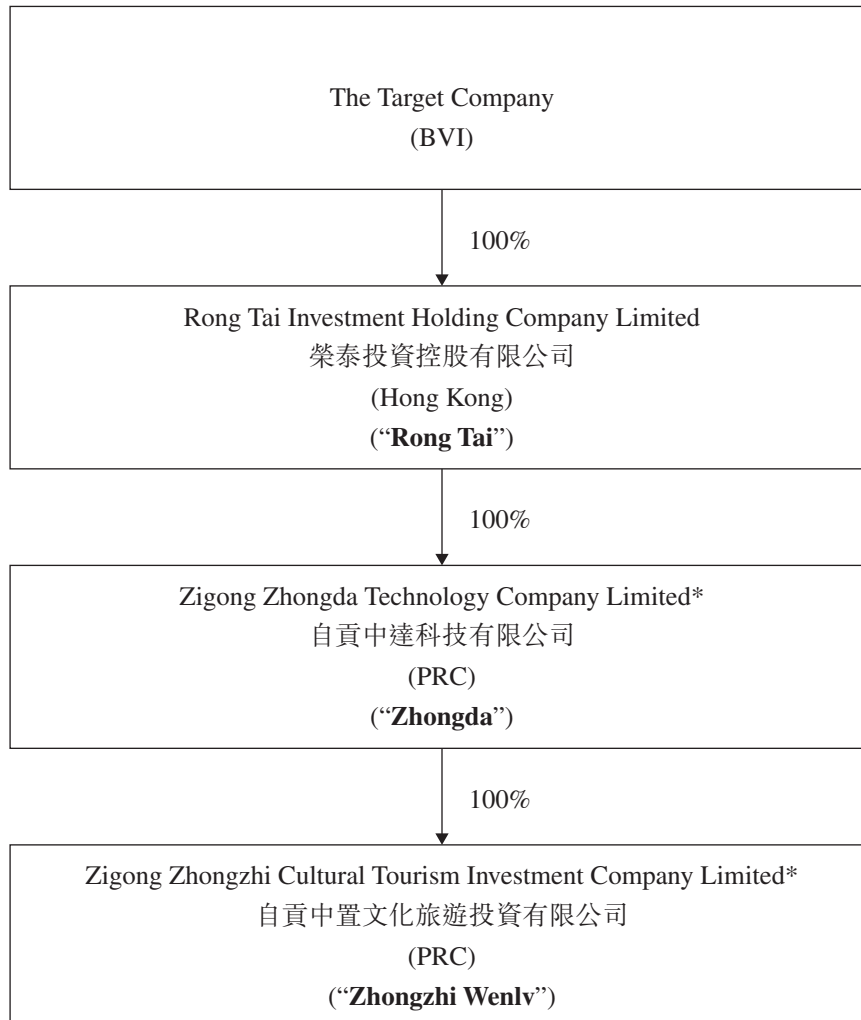
Information on the Seller

The Seller is a company incorporated in the BVI with limited liability, and is wholly-owned by the Seller Guarantor. The Seller is the sole legal and beneficial owner of the entire issued share capital of the Target Company.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Seller and the Seller Guarantor are third parties independent of the Company and its connected persons.

Information on the Target Group

Set out below is the corporate structure of the Target Group as at the date of this announcement:



Information of the Target Company

The Target Company is established in the BVI, and is principally engaged in investment holding. Its principal asset is the entire equity interest in Rong Tai.

Information of Rong Tai

Rong Tai is a company incorporated in Hong Kong with limited liability, and its principal business is investment holding. Its principal asset is the entire equity interest in Zhongda.

Information of Zhongda

Zhongda is a wholly-owned foreign enterprise incorporated as a limited liability company in the PRC and its principal business is investment holding. Its principal asset is the entire equity interest in Zhongzhi Wenlv.

Information of Zhongzhi Wenlv

Zhongzhi Wenlv is incorporated with limited liability in the PRC. It is principally engaged in the development and sale of residential properties in Sichuan Province, PRC.

