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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

On 7 June 2016, the Purchaser, the Vendors, the Purchaser Guarantor and the Vendors Guarantor entered into the Agreements pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued share capital and shareholder's loans of the Target Companies at an aggregate consideration of HK\$261,120,000 (subject to adjustments set out below).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors, the Vendors Guarantor and their ultimate beneficial owners are Independent Third Parties. Upon Completion, the Target Companies will become indirect wholly-owned subsidiaries of the Company.

As the ES Agreement and the EA Agreement are entered into between the Purchaser and the Vendors within a 12-month period, the ES Agreement and the EA Agreement are required to be aggregated under Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions. As the relevant applicable percentage ratio as defined under 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.

THE ACQUISITION

The Board hereby announces that on 7 June 2016,

- (i) the Purchaser, the Vendors, the Purchaser Guarantor and the Vendors Guarantor entered into the ES Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell (i) the ES Shares; and (ii) the ES Debts at a consideration of HK\$130,560,000 (subject to adjustment, if any); and

- (ii) the Purchaser, the Vendors, the Purchaser Guarantor and the Vendors Guarantor entered into the EA Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell (i) the EA Shares; and (ii) the EA Debts at a consideration of HK\$130,560,000 (subject to adjustment, if any).

The principal terms of the Agreements are set out below:

THE ES AGREEMENT

Date : 7 June 2016

Parties : (i) the Purchaser;
(ii) the Vendors;
(iii) the Purchaser Guarantor; and
(iv) the Vendors Guarantor

Assets to be acquired

Pursuant to the ES Agreement, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase (i) the ES Shares, representing the entire issued share capital of ES Company and (ii) the ES Debts, representing the entire shareholder's loans owing by ES Company to the First Vendor on Completion at the consideration of HK\$130,560,000 (subject to adjustment, if any).

ES Company is the sole legal and beneficial owner of Property 1.

Consideration

The consideration of HK\$130,560,000 is subject to the adjustments determined by reference to the ES Completion Account as follows:

Consideration = HK\$130,560,000 + Sum X_A – Sum Y_A

where :

Sum X_A = aggregate of the book value of the following assets of ES Company by reference to the ES Completion Account:

- (a) cash in hand (if any);
- (b) prepaid management fees, rates, government rents and other outgoings covering the period from but excluding the Completion Date;
- (c) refundable and subsisting utility deposits;
- (d) rental receivable covering a period up to and including the Completion Date (if the Purchaser waives the delivery of vacant possession of Property 1 prior to Completion)

- Sum $Y_A =$
- (a) all liabilities of ES Company excluding the ES Debts by reference to the ES Completion Account;
 - (b) rental deposits held by ES Company less any deduction made pursuant to Tenancies 1 (if the Purchaser waive the delivery of vacant possession of Property 1 prior to Completion)

The consideration is payable in cash and will be settled in the following manner:

- (1) HK\$4,000,000 being an initial deposit and part payment of the consideration, has been paid by the Purchaser to the Vendors' solicitor as stakeholder upon signing of the ES Agreement;
- (2) HK\$9,056,000 being further deposit and further part payment of the consideration, shall be payable by the Purchaser to the Vendors' solicitor as stakeholder on or before 15 August 2016; and
- (3) the remaining balance of the consideration, subject to the above adjustment, shall be satisfied in full by the Purchaser upon Completion.

Within two months after Completion, the Vendors shall, at its costs and expenses, deliver to the Purchaser the ES Completion Account showing the above adjustment to be made. Any excess paid on Completion shall be forthwith repaid by the Vendors without interest and any shortfall shall be forthwith paid by the Purchaser without interest within seven days after the ES Completion Account is delivered to the Purchaser.

Conditions precedent

ES Completion shall be conditional upon satisfaction (or waiver by the Purchaser) of, among other things, the following conditions precedent on or before the Completion Date:

- (1) ES Company being the sole legal and beneficial owner of the Property 1 free from encumbrances and will give good title to the Property 1 at Completion in accordance with Section 13A of the Conveyancing and Property Ordinance (Cap. 219);
- (2) the Vendors being the sole legal and beneficial owner of the ES Shares on Completion free from encumbrances;
- (3) the First Vendor being the sole legal and beneficial owner of the ES Debts on Completion free from encumbrances;
- (4) the Purchaser having reasonably satisfied in material respect with the due diligence review;
- (5) vacant possession of Property 1 is delivered prior to Completion.

The Completion Date shall automatically be postponed to Long Stop Date if (i) any of the Tenants refuse and/or fail to deliver vacant possession of any part of Property 1 upon expiry or early termination of any Tenancies 1 on or before 20 September 2016; or (ii) the Vendors anticipate that ES

Company is unable to obtain vacant possession of the whole Property 1 on or before 20 September 2016. If ES Company subsequently obtains vacant possession of the whole Property 1 prior to the Long Stop Date, the Vendors shall give not less than 14 business days' notice to the Purchaser to effect Completion upon expiry of such notice.

If the above conditions precedent have not been fulfilled or waived prior to the Completion Date or the Long Stop Date (as the case may be), the ES Agreement shall automatically terminate and the deposits paid by the Purchaser shall be returned to the Purchaser without interest within 5 business days from such termination.

