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

If you have sold all your shares in Grand Ming Group Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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佳明
GRAND MING

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)

MAJOR ACQUISITION

ACQUISITION OF LAND BY PUBLIC TENDER

22 June 2016

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DEFINITIONS

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

“Acceptance Letter”	a letter dated 31 May 2016 notifying acceptance of the Tender from the Lands Department, the Government
“Acquisition”	the acquisition of the Land under the terms of the Conditions of Sale
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Grand Ming Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Conditions of Sale”	The agreement and conditions of sale of the Land as set out in the Tender
“Director(s)”	director(s) of the Company
“Dragon Mount”	Dragon Mount Development Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Government”	The Government of Hong Kong
“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”	third party independent of the Company and its connected persons (as defined in the Listing Rules)
“Land”	a piece of land located at Sai Shan Road, Tsing Yi, New Territories, Hong Kong, registered in the Land Registry as Tsing Yi Town Lot No. 190
“Latest Practicable Date”	16 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Memorandum of Agreement”	the memorandum of agreement between the Government and Dragon Mount in respect of the Acquisition
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender”	sale of the Land by the Government by way of public tender (which is a sealed tender)
“%”	per cent

LETTER FROM THE BOARD



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佳明集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1271)

Executive Directors:

Mr. CHAN Hung Ming (*Chairman*)
Mr. LAU Chi Wah
Mr. YUEN Ying Wai
Mr. KWAN Wing Wo

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Mr. TSUI Ka Wah
Mr. KAN Yau Wo
Mr. MOK Kwai Pui Bill
Mr. LEE Chung Yiu Johnny

*Head Office and Principal Place of
Business in Hong Kong:*

19th Floor, Railway Plaza
39 Chatham Road South
Tsim Sha Tsui, Kowloon
Hong Kong

22 June 2016

To the Shareholders

Dear Sir or Madam,

MAJOR ACQUISITION

ACQUISITION OF LAND BY PUBLIC TENDER

1. INTRODUCTION

Reference is made to the Company's announcement dated 31 May 2016 in relation to the acquisition of the Land by public tender. Dragon Mount had successfully tendered for the Land from the Government, on a 50-year land grant at a premium of HK\$938,880,000.

The Acquisition constitutes a major transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with, among other things, further details of the Acquisition and the general information of the Group.

LETTER FROM THE BOARD

2. DETAILS OF THE ACQUISITION

Date of Acceptance Letter

31 May 2016

Particulars of the Acceptance Letter

Pursuant to the Acceptance Letter, Dragon Mount was informed by the Lands Department of the Government that, amongst others, its Tender at a premium of HK\$938,880,000 in respect of the Land is accepted.

Parties

- (1) the Government, as vendor
- (2) Dragon Mount, an indirect wholly-owned subsidiary of the Company, as purchaser

Information of the Land as set out in the tender notice and the Conditions of Sale

Location	:	Sai Shan Road, Tsing Yi, New Territories, Hong Kong, registered in the Land Registry as Tsing Yi Town Lot No. 190
Site area	:	Approximately 6,200 sq.m.
Maximum permissible gross floor area	:	Approximately 44,052 sq.m.
Minimum permissible gross floor area	:	Approximately 22,320 sq.m.
Term	:	50 years from the date of the Memorandum of Agreement
Permitted use	:	Non-industrial (excluding godown, hotel, and petrol filling station) purposes

Pursuant to the terms of the Conditions of Sale, Dragon Mount has signed the Memorandum of Agreement in respect of the Acquisition.

Material terms of the Memorandum of Agreement

The Memorandum of Agreement was made between Dragon Mount and the Government whereby it was agreed that Dragon Mount's tender for the Land have been accepted at the premium of HK\$938,880,000 and Dragon Mount agrees to become the lessee of the Land upon and subject to the Conditions of Sale.

LETTER FROM THE BOARD

Premium and the payment terms

The premium of the Land is HK\$938,880,000. In determining the premium, the Company has taken into account various factors including the potential of the Land for residential and non-residential use and the construction costs for the development of the Land.

A deposit of HK\$25,000,000, paid at the time when the Tender was submitted on 27 May 2016, has been applied as part payment of the premium, the balance of which will be paid on or before 27 June 2016.

The premium is financed by the Group's internal resources and bank borrowings. Amongst which, HK\$118,880,000 will be paid out of the Group's internal resources and HK\$820,000,000 will be paid by bank borrowings, respectively. As at the Latest Practicable Date, the cash and bank balance of the Group is approximately HK\$166,600,000.

3. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of building construction and leasing of data centre premises.