The principal assets of Zhongzhi Wenlv are the Land Lots which comprise three plots of land covering (i) an area of 175,299 sq.m. with a plot ratio which shall not exceed 1.2 (“**Plot 9**”); (ii) an area of 150,608 sq.m. with a plot ratio which shall not exceed 1.5 (“**Plot 10**”); and (iii) an area of 167,937 sq.m. with a plot ratio which shall not exceed 1.6 (“**Plot 11**”). The Land Lots are to be developed for residential use.

As at the date of this announcement, Zhongzhi Wenlv has commenced construction of Plot 9 and Plot 11 for development into residential properties and has already commenced pre-sale of the residential properties. Plot 10 will also be developed into residential properties. It is expected that construction of Plot 10 will commence before the end of 2018 and pre-sale of the residential units will commence in 2019. The construction of the Land Lots is estimated to be completed by the second half of 2021, delivering an aggregate gross floor area of no less than approximately 700,000 sq.m.. As at the date of this announcement, approximately 46% of the total gross floor area has been pre-sold, of which 19% of the total gross floor area has already been delivered.

The Land Lots form part of the Zhonggang Shenhai Forest Project* (中港燊海森林項目) (“**Shenhai Project**”), located in the high-tech industrial development zone of the Yanluyu District of Wolong Lake* (中國四川省自貢市高新技術產業開發區高新臥龍湖鹽鹵浴片區) in Zigong, Sichuan Province, the PRC, which is approximately 198 kilometers from Chengdu and approximately 205 kilometers from Chongqing. The Zigong Government aims to develop the Shenhai Project into a state 5A tourism region, which will be based on the salt history and culture of Zigong, an intangible cultural heritage of the PRC. The Shenhai Project will include facilities such as cultural towns, ancient tourist attractions, five star hotels, hot spring, water park and wet land. The water park, Haitang Hot Spring* (海湯神泉), was opened in 2016 and the construction of the other entertainment facilities is expected to be completed by the second half of 2021.

Financial information of the Target Group

Set out below is a summary of the financial information of the Target Group for the years ended 31 December 2017 (“**FY2017**”) and 31 December 2016 (“**FY2016**”), extracted from the unaudited combined management accounts of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”):

	For the year ended 31 December 2017 (unaudited) RMB'000	For the year ended 31 December 2016 (unaudited) RMB'000
Income Statement		
Net loss before tax	(74,236)	(21,518)
Net loss after tax	(64,915)	(18,965)

During FY2017 and FY2016, the Target Group did not generate any revenue due to the fact that the pre-sold residential properties have not yet been delivered. The Target Group however has incurred finance costs, administrative and other operating expenses in an aggregate amount of approximately RMB75.4 million and RMB21.9 million for FY2017 and FY2016, respectively. As a result, the Target Group recorded net losses before taxation for both FY2017 and FY2016.

The Target Group recorded net liabilities of approximately RMB63.2 million as at 31 December 2017 prepared in accordance with the HKFRS, which was mainly attributable to the aggregate deposits received on pre-sale of residential properties on Plot 9 and Plot 11 of approximately RMB809.7 million. Such deposits will be recognised as revenue of the Target Group when control over the residential properties has been transferred to the customers (i.e. the properties have been delivered to the customers).

REASONS FOR AND BENEFITS OF THE ACQUISITION

In line with its business strategies, the Group has been exploring opportunities to expand its property development business segment in the past years with an aim to capture the rapid growth in the thriving property market of various regions in the PRC. The Group has been actively looking for suitable land parcels in major developing cities in the PRC for expanding its property business portfolio. The Directors consider the transactions contemplated under the Acquisition to be in its ordinary and usual course of business and represents a valuable opportunity for the Group to acquire a property development project located in a fast developing location between Chengdu and Chongqing in the Sichuan Province, the PRC.