Completion

ES Completion shall take place on the Completion Date or the Long Stop Date (as the case may be) after the conditions precedent have been fulfilled or waived.

Upon ES Completion, the Purchaser will own 100% of the issued share capital of ES Company. Accordingly, ES Company will become indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group upon Completion or the Long Stop Date (as the case may be).

THE EA AGREEMENT

Date : 7 June 2016

Parties : (i) the Purchaser;
(ii) the Vendors;
(iii) the Purchaser Guarantor; and
(iv) the Vendors Guarantor

Assets to be acquired

Pursuant to the EA Agreement, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase (i) the EA Shares, representing the entire issued capital of EA Company and (ii) the EA Debts, representing the entire shareholder's loan owing by EA Company to the First Vendor on Completion at the consideration of HK\$130,560,000 (subject to adjustment, if any).

EA Company is the sole legal and beneficial owner of Property 2.

Consideration

The consideration of HK\$130,560,000 is subject to the adjustments determined by reference to the EA Completion Account as follows:

Consideration = HK\$130,560,000 + Sum X_B – Sum Y_B

where :

Sum X_B = aggregate of the book value of the following assets of EA Company by reference to EA Completion Account:

- (a) cash in hand (if any);
- (b) prepaid management fees, rates, government rents and other outgoings covering the period from but excluding the Completion Date;
- (c) refundable and subsisting utility deposits;
- (d) rental receivable under the Tenancies 2 covering a period up to and including the Completion Date.

Sum Y_B = (a) all liabilities of EA Company excluding the EA Debts by reference to EA Completion Account;

- (b) rental deposits held by EA Company less any deduction made pursuant to Tenancies 2.

The consideration is payable in cash and will be settled in the following manner:

- (1) HK\$4,000,000 being an initial deposit and part payment of the consideration, has been paid by the Purchaser to the Vendors' solicitor as stakeholder upon signing of the EA Agreement;
- (2) HK\$9,056,000 being further deposit and further part payment of the consideration, shall be payable by the Purchaser to the Vendors' solicitor as stakeholder on or before 15 August 2016; and
- (3) the remaining balance of the consideration, subject to the above adjustment, shall be satisfied in full by the Purchaser upon Completion.

Within two months after Completion, the Vendors shall, at its costs and expenses, deliver to the Purchaser the EA Completion Account showing the above adjustment to be made. Any excess paid on Completion shall be forthwith repaid by the Vendors without interest and any shortfall shall be forthwith paid by the Purchaser within seven days after the EA Completion Account is delivered to the Purchaser.

Conditions precedent

EA Completion shall be conditional upon satisfaction (or waiver by the Purchaser) of the following conditions precedent on or before Completion:

- (1) EA Company being the sole legal and beneficial owner of the Property 2 free from encumbrances and will give good title to the Property 2 at Completion in accordance with Section 13A of the Conveyancing and Property Ordinance (Cap. 219);
- (2) the Vendors being the sole legal and beneficial owner of the EA Shares on Completion free from encumbrances;

- (3) the First Vendor being the sole legal and beneficial owner of the EA Debts on Completion free from encumbrances;
- (4) the Purchaser having reasonably satisfied in material respect with the due diligence review;

If the above conditions precedent have not been fulfilled or waived prior to the Completion Date, the EA Agreement shall automatically terminate and the deposits paid by the Purchaser shall be returned to the Purchaser without interest within 5 business days from such termination.

Completion

EA Completion shall take place on the Completion Date after the conditions precedent to the EA Agreement have been fulfilled or waived.

Upon EA Completion, the Purchaser will own 100% of the issued share capital of EA Company. Accordingly, EA Company will become indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group upon Completion.

GUARANTEE BY THE VENDORS GUARANTOR

Pursuant to the Agreements, the Vendors Guarantor unconditionally and irrevocably guarantees to the Purchaser, and shall on the Completion Date, unconditionally and irrevocably guarantees to the Purchaser due observance and performance by the Vendors of all obligations under the Agreements.

GUARANTEE BY THE PURCHASE GUARANTOR

Pursuant to the Agreements, the Purchaser Guarantor unconditionally and irrevocably guarantees to the Vendors, and shall on the Completion Date, unconditionally and irrevocably guarantees to the Vendors due observance and performance by the Purchaser of all obligations under the Agreements.

INFORMATION OF THE TARGET COMPANIES AND THE PROPERTIES

The Target Companies are companies incorporated in Hong Kong with limited liability and their principal activity is holding of the Properties. The Properties is a portion of an office tower situated at No.39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong, and comprises a total gross floor area of approximately 21,760 square feet. As at the date of this announcement, Property 1 is leased to 3 tenants for a term up to 19 August 2016. Vacant possession of Property 1 will be delivered upon ES Completion or Long Stop Date (as the case may be). Property 2 is leased to 3 tenants with monthly rental of HK\$320,540 in total for a term up to 31 October 2018. Property 2 will be delivered subject to existing tenancies upon EA Completion.

