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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 PROPERTY**

The Directors announce that on 30 August 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to acquisition of the entire issued share capital of the Target Company A and the Shareholder's Loan free from encumbrances at a consideration of HK\$820,000,000 (subject to adjustment).

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

INTRODUCTION

The Directors announce that on 30 August 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to acquisition of the entire issued share capital of Target Company A and the Shareholder's Loan free from encumbrances at a consideration of HK\$820,000,000 (subject to adjustment).

THE AGREEMENT

Major terms of the Agreement are set out below:

Date: 30 August 2017

The Purchaser: Pioneer Swift Limited, a wholly-owned subsidiary of the Company

The Vendor: Yuexiu Property (HK) Company Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and the ultimate beneficial owner(s) of the Vendor are Independent Third Parties.

Assets to be acquired: Pursuant to the Agreement, the Vendor agrees to sell and the Purchaser agrees to purchase the entire issued share capital of Target Company A and the Shareholder's Loan free from encumbrances.

Target Company B, which is a wholly-owned subsidiary of Target Company A, is the sole legal and beneficial owner of the Property.

Property: No. 279 Prince Edward Road West, Kowloon, Hong Kong

Consideration and payment terms: The consideration for the Acquisition is HK\$820,000,000, which was agreed between the parties based on arm's length negotiation. The Directors consider that the consideration is fair and reasonable after taking into account the market prices of similar properties in the nearby area.

The Purchaser has paid to the Vendor an initial deposit of HK\$20,000,000 upon signing of the Agreement and shall pay a further deposit of HK\$62,000,000 within 21 days from the date of the Agreement.

The remaining balance of the consideration in the amount of HK\$738,000,000 (subject to adjustment) shall be paid by the Purchaser on the date of Completion.

The Vendor undertakes to deliver to the Purchaser or the Purchaser's solicitors at least 5 days prior to the Completion Date the proforma Completion Account.

Within two months after the Completion Date, the Purchaser shall, at the costs and expenses of the Vendor, deliver to the Vendor an audited Completion Account of the Target Companies. If the Net Tangible Assets as shown in such Completion Account is more or less than the Net Tangible Assets as shown in the proforma Completion Account, the Purchaser or the Vendor (as the case may be) shall pay the difference to the other party within 7 days from the date of receipt of the audited Completion Account.

A formal agreement in respect of the Acquisition will be entered into between the Purchaser and the Vendor within 21 days from the date of the Agreement, failing which the Agreement shall remain valid and in full force and effect and the Purchaser and the Vendor shall continue to fulfil their respective obligations under the Agreement.

Conditions precedent: Completion is conditional upon the following:

- (1) the Purchaser having completed its due diligence investigation on the business, financial and legal aspects of the Target Companies and reasonably satisfied with the results thereof;
- (2) the Vendor having procured Target Company A to prove and give at the Vendor's own costs and expenses a good title to the Property in accordance with section 13 and 13A of the Conveyancing and Property Ordinance;
- (3) vacant possession of the Property being delivered to the Purchaser on Completion;
- (4) the Vendor having provided and/or made available to the Purchaser the following documents at the Vendor's own costs and expenses:
 - (a) certificate of practical completion certifying that all building and fitting-out works of and relating to the Property have been completed;
 - (b) all documents of and relating to the construction and fitting out of the Property;
 - (c) all information/documents required for complying with the Residential Properties (First-hand Sales) Ordinance;

- (d) the accounts with the contractors for building the Property;
- (e) all contracts and documents made and/or entered into by Target Company A.

If any of the above conditions precedent have not been fulfilled or waived on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction under the Agreement and the Vendor shall return all the deposits paid to the Purchaser forthwith without interest and neither party shall take any further action to claim for damages or enforce specific performance.

Completion: It is currently expected that Completion will take place on 31 October 2017.