As set out in the section headed “Information of Zhongzhi Wenlv” under “Information of the Target Group” of this announcement, the Land Lots form part of the Shenhai Project, which is located in Yanluyu District of Wolong Lake in Zigong, Sichuan Province. Taking into account the fact that Zigong Government intends to develop the Shenhai Project into a state 5A tourism region, and the facilities including but not limited to cultural towns, ancient tourist attractions, five star hotels, hot spring, water park and wet lands will be constructed under the Shenhai Project, it is expected that the Shenhai Project will attract an influx of tourist and investors, which will create an additional source of potential buyers for the residential properties on the Land Lots.

According to the Zigong state-owned construction land supply plan published by the Zigong Bureaus of Land and Resources, the budgeted residential and commercial use of lands are approximately 1,759 mu, 2,779 mu and 6,700 mu in 2016, 2017 and 2018, respectively. Although the number of land transactions in Zigong for 2016 and 2017 were 34 and 35 respectively, the average land transaction price increased from approximately RMB2,470 per sq.m. in 2016 to approximately RMB3,729 per sq.m. in 2017, representing an increase of approximately 51.0%. The increases in both supply of land and land transaction price imply a steady demand in Zigong’s property market.

Prior to the entering into of the Agreement, the Board reviewed the market analysis conducted internally based on the Statistical Communique of Zigong on the national economic and social development and other publicly available information of Zigong property market which showed that (i) the total gross floor area of the residential properties in Zigong transacted in 2017 increased by approximately 28.5% as compared to 2016, from approximately 211.01 million sq.m. in 2016 to approximately 271.23 million sq.m. in 2017; and (ii) the average selling price of residential properties in Zigong in September 2018 increased by approximately 19.84% from RMB5,680 per sq.m. in December 2017 to RMB6,759 per sq.m. in September 2018.

Having considered the positive response from the pre-sale of the residential units on Plot 9 and Plot 11 as well as the increasing trend in the average selling price of the residential properties in Zigong, the Directors are optimistic about the prospects of the property market in Zigong and believe this property project of the Target Group will deliver attractive return from the sales of the residential units.

Taking into consideration (i) the government's development plan of the Shenhai Project; (ii) the prospect of the Zigong property market; and (iii) the positive response from the pre-sale of the residential units on the Land Lots, the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole, and are also of the view that the terms of the Agreement, including the Consideration (and the Conditional Payment) which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE GENERAL MANDATE

The Company will issue 662,162,483 Consideration Shares as part of the Consideration for the Acquisition. The Consideration Shares will be issued and allotted under the General Mandate. The Directors were authorised to allot and issue up to 662,162,483 new Shares pursuant to the General Mandate. Up to the date of this announcement, no Share has been issued under the General Mandate, leaving the balance of the General Mandate of 662,162,483 Shares. Accordingly, the issue of the Consideration Shares is within the limit of the General Mandate and is not subject to any approval by the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE AGREEMENT

Assuming there will not be any change in the issued share capital of the Company from the date of this announcement up to the Completion of the Agreement, set out below is the table of the shareholdings in the Company (i) as at the date of this announcement; and (ii) upon completion of the Acquisition:

	As at the date of this announcement		Immediately after Completion and allotment and issue of the Consideration Shares	
	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding
Qingda Developments Limited ("Qingda Developments") (Note)	2,025,303,473	61.17	2,025,303,473	50.98
The Seller	–	–	662,162,483	16.67
Public Shareholders	1,285,508,944	38.83	1,285,508,944	32.35
Total	<u>3,310,812,417</u>	<u>100</u>	<u>3,972,974,900</u>	<u>100</u>

