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GRAND MING GROUP HOLDINGS LIMITED

佳明集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1271)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES

Reference is made to the Company's announcement dated 16 November 2017 in relation to the Offer Letter entered into between the Purchaser and the Vendor for the proposed acquisition of the entire issued share capital of the Target Company.

The Board is pleased to announce that on 15 December 2017 (after trading hours), the Purchaser entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Share and take the assignment of the Shareholder's Loan free from encumbrances, and the Vendor has conditionally agreed to sell the Sale Share and assign the Shareholder's Loan free from encumbrances, at the consideration of HK\$420,000,000 (subject to Adjustment).

As certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement dated 16 November 2017 in relation to the Offer Letter entered into between the Purchaser and the Vendor for the proposed acquisition of the entire issued share capital of the Target Company.

The Board is pleased to announce that on 15 December 2017 (after trading hours), the Purchaser entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Share and take the assignment of the Shareholder's Loan free from encumbrances, and the Vendor has conditionally agreed to sell the Sale Share and assign the Shareholder's Loan free from encumbrances, at the consideration of HK\$420,000,000 (subject to Adjustment).

THE AGREEMENT

Major terms of the Agreement are set out below:

Date : 15 December 2017

Parties : (i) An individual, who is an Independent Third Party (as Vendor)
(ii) Grand Ming Property Holdings Limited (as Purchaser)

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire the Sale Share and take the assignment of the Shareholder's Loan free from encumbrances, and the Vendor has conditionally agreed to sell the Sale Share and assign the Shareholder's Loan free from encumbrances.

The Sale Share represents the entire issued share capital of the Target Company, which is beneficially owned as to 100% by the Vendor. The Target Company is currently holding the entire equity interest of MIL, which is the sole legal and beneficial owner of the Properties.

Consideration and Payment terms

The consideration for the Acquisition is HK\$420,000,000, of which HK\$20,000,000 has been paid to the Vendor as earnest money pursuant to the Offer Letter and shall be applied as Initial Deposit immediately upon signing of the Agreement. The remaining balance of the Consideration shall be settled in the following manners:

- (i) HK\$22,000,000 shall be paid by the Purchaser to the Vendor as Further Deposit upon signing of the Agreement; and
- (ii) HK\$378,000,000 (subject to Adjustment) shall be payable by the Purchaser to the Vendor on the Completion Date.

In the event that the Completion does not take place, the Initial Deposit and the Further Deposit shall be refunded to the Purchaser.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the prevailing market price of similar properties in the nearby area. The Acquisition will be financed by the Group's internal resources and bank borrowing.

Adjustment to the Consideration

The balance of the Consideration of HK\$378,000,000 (being the Consideration less the Initial Deposit and the Further Deposit) payable on the Completion Date shall be adjusted upwards or downwards (as the case may be) accordingly in the manner as follows:

- (i) it shall be added to all tangible assets of the Target Group including rent receivable, utilities and other miscellaneous deposits, prepaid rates and government rent, and other expenses relating to the Properties as shown in the Proforma Completion Accounts; and

- (ii) it shall be deducted all current liabilities of the Target Group as shown in the Proforma Completion Accounts (other than the Shareholder's Loan).

The Vendor undertakes to deliver the Audited Completion Accounts to the Purchaser or the Purchaser's solicitor within 30 days from the Completion Date. If the NTAV as shown in the Audited Completion Accounts is different from the NTAV as shown in the Proforma Completion Accounts, the Purchase or the Vendor (as the case may be) shall pay the difference to the other party within five days from the date of receipt of the Audited Completion Accounts.

Conditions Precedent

The Completion is subject to and conditional upon, among other things, the following major conditions being fulfilled:-

- (i) the Purchaser having completed a due diligence review on the corporate, financial and other aspects of the Target Group and satisfied with the results thereof;
- (ii) the Vendor having provided and shown that MIL has a good title to the Properties free from all encumbrances; and
- (iii) all the representations and warranties given by the Vendor under the Agreement are and shall remain true, accurate, and not misleading at all times from the date of the Agreement up to the Completion Date.

Completion

Completion shall take place on 13 April 2018 or such other date as the Purchaser and the Vendor may agree in writing after the Conditions have been fulfilled.

After Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

INFORMATION OF THE TARGET GROUP AND THE PROPERTIES

The Target Company is an investment holding company incorporated in BVI with limited liability and is owned as to 100% by the Vendor. The Target Company has no major business activity other than holding MIL.

MIL is a company incorporated in Hong Kong with limited liability and is owned as to 100% by the Target Company. MIL is principally engaged in the business of property holding and leasing, and is the sole legal and beneficial owner of the Properties.

