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**MAGICIAN INDUSTRIES (HOLDINGS) LIMITED**

**通達工業(集團)有限公司\***

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 526)*

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF AN AGGREGATE OF 8.62%  
EQUITY INTEREST IN TARGET COMPANY  
AND  
RESUMPTION OF TRADING**

**Financial Adviser to the Company**



**川盟融資有限公司**

*Chanceton Capital Partners Limited*

The Board wishes to announce that after trading hours on 6 August 2010, the Group, through Ningbo Lisi, a wholly owned subsidiary of the Company, entered into each of the S&P Agreements with each of the Vendors, pursuant to which, Ningbo Lisi agreed to acquire and the Vendors agreed to sell their aggregate equity interests of 8.62% in the Target Company at an aggregate consideration of RMB68,085,830 (equivalent to approximately of HK\$77,370,000).

**LISTING RULES IMPLCATIONS**

As the relevant percentage ratios for the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

**RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 9 August 2010 pending the release of this announcement. An application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 August 2010.

\* For identification purpose only

## BACKGROUND INFORMATION

On 6 August 2010 after the trading hours, the Group, through Ningbo Lisi, a wholly owned subsidiary of the Company, entered into the S&P Agreements with each of the Vendors, pursuant to which, Ningbo Lisi agreed to acquire and the Vendors agreed to sell their aggregate equity interests of 8.62% in the Target Company at a total consideration of RMB68,085,830 (equivalent to approximately of HK\$77,370,000).

## SUMMARY OF THE TERMS OF THE S&P AGREEMENTS

### THE S&P AGREEMENTS

Date of the S&P : 6 August 2010  
Agreements

Vendors and the subject :  
matter of the S&P  
Agreements

1. 李立本(Li Li Ben\*)'s successors --- 2.83% equity interest of the Target Company
2. 劉培東(Liu Pei Dong\*) --- 0.40% equity interest of the Target Company
3. 陳峪(Chen Yu\*) --- 0.49% equity interest of the Target Company
4. 李曉軍(Li Xiao Jun\*) --- 0.37% equity interest of the Target Company
5. 楊在亮(Yang Zai Liang\*) --- 1.28% equity interest of the Target Company
6. 闕端麟(Xie Duan Lin\*) --- 0.29 % equity interest of the Target Company
7. 楊德仁(Yang De Ren\*) --- 0.23 % equity interest of the Target Company
8. 楊希望(Yang Xi Wang\*) --- 0.24% equity interest of the Target Company
9. 張民傑(Zhang Min Jie\*) --- 0.35% equity interest of the Target Company
10. 賀雲沖(He Yun Chong\*) --- 0.33% equity interest of the Target Company
11. 翁格菲(Weng Ge Fei\*) --- 0.24% equity interest of the Target Company

12. 林必清(Lin Bi Qing\*) --- 0.42% equity interest of the Target Company
13. 倪永明(Ni Yong Ming\*) --- 0.06% equity interest of the Target Company
14. 蔡理(Cai Li\*) --- 0.24% equity interest of the Target Company
15. 姚宇清(Yao Yu Qing\*) --- 0.85% equity interest of the Target Company

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors, being ultimate beneficial owners of the Target Company, are third parties independent of the Group and their connected persons (as defined in the Listing Rules).

Purchaser of the S&P Agreements : 寧波利時信息科技有限公司(Ningbo Lisi), a wholly owned subsidiary of the Company

### Consideration for the S&P Agreements

The aggregate consideration payable by Ningbo Lisi to the Vendors pursuant to each of the S&P Agreements is RMB68,085,830 (equivalent to approximately of HK\$77,370,000) comprising the following:

Name of Vendors	Percentage of equity interest of the Target Company sold %	Consideration RMB
李立本 (Li Li Ben*)'s successors	2.83	21,840,090
劉培東 (Liu Pei Dong*)	0.40	3,278,550
陳峪 (Chen Yu*)	0.49	3,974,000
李曉軍 (Li Xiao Jun*)	0.37	2,980,500
楊在亮 (Yang Zai Liang*)	1.28	10,322,000
闕端麟 (Xie Duan Lin*)	0.29	1,993,050
楊德仁 (Yang De Ren*)	0.23	1,887,650
楊希望 (Yang Xi Wang*)	0.24	1,987,000
張民傑 (Zhang Min Jie*)	0.35	2,781,800
賀雲沖 (He Yun Chong*)	0.33	2,580,440
翁格菲 (Weng Ge Fei*)	0.24	1,987,000
林必清 (Lin Bi Qing*)	0.42	3,330,000
倪永明 (Ni Yong Ming*)	0.06	496,750
蔡理(Cai Li*)	0.24	1,987,000
姚宇清(Yao Yu Qing*)	0.85	6,660,000
Total:	8.62	68,085,830

### **Consideration and payment terms**

The aggregate consideration for the S&P Agreements is RMB68,085,830 (equivalent to approximately of HK\$77,370,000) and to be paid by Ningbo Lisi to the Vendors in the following manner:

- (i) An aggregate of RMB15,398,430 has been paid in cash by the Purchaser as initial deposit, which shall be applied towards partly for payment of the consideration, upon signing of the S&P Agreements; and
- (ii) the remaining balance of RMB52,687,400 shall be payable in cash by the Purchaser upon completion of transfer of the relevant equity interests under each of the S&P Agreements.