Note: Qingda Developments is wholly-owned by New Element Investments Limited, which is in turn wholly-owned by Integrity Fund Limited Partnership ("**Integrity Fund**"). The general partner of Integrity Fund is Kapok Wish Investment Limited ("**Kapok Wish**"). Kapok Wish is owned as to 30% by Ally Cosmo Group Limited, 30% by Juye Investments Limited and 40% Shining Orient Investment Limited ("**Shining Orient**"). Shining Orient is wholly-owned by Pioneer Fund Limited Partnership whose general partner is Higher Cycle Investment Limited, which is wholly-owned by SFund International Investment Fund Management Limited ("**SFund International**"). SFund International is indirectly wholly-owned by Guangzhou Industrial Investment Fund Management Co., Ltd.* (廣州產業投資基金管理有限公司), a PRC state-owned enterprise.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition (calculated based on the aggregate of the Consideration and the Conditional Payment) is more than 25% but are all less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

THE EGM AND DISPATCH OF CIRCULAR

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the Acquisition.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Agreement and the Acquisition. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution approving the Agreement and the Acquisition.

The Company expects that a circular containing, among other things, (i) details of the Acquisition, the Agreement and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report of the Target Group; and (vi) notice of the EGM and form of proxy, to be despatched on or before 19 November 2018 so as to allow sufficient time for the Company to prepare the required financial information and other relevant information for inclusion in the circular.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Acquisition”	the acquisition of the entire issued share capital in the Target Company by the Purchaser pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 8 October 2018 entered into between the Seller, the Seller Guarantor, the Purchaser and the Company in respect of the Acquisition
“Appraisal Value”	the appraisal value of the Target Group as stated in the valuation report to be issued by a professional valuer engaged by the Company and to be included in the Circular
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which Hong Kong clearing banks are open for the transaction of normal banking business
“BVI”	the British Virgin Islands
“Circular”	the circular to be sent to the Shareholders in relation to, among other things, the Acquisition and the Agreement

“Company”	Magnus Concordia Group Ltd (融太集團股份有限公司), a company incorporated under the laws of Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1172)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the second Business Day after all the conditions precedent of the Agreement have been fulfilled or waived (or such other date as the parties to the Agreement shall agree)
“Conditional Payment”	the additional payment of up to HK\$200 million to be paid by the Purchaser subject to the fulfillment of the Profit Target and/or the Delivery Target, whichever lower, in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration payable by the Purchaser to the Seller for the Acquisition in the aggregate amount of HK\$400 million
“Consideration Shares”	the 662,162,483 Shares to be issued and allotted by the Company for settlement of the Consideration
“Delivery Target”	the target of delivering an aggregate gross floor area of not less than 550,000 sq.m. by the Target Group for the period from the Completion Date to 31 March 2021
“Deposit”	has the meaning ascribed to it in the paragraph headed “Consideration and Payment Terms”
“Director(s)”	director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Acquisition, the Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group and the Target Group upon Completion
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company on 24 August 2018 to allot, issue, deal with up to 662,162,483 new Shares, being approximately 20% of the then issued capital of the Company as at the date of the said annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$0.21 per Consideration Share
“Land Lots”	three land lots owned by the Target Group with a site area of 175,299 sq.m., 150,608 sq.m., and 167,937 sq.m., respectively, located in Zigong, Sichuan Province, the PRC
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	any of the five ratios set out in Rule 14.07 of the Listing Rules

“Profit Target”	the target of contributing a consolidated net profit of not less than HK\$200 million to the consolidated financial statements of the Company by the Target Group for the period from the Completion Date to 31 March 2021
“PRC”	The People’s Republic of China, which shall, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Clever Star Development Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Huijin Dingsheng International Holding Co., Ltd. (匯金鼎盛國際控股有限公司), a company incorporated in the BVI with limited liability, which is wholly-owned by the Seller Guarantor
“Seller Guarantor”	Xu Ruiqiao (徐瑞喬), an individual who is the ultimate beneficial owner of the Seller
“Share(s)”	shares(s) of the Company of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jinjin Investments Co., Limited (金錦投資有限公司), a company incorporated in the BVI with limited liability, which is wholly-owned by the Seller

“Target Group” the Target Company and its subsidiaries

“%” per cent.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)” 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 announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.14. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

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

Hong Kong, 8 October 2018

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