The Properties have an aggregate gross floor area of approximately 23,800 square feet and are currently leased out for a term expiring on 15 December 2020. Upon Completion, the Properties will be delivered on an as-is basis subject to the existing tenancy. The tenant has agreed to early terminate the tenancy and deliver vacant possession of the Properties on or before 30 June 2018.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is certain financial information of the Target Group for the two years ended 31 December 2016 based on its management account and audited financial statement:

	Year ended 31 December	
	2016 HK\$'000	2015 HK\$'000
Target Company		
Revenue - unaudited	-	- *
Net profit before tax - unaudited	-	- *
Net profit after tax - unaudited	-	- *
MIL		
Revenue - audited	19,818	18,274 #
Net profit before tax - audited	5,534	3,892 #
Net profit after tax - audited	4,470	3,104 #

* The figures covered the period from 26 January 2015 (being the date of incorporation of Target Company) to 31 December 2015

The figures covered the period from 7 March 2014 (being the date of incorporation of MIL) to 31 December 2015

As at 31 October 2017, the carrying value of the Properties in the book of MIL was approximately HK\$323.9 million and the unaudited consolidated net assets of the Target Group was approximately HK\$3.8 million. The amount due by Target Company to the Vendor amounted to approximately HK\$302.3 million and the outstanding balance of the mortgage loan in respect of the Properties amounted to approximately HK\$91.7 million. It is one of the Conditions that the Vendor shall procure repayment of the mortgage loan in respect of the Properties on or before the Completion Date.

INFORMATION OF THE VENDOR

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an individual and an Independent Third Party.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in the business of building construction, property leasing and property development. The Purchaser is a wholly-owned subsidiary of the Company and is an investment holding company incorporated in BVI with limited liability.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In the past two years, the Group had proactively diversified its business to property development. In order to facilitate the upcoming sales of the Group's residential properties, the Group has been exploring appropriate premises for the establishment of its sales office which could at the same time

accommodate show flats for potential buyers. The Directors consider the Properties as an appropriate premise for such purposes. Furthermore, the Group currently occupies 18th and 19th floor of the same building as the office headquarters. Sales office located close to the Group's office headquarters would facilitate the efficiency of the sales operation and coordination among various departments.

The Board is of the view that the terms of the Agreement and the Acquisition are on commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATION

As certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company and the assignment of the Shareholder's Loan by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Adjustment”	the adjustment to the Consideration as detailed in the section headed “Adjustment to the Consideration”
“Agreement”	the sale and purchase agreement dated 15 December 2017 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Audited Completion Accounts ”	the financial statements of MIL comprising statement of profit or loss for the period ending the Completion Date and statement of financial position as at Completion Date audited by practicing certified public accountants
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Grand Ming Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition

“Completion Date”	13 April 2018 or such other date as the Purchaser and the Vendor may agree in writing
“Conditions”	the conditions precedent to the Acquisition as set out in the Agreement
“Consideration”	HK\$420,000,000, being the total consideration for the Acquisition subject to Adjustment
“Director(s)”	the director(s) of the Company
“Further Deposit”	HK\$22,000,000, being the deposit paid by the Purchaser to the Vendor for the Acquisition pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	person who is not a connected person (as defined in the Listing Rules) of the Company and is a third party independent of and not connected with the Company and any of its connected persons (as defined in the Listing Rules)
“Initial Deposit”	HK\$20,000,000, being the sum paid by the Purchaser to the Vendor for the Acquisition pursuant to the Offer Letter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MIL”	Marvellous Investments Limited, a company incorporated in Hong Kong with limited liability
“NTAV”	the aggregate of all tangible assets of the Target Group which are readily convertible into cash or cash equivalent (excluding the Properties, any intangible assets and other fixed assets and deferred tax), less all current liabilities (actual, contingent or otherwise but excluding the Shareholder’s Loan) and provisions of the Target Group as at Completion Date
“Offer Letter”	the offer letter dated 16 November 2017 entered into between the Purchaser and the Vendor

“Proforma Completion Accounts ”	the financial statements of the Target Group comprising statement of profit or loss for the period ending the Completion Date and statement of financial position as at Completion Date
“Properties”	the premises located at Shop on the Basement Floor, Shop A and Shop C on the Ground Floor, and Shop A on the 1st Floor of No.39 Chatham Road South, Kowloon, Hong Kong
“Purchaser”	Grand Ming Property Holdings Limited, a company incorporated in BVI with limited liability
“Sale Share”	1 share in Target Company representing its entire issued share capital
“Shareholder’s Loan”	all such sum of money advanced by the Vendor to Target Company and due and owing by Target Company to the Vendor as at the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Excel One Global Limited, a company incorporated in BVI with limited liability
“Target Group”	collectively, Target Company and MIL
“Vendor”	an individual and an Independent Third Party

By Order of the Board
Grand Ming Group Holdings Limited

Chan Hung Ming
Chairman and Executive Director

Hong Kong, 15 December 2017

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Chan Hung Ming
Mr. Lau Chi Wah
Mr. Yuen Ying Wai
Mr. Kwan Wing Wo

Independent Non-Executive Directors:

Mr. Tsui Ka Wah
Mr. Kan Yau Wo
Mr. Mok Kwai Pui Bill
Mr. Lee Chung Yiu Johnny