The Board aims at diversifying the Group's business into the property development business by leveraging its expertise in building construction and property development knowledge. In addition the Directors believe that property development activity will bring the Group to an enhanced revenue generating portfolio.

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, which are fair and reasonable.

It is intended that the Land will be used for comprehensive residential and commercial development. The proposed development is expected to be completed in the beginning of 2022. The total investment cost for the proposed development is estimated to be approximately HK\$3.3 billion, yet no binding agreement had been signed as at the Latest Practicable Date.

4. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects to the Group upon completion of the Acquisition will be (a) a net increase in assets of approximately HK\$820 million; (b) an increase in liabilities of approximately HK\$820 million; and (c) an insignificant immediate effect on the earnings of the Group.

LETTER FROM THE BOARD

5. INFORMATION OF THE PARTIES

Dragon Mount is an indirect wholly-owned subsidiary of the Company and an investment holding company.

The Government is the vendor of the Land. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Government is an Independent Third Party.

6. LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Acquisition exceed 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

Since no Shareholder is required to abstain from voting if a general meeting was convened to approve the Acquisition, a written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Chapter 14 of the Listing Rules. Chan HM Company Limited, being the controlling shareholder of the Company holding 395,307,000 Shares, representing approximately 67.39% of the total issued capital of the Company as at the date of this circular, has given a written approval to the Acquisition. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

As the Land is acquired from the Government by way of public tender (which is a sealed tender), valuation of the Land is not required under Rule 5.02A(1) of the Listing Rules.

7. ADDITIONAL INFORMATION

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

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By order of the Board
Grand Ming Group Holdings Limited

Chan Hung Ming
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of three years ended 31 March 2014, 31 March 2015 and 31 March 2016 is disclosed on (i) pages 36 to 91 of the annual report of the Company for the year ended 31 March 2014 published on 27 June 2014 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0627/LTN20140627303.pdf>); (ii) pages 34 to 95 of the annual report of the Company for the year ended 31 March 2015 published on 22 June 2015 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0622/LTN20150622299.pdf>); and (iii) pages 2 to 13 of the annual results announcement of the Company for the year ended 31 March 2016 published on 2 June 2016 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0602/LTN201606021533.pdf>).

2. INDEBTEDNESS

At the close of business on 30 April 2016, the Group had outstanding borrowings of approximately HK\$1,129.1 million comprising:

- (a) secured bank loans of approximately HK\$1,120.7 million; and
- (b) unsecured bank loans of approximately HK\$8.4 million.

The Group's secured bank borrowings as at 30 April 2016 were secured by (i) assignment of project proceeds and project insurance of certain construction projects; (ii) assignment of insurance, sales proceeds and rentals over certain investment properties; (iii) share mortgage of certain subsidiaries; (iv) fixed charges on investment properties and buildings, certain bank balances, fixed deposits, available-for-sale securities and other assets.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payable in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits as at the close of business on 30 April 2016.

3. CONTINGENT LIABILITIES

As at 30 April 2016, the Group had contingent liabilities in respect of performance bonds to guarantee for the due and proper performance of the obligations undertaken by one of the Group's subsidiaries amounting to approximately HK\$133.0 million.

Save as aforesaid, the Directors are not aware of any material changes in the indebtedness and contingent liabilities of the Group since 30 April 2016 (being the date to which the indebtedness statement is made) and up to the Latest Practicable Date.

4. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that upon completion of the Acquisition and taking into account the Group's internal resources as well as the present available banking facilities and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at 31 March 2016, the Group had a total shareholders' equity of approximately HK\$2,474 million. The gearing ratio of the Group, as measured by total interest-bearing borrowings over the total shareholders' equity, was approximately 43.3% as at 31 March 2016. The unutilized bank facilities and cash and bank balances of the Group as at 31 May 2016 amounted to approximately HK\$1,368 million and HK\$124 million respectively. The Directors expect that the Group will maintain sufficient funding both from banks and internal resources to support its business operation and diversification of business.

During the year ended 31 March 2016, the Group had secured two new construction contracts of proposed residential development in Kau To Shan, Shatin and Kai Tak, Kowloon with an aggregate contract sum of approximately HK\$2.16 billion. For further details, please refer to the Company's announcements dated 3 August 2015 and 14 March 2016 respectively. As at 31 March 2016, the Group's gross contract value on hand was approximately HK\$2.85 billion. The construction works of the existing order books will be undertaken till the mid of 2018.

The Group's first high-tier data centre, located in Tsuen Wan, has been fully leased since 2011. The Group's second high-tier data center, located in Kwai Chung, had commenced operation since December 2015. Currently the Group are responding to specification request from the potential customers and negotiating with them on the detail terms of the lease arrangement.

