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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)

INSIDE INFORMATION OFFER LETTER IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by Grand Ming Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 16 November 2017 (after trading hours), GM Property, a wholly-owned subsidiary of the Company, received the acceptance to the Offer Letter from the Seller. Pursuant to the Offer Letter, GM Property intends to acquire the entire issued capital of Excel One from the Seller.

The Proposed Acquisition, if materialises, may constitute a notifiable transaction on the part of the Company under the Listing Rules. Further announcement will be made by the Company in this regard as and when appropriate in compliance with the Listing Rules.

The Company wishes to emphasise that the Proposed Acquisition is subject to, among other things, the execution of the Formal Agreement, the terms and conditions of which are yet to be definitely agreed. The shareholders of the Company and potential investors should note that the Proposed Acquisition may or may not materialise and the final conditions and terms of the Proposed Acquisition, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from those set out in the Offer Letter. In the event that the legally binding Formal Agreement is signed, further announcement will be made by the Company in compliance with the Listing Rules. The shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

POSSIBLE ACQUISITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that on 16 November 2017 (after trading hours), Grand Ming Property Holdings Limited (“**GM Property**”), a wholly-owned subsidiary of the Company, received from an independent third party as seller (the “**Seller**”) the acceptance to an offer letter (the “**Offer Letter**”) issued by the agent of GM Property. Pursuant to the Offer Letter, GM Property intends to acquire the entire issued share capital of Excel One Global Limited (“**Excel One**”) from the Seller (the “**Proposed Acquisition**”). To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Seller is an individual and a third party independent of the Company and its connected persons (as defined in the Listing Rules).

The Seller is directly interested in the entire equity interest of Excel One, which is a limited company incorporated in the British Virgin Islands. Excel One is currently holding the entire equity interest of Marvellous Investments Limited (“**MIL**”), a company incorporated in Hong Kong with limited liability. The principal asset of MIL is a group of properties with an aggregate gross floor areas of approximately 23,800 square feet 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 (the “**Properties**”). The Properties are currently leased out for a term expiring on 15 December 2020. The tenant has agreed to early terminate the tenancy and deliver vacant possession of the Properties on or before 30 June 2018.

PRINCIPAL TERMS OF THE OFFER LETTER

Consideration of the Proposed Acquisition

The consideration of the Proposed Acquisition (the “**Consideration**”) is HK\$420,000,000, which is subject to adjustment with reference to, amongst others, the consolidated net tangible asset values of Excel One and MIL at completion of the Proposed Acquisition (the “**Completion**”).

Earnest Money

GM Property shall pay a sum of HK\$20,000,000 as earnest money for the Proposed Acquisition (the “**Earnest Money**”) upon signing of the Offer Letter. The Earnest Money shall be applied as part of the initial deposit equivalent to 10% of the Consideration to be paid upon execution of the formal sales and purchase agreement in relation to the Proposed Acquisition (the “**Formal Agreement**”).

In the event that the Formal Agreement is not executed within 30 days from the date of the Offer Letter, the Earnest Money shall be refunded to GM Property without any interest.

Upon execution of the Formal Agreement, an initial deposit equivalent to 10% of the Consideration (inclusive of the Earnest Money) shall be paid by GM Property. The balance of the Consideration (subject to adjustment) shall be paid on Completion which shall take place on or before 15 April 2018.

Exclusivity

Pursuant to the Offer Letter, GM Property has been granted a 30 days exclusive negotiation period (the “**Exclusivity Period**”), during which the Group will arrange to conduct due diligence reviews on, among others, the financial, legal and valuation aspects of Excel One and the Properties, which the Group has limited information on as at the date of this announcement.

During the Exclusivity Period, neither the Seller nor his agent and/or representative shall enter or agree to enter into any discussions, negotiations or agreements with any third parties (other than GM Property and its affiliates) for the sale, transfer or other disposal of the equity interest in Excel One or otherwise, any transactions that might be in conflict with the transaction contemplated under the Offer Letter.

Effect of the Offer Letter

The Offer Letter shall automatically cease to have effect on the earlier of (i) the expiry of the Exclusivity Period; or (ii) the date on which the Forma Agreement is executed.

REASONS AND BENEFITS FOR THE POSSIBLE ACQUISITION

In the past two years, the Group had proactively diversified its business to property development business. In order to facilitate the upcoming sales of the Group’s residential properties, the Group has been exploring appropriate premises for the establishment of 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 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 Directors are of the view that the terms of the Offer Letter are fair and reasonable and the Proposed Acquisition is in the interest of the Company and its shareholders as a whole.

GENERAL

The Proposed Acquisition, if materialises, may constitute a notifiable transaction on the part of the Company under the Listing Rules. Further announcement will be made by the Company in this regard as and when appropriate in compliance with the Listing Rules.

The Company wishes to emphasise that the Proposed Acquisition is subject to, among other things, the execution of the Formal Agreement, the terms and conditions of which are yet to be definitely agreed. The shareholders of the Company and potential investors should note that the Proposed Acquisition may or may not materialise and the final conditions and terms of the Proposed Acquisition, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from those set out in the Offer Letter. In the event that the legally binding Formal Agreement is signed, further announcement will be made by the Company in compliance with the Listing Rules. The shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Grand Ming Group Holdings Limited

Chan Hung Ming
Chairman and Executive Director

Hong Kong, 16 November 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