The Company has appointed Roma Appraisals Limited as the independent professional valuer which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Group and its connected persons (as defined under the Listing Rules) and the Vendors. The terms of the S&P Agreements, including the consideration, were arrived at after arm's length negotiation between parties to the agreement and with reference to the indicative valuation of the Target Company as at 31 July 2010 of RMB930,000,000 made by Roma.

### **Information on Target Company**

The Target Company was established under the laws of the PRC as a limited liability company since June 2000 with a limited liability, and its principal business is the manufacturing of semiconductor materials.

The Target Company devotes itself to the research and development of single crystal silicon ingot, polished wafer, epiwafer and new type semiconductor material and is one of the leading semiconductor suppliers in the PRC.

Upon completion of each of the S&P Agreements, the Group's aggregate equity interest in the Target Company will become 8.62%. As a result, the 8.62% equity interest of the Target company will be treated as financial assets, financial results of which will not be consolidated into the financial statements of the Group.

According to the Target Company's audit reports of 2007 and 2008 and management account of 2009 in accordance with PRC GAAP, the summary of the financial information of the Target Company as at 31 December 2009, 2008 and 2007 are set out as follows:

	Unaudited <b>2009</b> <i>RMB'000</i>	Audited <b>2008</b> <i>RMB'000</i>	Audited <b>2007</b> <i>RMB'000</i>
<b>Income Statement</b>			
Revenue	282,379	422,766	456,999
Profit before tax	16,230	72,620	105,076
Profit after tax	13,033	59,909	89,124
<b>Balance Sheet</b>			
Total assets	879,049	1,390,491	723,764
Total liabilities	442,553	967,028	360,211
Net assets	436,496	423,463	363,553

## REASONS FOR AND BENEFIT OF THE ACQUISITION

The Company is principally engaged in the design and manufacture of quality plastic and metal household products with customers from more than 40 countries worldwide.

The Directors consider that the acquisition of equity interest in the Target Company will diversify its business. The Company has been exploring opportunities to expand the Group's business. In this regard, upon completion of the Acquisition, the Company will become beneficially interested in 8.62% of the equity interest in the Target Company. This allows the Group to marginally shifting its business to participate in manufacturing semiconductor products with minimization of operational and market risk. The Directors are optimistic about the prospect of the Target Company.

In view of the above, the Directors consider that the terms of each of the S&P Agreements to is be fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLCATIONS

As the relevant percentage ratios for the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under Rule 14.34 of the Listing Rules.

## RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 9 August 2010 pending the release of this announcement. It was stated in the announcement of the Company dated 9 August 2010

that the Acquisition constitute major transaction of the Company. The Board would like to clarify that all the applicable percentage ratios with regard to the Acquisition do not exceed 25%, accordingly the Acquisition does not constitute a major transaction of the Company. However, as one or more of the applicable percentage ratios for the Acquisition exceeds 5%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. An application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 August 2010.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of an aggregate of 8.62% interest in the Target Company
“Board”	board of Director(s)
“Company”	Magician Industries (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of each of the S&P Agreements
“Consideration	a total of RMB68,085,830 (equivalent to approximately of HK\$77,370,000), being the aggregated consideration for each of the S&P Agreements
“Director(s)”	director(s) of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“GAAP”	Generally Accepted Accounting Principles
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Purchaser” or “Ningbo Lisi”	寧波利時信息科技有限公司(Ningbo Lisi Information Technology Ltd.*), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Roma”	Roma Appraisals Limited, a professional surveyors and valuers, which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Group and its connected persons (as defined under the Listing Rules) and the Vendors
“S&P Agreements”	each of the sales and purchase agreements entered into between Ningbo Lisi and the Vendors on 6 August 2010 in relation to the sale and purchase of an aggregate 8.62% equity interest in Target Company
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	寧波立立電子股份有限公司(QL Electronics Co., Ltd.), a company established in the PRC with limited liability.
“Vendors”	李立本(Li Li Ben*)’s successors, 劉培東 (Liu Pei Dong*), 陳峪 (Chen Yu*),李曉軍 (Li Xiao Jun*), 楊在亮 (Yang Zai Liang*), 闕端麟 (Xie Duan Lin*), 楊德仁 (Yang De Ren*), 楊希望 (Yang Xi Wang*), 張民傑 (Zhang Min Jie*), 賀雲沖 (He Yun Chong*), 翁格菲 (Weng Ge Fei*), 林必清 (Lin Bi Qing*), 倪永明 (Ni Yong Ming), 蔡理 (Cai Li*) and 姚宇清 (Yao Yu Qing*).

“%”

per cent

By Order of the Board  
**MAGICIAN INDUSTRIES (HOLDINGS) LIMITED**  
**Li Li Xin**  
*Chairman*

Hong Kong, 13 August 2010

*As at the date of this announcement, the Board comprises Mr. Li Li Xin (Chairman) being non-executive director, Mr. Cheng Jian He being executive director, Mr. Xu Jin and Mr. Lau Kin Hon being non-executive directors, Mr. He Chengying, Mr. Chan Man Sum Ivan and Mr. Cheung Kiu Cho Vincent being independent non-executive directors.*