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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)**

**CONNECTED TRANSACTION  
ACQUISITION OF THE ENTIRE EQUITY INTEREST  
AND SALE LOAN  
OF THE TARGET COMPANY**

On 18 January 2020, the Purchaser entered into the SP Agreement with the Vendors, pursuant to which (i) the Vendors agreed to sell, and the Purchaser agreed to purchase the Sale Shares (representing the entire issued share capital of the Target Company); and (ii) the Vendor agreed to assign and the Purchaser agreed to assume all rights and benefits of the Sale Loan, at a total consideration of HK\$18,800,000 in accordance with the terms and conditions of the SP Agreement.

As at the date of this announcement, the Target Group is principally engaged in property development in Guangxi Province, the PRC. Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

As both the First Vendor and the Second Vendor are connected persons of the Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all applicable percentage ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular (including the independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE ACQUISITION

The Board announces that on 18 January 2020, the Purchaser and the Vendors entered into the SP Agreement, pursuant to which (i) the Vendors agreed to sell, and the Purchaser agreed to purchase the Sale Shares (representing the entire issued share capital of the Target Company); and (ii) the Vendor agreed to assign and the Purchaser agreed to assume all rights and benefits of the Sale Loan, at a total consideration of HK\$18,800,000 in accordance with the terms and conditions of the SP Agreement.

The principal terms of the SP Agreement are set out below:

- Date:** 18 January 2020
- Parties:**
- (i) the Vendors; and
  - (ii) the Purchaser.
- Subject matter:**
- (1) the Sale Shares, representing the entire issued share capital of the Target Company; and
  - (2) the Sale Loan, representing all outstanding amount owed by the Target Company to the First Vendor as at the date of the SP Agreement.

The Sale Shares shall be sold and the Sale Loan shall be assigned free from any encumbrance and with all rights now and hereafter attaching to them.

- Consideration:** HK\$18,800,000, which shall be apportioned pursuant to the SP Agreement as follows:
- (a) the consideration in the sum of approximately HK\$18.37 million for the assignment of the Sale Loan which is the face value of the Sale Loan on a dollar-to-dollar basis; and

- (b) the consideration for the sale and purchase of the Sale Shares shall be approximately HK\$0.43 million, which is the Consideration less the consideration for the assignment of the Sale Loan as set out in sub-paragraph (a) above.

The Consideration was arrived at arm's length negotiations among the parties with reference to (i) the face value of the Sale Loan due by the Target Company to the First Vendor of approximately HK\$18.37 million as at the date of the SP Agreement, and (ii) the estimated market value of the net assets of the Target Group as at 31 December 2019 of approximately HK\$0.43 million as appraised by an independent valuer engaged by the Company, as further particularised in the paragraph headed "Information of the Target Group" in this announcement below.

The Consideration shall be payable by the Purchaser to the First Vendor in one lump sum at Completion and will be satisfied by the internal resources of the Group.

**Completion:**

Completion shall take place within seven (7) Business Days after the date of the SP Agreement or such other date as the parties to the SP Agreement may agree in writing.

Immediately upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

**INFORMATION OF THE VENDORS**

The First Vendor is a company incorporated in Hong Kong with limited liability and is an investment holding company. It is owned as to 90% by Mr. Chan and 10% by Mr. Lau.

The Second Vendor is Mr. Chan.

## **INFORMATION OF THE TARGET GROUP**

The Target Company is a company incorporated in Hong Kong with limited liability and beneficially wholly-owned by the First Vendor. The Target Company is an investment holding company which has no other substantial operating businesses and major assets other than holding the entire equity interest of Guangxi Jiaming.

Guangxi Jiaming, the wholly-owned subsidiary of the Target Company, is a wholly-foreign-owned enterprise established in the PRC with limited liability. It is principally engaged in property development in Guangxi Province and holds a Class 4 Qualification Certificate for Real Estate Development Enterprise. Currently it owns two office units (with an aggregate gross floor area of approximately 444 square metres) in Nanning City for its own use, and holds 37 car parks for sale and leasing purpose in a residential project developed by Guangxi Jiaming in Nanning City. All the residential units had been sold in or before the year 2019.

The Target Group recorded an unaudited revenue of approximately HK\$0.47 million and HK\$0.27 million for each of the year ended 31 December 2018 and 2019, respectively, which was mainly generated from the sales of residential units held by Guangxi Jiaming. The unaudited consolidated net loss before and after taxation of the Target Group for each of the year ended 31 December 2018 and 2019 amounted to approximately HK\$4.88 million and HK\$4.69 million, respectively. Loss incurred in 2019 was mainly attributable to an one-off impairment of certain long outstanding trade and non-trade receivables of Guangxi Jiaming of approximately HK\$4.63 million.

As at 31 December 2019, the unaudited consolidated net liabilities of the Target Group amounted to approximately HK\$2.65 million, which is based on the financial information extracted from the management accounts of the Target Group without taking into account its assets appraisal value as at 31 December 2019. Based on the valuation report prepared by an independent valuer engaged by the Company in accordance with the International Valuation Standards published by the International Valuation Standards Council, the market value of the net assets of the Target Group as at 31 December 2019 was estimated to be approximately HK\$0.43 million.