As at 31 December 2015, the unaudited net asset value of ES Company and EA Company was approximately HK\$112,547,000 and HK\$ 118,459,000 respectively. Their financial results for the two years immediately preceding the date of the Agreements are as follows:

	For the year ended	
	31 December	
	2014	2015
	(Audited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>ES Company</i>		
Net profit before tax (excluding fair value change on investment properties)	2,172	2,275
Net profit after tax (excluding fair value change on investment properties)	1,752	1,822
<i>EA Company</i>		
Net profit before tax (excluding fair value change on investment properties)	2,467	2,462
Net profit after tax (excluding fair value change on investment properties)	1,998	1,974

INFORMATION OF THE VENDORS AND THE VENDORS GUARANTOR

The First Vendor and the Second Vendor are companies incorporated in BVI with limited liability.

The Vendors Guarantor is a company incorporated in Hong Kong with limited liability.

The First Vendor, the Second Vendor and the Vendors Guarantor are under control of the same family who are Independent Third Parties.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company intends to acquire the Properties for the Group's own use to cope with its business development. Having considering the existing Group's headquarter being situated at 19th floor of the same office tower, the Directors consider that it will facilitate operational and administrative efficiency with office of different business segments en bloc. Furthermore, the Directors are of the view that the Acquisition represents a good opportunity for the Group to enhance its assets portfolio in view of the current property market conditions and location of the Properties. Hence the Board considers that the Acquisition including the terms of the Agreements is on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the ES Agreement and the EA Agreement are entered into between the Purchaser and the Vendors within a 12-month period, the ES Agreement and the EA Agreement are required to be aggregated under Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the

transactions. As the relevant applicable percentage ratio as defined under 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.

DEFINITIONS

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

“Acquisition”	the acquisition of the EA Shares & ES Shares and the EA Debts & ES Debts pursuant to the terms of the Agreements
“Agreements”	Collectively EA Agreement and ES Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Grand Ming Group Holdings Limited, a company incorporated in the Cayman Islands, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the transactions in accordance with the terms and conditions of the Agreements
“Completion Date”	on or before 30 September 2016, or such other date the Purchaser and the Vendors may agree
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EA Agreement”	the provisional agreement dated 7 June 2016 entered into among the Purchaser, the Vendors, the Purchaser Guarantor and the Vendors Guarantor in relation to the acquisition of EA Company and the EA Debts
“EA Company”	Easton Development Limited (東晉發展有限公司), a company incorporated in Hong Kong with limited liability, and owned as to 99% and 1% by the First Vendor and the Second Vendor respectively as at the date of this announcement
“EA Completion”	completion of the EA Agreement
“EA Completion Account”	the audited financial statements of EA Company as at Completion Date

“EA Debts”	all the loans (if any) owed by EA Company to the First Vendor as of the Completion Date
“EA Shares”	comprises : (i) 99 shares issued by EA Company and registered under the name of the First Vendor, representing 99% of the issued share capital of EA Company; and (ii) 1 share issued by EA Company and registered under the name of the Second Vendor, representing 1% of the issued share capital of EA Company
“ES Agreement”	the provisional agreement dated 7 June 2016 entered into among the Purchaser, the Vendors, the Purchaser Guarantor and the Vendors Guarantor in relation to the acquisition of ES Company the ES Debts
“ES Company”	Eson Development Limited (英盛發展有限公司), a company incorporated in Hong Kong with limited liability, and owned as to 99% and 1% by the First Vendor and the Second Vendor respectively as at the date of this announcement
“ES Completion”	completion of the ES Agreement
“ES Completion Account”	the audited financial statements of ES Company as at Completion Date
“ES Debts”	all the loans (if any) owed by the ES Company to the First Vendor as of the Completion Date
“ES Shares”	comprises : (i) 99 shares issued by ES Company and registered under the name of the First Vendor, representing 99% of the issued share capital of ES Company; and (ii) 1 share issued by ES Company and registered under the name of the Second Vendor, representing 1% of the issued share capital of ES Company; and
“First Vendor”	Four Square International Limited, a company incorporated in BVI with limited liability
“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 Parties”	a third party independent of the Company and its connected persons and not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date ”	31 st March 2017
“Property 1”	the premises located at 18 th Floor, Railway Plaza, No. 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
“Property 2”	the premises located at 22 nd Floor, Railway Plaza, No. 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
“Properties”	collectively Property 1 and Property 2
“Purchaser”	Grand Ming Property Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Purchaser Guarantor”	the Company
“Second Vendor”	Shariott International Inc., a company incorporated in BVI with limited liability
“Share(s)”	shares of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively EA Company and ES Company
“Tenancies 1”	all tenancy agreements of Property 1 as stipulated in ES Agreement
“Tenancies 2”	all tenancy agreements of Property 2 as stipulated in EA Agreement
“Tenants”	all the tenants leasing Property 1 under Tenancies 1

“Vendors” collectively the First Vendor and the Second Vendor

“Vendors Guarantor” Patoka Limited, a company incorporated in Hong Kong with limited liability

By Order of the Board
Grand Ming Group Holdings Limited

Chan Hung Ming
Chairman and Executive Director

Hong Kong, 7 June 2016

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