INFORMATION OF THE TARGET COMPANIES AND THE PROPERTY

Target Company A is a company incorporated in the British Virgin Islands with limited liability. Target Company B is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Target Company A. Their principal activities are investment holding and holding of the Property respectively. The Property is a building situated at No. 279 Prince Edward Road West, Kowloon, Hong Kong. It consists of 18 residential units together with a clubhouse and has a permitted gross floor area of approximately 39,420 square feet. The Property is a completed property held for sale by Target Company B. As at the date of the Agreement, occupation permit and certificate of compliance of the Property has been obtained from the respective government authorities. Vacant possession of the Property will be delivered on Completion.

Set out below are certain financial information of the Target Companies for the two years immediately preceding the date of the Agreement:

	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Target Company A		
Loss before taxation – unaudited	5	5
Loss after taxation – unaudited	5	5
Target Company B		
Loss before taxation – audited	413	859
Loss after taxation – audited	<u>413</u>	<u>859</u>

As at 30 June 2017, the carrying value of the Property on the book of Target Company B was approximately HK\$714.3 million and the unaudited consolidated net liabilities of the Target Companies was approximately HK\$2.5 million. The amount due by the Target Companies to the Vendor amounted to approximately HK\$267.4 million and the outstanding balance of the mortgage loan in respect of the Property amounted to approximately HK\$441.0 million. It is one of the terms of the Agreement that the Vendor shall procure repayment of the mortgage loan in respect of the Property on or before the Completion Date.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and the ultimate beneficial owner(s) of the Vendor are Independent Third Parties.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in the business of building construction, leasing of data centre premises and property development. The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. The principal activity of the Purchaser is investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

With a view to diversifying the Group's business into property development business, the Group had actively participated in the tender of sales of government land. Following the successful bidding of the government land in Sai Shan Road, Tsing Yi in 2016, the Group has been identifying other potential acquisition targets so as to enrich its property portfolio. The Acquisition presents an excellent opportunity for the Group to acquire high quality properties which is located in the established luxury district of Kowloon and in the neighbourhood of well-known primary and secondary schools. In view of the location of the Property, the Directors consider that the Acquisition will contribute positively to the Group from such investment.

The terms of the Agreement were arrived at after arm's length negotiations between the parties thereto. Having considered the prospects of the property market in Hong Kong and the location of the Property, the Directors are of the view that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition will be financed by bank borrowings and internal resources of the Group.

LISTING RULES IMPLICATION

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

DEFINITIONS

“Acquisition”	acquisition of the entire issued share capital of Target Company A and the Shareholder’s Loan by the Purchaser from the Vendor
“Agreement”	the provisional sale and purchase agreement dated 30 August 2017 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Company”	Grand Ming Group Holdings Limited (stock code: 1271), 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 Account”	the financial statements of the Target Companies comprising statement of profit or loss for the period ending the Completion Date and statement of financial position as at Completion Date
“Completion Date”	date of Completion
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	persons who are not connected persons (as defined in the Listing Rules) of the Company and are third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Tangible Assets”	the aggregate of all tangible assets of the Target Companies which are readily convertible into cash or cash equivalents (excluding the Property), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Shareholder’s Loan), deferred tax liability and provisions of the Target Companies as at Completion Date
“Property”	No. 279 Prince Edward Road West, Kowloon, Hong Kong
“Purchaser”	Pioneer Swift Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Shareholder’s Loan”	all such sum of money advanced by way of loan by the Vendor to the Target Companies and due and owing by the Target Companies to the Vendor as at Completion
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Target Company A and Target Company B
“Target Company A”	Market Rise Limited, a company incorporated in the British Virgin Islands with limited liability, and owned as to 100% by the Vendor as at the date of this announcement

“Target Company B” Able Business Development Limited, a company incorporated in Hong Kong with limited liability, and owned as to 100% by Target Company A as at the date of this announcement

“Vendor” Yuexiu Property (HK) Company Limited, a company incorporated in the British Virgin Islands with limited liability

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

Hong Kong, 30 August 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