In deriving the estimated market value of the net assets of the Target Group, the independent valuer adopted the asset approach whereby each identifiable asset and liability in the Target Group was either assessed by using the market approach or adopted its book value. The estimated market value of the net assets was derived by summing up all the revalued assets and deducting all the revalued liabilities.

Based on the valuation methodology and assumptions adopted by the independent valuer, the estimated market value of the net assets of the Target Group of approximately HK\$0.43 million was arrived at by deducting (a) the estimated market value of the total liabilities of the Target Group as at 31 December 2019 of approximately HK\$61.51 million from (b) the estimated market value of the total assets of the Target Group as at 31 December 2019 of approximately HK\$61.94 million.

A detailed breakdown of the estimated market value of the assets and liabilities of the Target Group as at 31 December 2019 is set out below:

	Approximate HK\$ (million)
<b>Assets:</b>	
Properties (including the two office units and 37 car parks held by Guangxi Jiaming)	10.81
Other fixed assets	0.29
Prepayment and other receivables	0.64
Bank balances	50.20
<b>Total Assets</b>	<b>61.94</b>
<b>Liabilities:</b>	
Accounts and other payables	0.22
Bank borrowing	42.92
Sale Loan	18.37
<b>Total Liabilities</b>	<b>61.51</b>
<b>Net assets</b>	<b>0.43</b>

The guarantee provided by Mr. Chan and Mr. Lau for securing the bank borrowing of the Target Company will be released and replaced by the guarantee to be provided by the Company upon or as soon as practicable after Completion.

## **INFORMATION OF THE PURCHASER**

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the business of building construction, property leasing and property development in Hong Kong. The Acquisition will allow the Group to diversify its property development business in geographical areas with comparatively lower land costs but have strong potential in economic growth that will in turn lead to a demand for properties. Since Guangxi Jiaming possesses the relevant qualification certificate and connections in property development business and has previously completed a residential project and a retail/office composite project for sale and leasing purposes respectively in Nanning City of Guangxi Province, the Board believes that the Acquisition will facilitate and serve as a stepping stone for the Group to participate in the property development business in the Mainland China.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition under the SP Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the First Vendor is owned as to 90% by Mr. Chan and 10% by Mr. Lau. Hence, the First Vendor is an associate of Mr. Chan and Mr. Lau and therefore a connected person of the Company. Mr. Chan as the Second Vendor is also a connected person of the Company. As such, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all applicable percentage ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular (including the independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Chan and Mr. Lau has directorship in the First Vendor, the Board considers that each of Mr. Chan and Mr. Lau has a material interest in the transaction contemplated under the SP Agreement. Accordingly, each of Mr. Chan and Mr. Lau has abstained from voting on the resolutions tabled at the Board meeting of the Company held to consider and approve the Acquisition. Other than Mr. Chan and Mr. Lau, no other Director has a material interest in the transaction contemplated under the SP Agreement, and hence no other Director has abstained from voting on the board resolutions approving the Acquisition.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company and the assignment of the Sale Loan pursuant to the terms and conditions of the SP Agreement
“associate(s)”, “connected person(s)”, “controlling shareholder(s)”	each has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) other than a Saturday, Sunday or public holiday in Hong Kong when banks in Hong Kong are open for business
“Company”	Grand Ming Group Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange

“Completion”	completion of the Acquisition in accordance with the terms and conditions of the SP Agreement
“Consideration”	the total consideration of HK\$18,800,000 payable by the Purchaser for the Acquisition
“Director(s)”	the director(s) of the Company
“First Vendor”	Grand Ming Holdings Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Guangxi Jiaming”	廣西佳明房地產開發有限責任公司 (Guangxi Jiaming Property Development Co., Ltd.*), a limited liability company established in the PRC and wholly-owned by the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Hung Ming, being the chairman, an executive Director and controlling shareholder of the Company
“Mr. Lau”	Mr. Lau Chi Wah, being an executive Director and chief executive officer of the Company
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan



“Purchaser”	Time Race Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Loan”	the loan (which is interest-bearing at 4% per annum, unsecured and repayable on demand), interest and all other sums owing by the Target Company to the First Vendor as at the date of the SP Agreement
“Sale Shares”	<p>comprises:</p> <ul style="list-style-type: none"> <li>(i) 95 ordinary shares of HK\$1.00 each issued by the Target Company and registered under the name of and beneficially owned by the First Vendor, representing 95% of the issued share capital of the Target Company; and</li> <li>(ii) 5 ordinary shares of HK\$1.00 each issued by the Target Company, registered under the name of the Second Vendor and held on trust for the First Vendor, representing 5% of the issued share capital of the Target Company</li> </ul>
“Second Vendor”	Mr. Chan
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“SP Agreement”	the agreement dated 18 January 2020 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Grand Victor Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiary, Guangxi Jiaming

“Vendors” collectively the First Vendor and the Second Vendor

“%” per cent

By Order of the Board  
**Grand Ming Group Holdings Limited**  
**Chan Hung Ming**  
*Chairman and Executive Director*

Hong Kong, 20 January 2020

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

\* *For identification purpose only*