The Acquisition signifies the first property project undertaken by the Group and the first step to diversify the Group's business into the property development business by leveraging its expertise in the building construction and property development knowledge. The Directors are of the view that property development activity will bring the Group to an enhanced revenue generating portfolio.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and short positions of Directors in Shares, underlying Shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions held by the Directors in Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity and nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Chan Hung Ming	The Company	Interest of a controlled corporation (<i>Note 2</i>)	395,307,000 (L)	67.39%
	Chan HM Company Limited	Beneficial owner	1	100%
Mr. Lau Chi Wah	The Company	Interest of a controlled corporation (<i>Note 3</i>)	43,923,000 (L)	7.49%

Notes:

- The letter "L" denotes the Directors' long position in the Shares or the relevant associated corporation.
- Mr. Chan Hung Ming holds 100% of the issued share capital of Chan HM Company Limited, who owns 395,307,000 shares out of the issued share capital of the Company. Therefore Mr. Chan Hung Ming is deemed to have the same interest in the Company.
- Mr. Lau Chi Wah holds 100% of the issued share capital of Lau CW Company Limited, which owns 43,923,000 shares out of the issued share capital of the Company. Therefore Mr. Lau Chi Wah is deemed to have the same interest in the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had or is deemed to have any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Interests and short positions of the substantial shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as the Directors were aware, the following persons/entity (not being the Directors or chief executive of the Company) had, or were deemed to have interests or short position in the Shares or the underlying Shares of the Company or any of its associated corporations which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Chan HM Company Limited	Beneficial owner	395,307,000 (L)	67.39%
Lau CW Company Limited	Beneficial owner	43,923,000 (L)	7.49%
Ms. Cheung Shuk Fong	Family (<i>Note 2</i>)	43,923,000 (L)	7.49%

Note:

1. The letter "L" denotes the person's long position in the Shares of the Company or the relevant Group member.
2. Ms. Cheung Shuk Fong, spouse of Mr. Lau Chi Wah, is deemed to be interested in Mr. Lau Chi Wah's interest in the Company by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

Details of directorships of the Directors in each of the following substantial shareholders of the Company which has an interest in the Shares and underlying Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

- (1) Mr. Chan Hung Ming is a director of Chan HM Company Limited.
- (2) Mr. Lau Chi Wah is a director of Lau CW Company Limited.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors nor their respective close associates had any personal interests in companies engaged in business, which compete or may compete with the Group.

5. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date,

- (a) none of Directors had any material direct or indirect interest in any assets which have been, since 31 March 2016 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

6. LITIGATION

At as the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following material contracts (not being contracts entered into the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the issue of this circular:

- (a) a provisional agreement for sale and purchase dated 21 January 2015 and sale and purchase agreement dated 17 February 2015 entered into between GTC Vision Limited, a wholly-owned subsidiary of the Company, and Man Sang Development

Company Limited, an Independent Third Party, in connection to acquisition of the entire issued share capital of Swift Millions Limited, a company principally holding an office premise in Hong Kong for a consideration of HK\$125,000,000;

- (b) a provisional agreement dated 7 June 2016 entered into among (i) Grand Ming Property Holdings Limited (as purchaser), a wholly-owned subsidiary of the Company; (ii) Four Square International Limited and Shariott International Inc. (as the vendors), being Independent Third Parties; (iii) the Company (as purchaser guarantor); and (iv) Patoka Limited (as vendors guarantor), an Independent Third Party, in connection to acquisition of the entire issued share capital of Easton Development Limited, a company principally holding an office premise in Hong Kong for a consideration of HK\$130,560,000; and
- (c) a provisional agreement dated 7 June 2016 entered into among (i) Grand Ming Property Holdings Limited (as purchaser), a wholly-owned subsidiary of the Company; (ii) Four Square International Limited and Shariott International Inc. (as the vendors), being Independent Third Parties; (iii) the Company (as purchaser guarantor); and (iv) Patoka Limited (as vendors guarantor), an Independent Third Party, in connection to acquisition of the entire issued share capital of Eson Development Limited, a company principally holding an office premise in Hong Kong for a consideration of HK\$130,560,000.

8. GENERAL

- (a) The company secretary of the Company is Leung Wai Chuen. He is a practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants of the United Kingdom and an associate of the Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators respectively.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at 19/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at 19/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual results announcement of the Company for the year ended 31 March 2016;
- (c) the annual reports of the company for the two years ended 31 March 2015 & 2014;
- (d) the material contracts referred to under the section headed “Material Contracts” in this appendix; and
- (e) this circular.