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MINTH GROUP LIMITED

敏實集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 425)

**CONNECTED TRANSACTION
DISPOSAL OF JIAXING YUHUI**

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 27 June 2018, Jiaxing Yuting, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Jiaxing Huazhuo to dispose the entire registered capital of Jiaxing Yuhui at the Consideration of approximately RMB46,677,000 (equivalent to approximately HK\$56,437,000).

LISTING RULES IMPLICATIONS

As Jiaxing Huazhuo is a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and executive Director of the Company, Jiaxing Huazhuo is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated based on the annual caps under the Equity Transfer Agreement is more than 0.1% but less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE EQUITY TRANSFER AGREEMENT

Set out below is a summary of the principal terms of the Equity Transfer Agreement:

Date: 27 June 2018

Parties: (a) Jiaxing Yuting (as seller)
(b) Jiaxing Huazhuo (as purchaser)

Equity to be transferred: 100% of the registered capital of Jiaxing Yuhui

Transfer of Equity: Pursuant to the Equity Transfer Agreement, Jiaxing Yuting agreed to sell and Jiaxing Huazhuo agreed to purchase the entire registered capital of Jiaxing Yuhui.

Consideration: The Consideration is approximately RMB46,677,000 (equivalent to approximately HK\$56,437,000) and shall be settled as follows:

- (a) 40% of the Consideration (i.e. approximately RMB18,671,000) shall be payable on the date of settlement; and
- (b) the remaining 60% of the Consideration (i.e. approximately RMB28,006,000) shall be payable within three (3) working days from the date of Completion.

The Consideration was determined after arm's length negotiation between the parties with reference to the net asset value of Jiaxing Yuhui of approximately RMB46,677,000 (equivalent to approximately HK\$56,437,000) as set out in the valuation report prepared by 中銘國際資產評估(北京)有限責任公司 (Zhong Ming (Beijing) Assets Appraisal International Co., Ltd.), an independent professional valuer.

Conditions: Completion shall take place when all of the following conditions have been fulfilled:

- (a) the Company having (i) obtained all necessary approval(s) from the relevant third parties (including but not limited to the requirements under the Listing Rules and all other necessary regulatory approvals or exemptions, where applicable); and (ii) fulfilled all items which are necessary for the Disposal as required under applicable laws, if any; and
- (b) Jiaxing Huazhuo having completed the due diligence on Jiaxing Yuhui to its satisfaction.

Date of settlement: 28 June 2018.

Purchaser's undertaking: Jiaxing Huazhuo undertakes that it will repay or procure the repayment of the outstanding shareholder's loans due from Jiaxing Yuhui to Jiaxing Yuting within three (3) working days after Completion. Such shareholder's loans (1) in the principal amount of RMB6,550,000 was borrowed as part of the intra-group treasury arrangements at the interest rate of 4.785% per annum and (2) in the principal amount of RMB4,800,000 was borrowed as part of the intra-group treasury arrangements at the interest rate of 3.9150% per annum. As at the date of 31 May 2018, the total amount outstanding (inclusive of interest) is approximately RMB11,372,000.

INFORMATION OF THE GROUP

Headquartered in the PRC, the Group is principally engaged in the design, manufacture and sale of trims, body structural parts, decorative parts, roof racks and other related parts of passenger cars and supplies to many world-renowned international automakers. The Group has established over 30 production facilities in China and the Group also established production facilities in the US, Thailand, Mexico and Germany. For more information of the Group, please visit its official website at <http://www.minthgroup.com> (information that appears in that website does not form part of this announcement).

INFORMATION OF JIAXING YUTING AND JIAXING HUAZHUO

Jiaxing Yuting is a foreign investment company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Jiaxing Yuting is principally engaged in real estate development and management.

Jiaxing Huazhuo is a company incorporated in the PRC with limited liability and indirectly wholly-owned by Mr. Chin. Jiaxing Huazhuo is principally engaged in real estate development and management, housing rental and sale, property management and real estate marketing.

INFORMATION OF JIAXING YUHUI

Jiaxing Yuhui is a company incorporated in the PRC with limited liability and is principally engaged in real estate development and management.

Set out below is the audited financial information of Jiaxing Yuhui for the financial years ended 31 December 2016 and 31 December 2017:

	For the year ended 31 December	
	2016	2017
	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)
Net profits (losses) before taxation and extraordinary items	(126,733)	(162,539)
Net profits (losses) after taxation and extraordinary items	(126,733)	(162,539)

The unaudited net book value of net assets of Jiaxing Yuhui as at 31 May 2018 was approximately RMB40,984,000 (equivalent to approximately HK\$49,553,000).

FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after the Completion, Jiaxing Yuhui will cease to be a subsidiary of the Company and the financial results of Jiaxing Yuhui will no longer be consolidated into the Group's financial statements.

As a result of the Disposal, the Group is expected to recognise a net gain before tax of approximately RMB5,693,000 (equivalent to approximately HK\$6,884,000) (unaudited), which is calculated on the basis of the difference between the net book value of net assets of Jiaxing Yuhui as at 31 May 2018 of approximately RMB40,984,000 (equivalent to approximately HK\$49,553,000) (unaudited) and the Consideration. The actual gain or loss as a result of the Disposal to be recorded by the Company will be assessed and calculated based on the net book value of Jiaxing Yuhui on the actual completion date and be subject to audit and will be assessed after Completion.

The Directors currently intend to apply the net proceeds from the Disposal (after deducting relevant costs and expenses in connection with the Disposal) as general working capital of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed above, Jiaxing Yuhui is principally engaged in real estate development and management. In June 2016, Jiaxing Yuhui acquired a land located at Xiuzhou District, Jiaxing City for commercial property development and marketing purpose with the license of right to use the land granted by the government in June 2016 (the “**Project Land**”). The size of the Project Land is approximately 20,018.00 square meters. The term of right to use the Project Land is from 28 June 2016 to 27 June 2056.

However, having considered that (i) Jiaxing Yuhui has recorded a deficit since its establishment; (ii) the Group does not expect any new commercial property development at the Project Land in the near future; and (iii) given the asset-light strategy of the Group, the Directors considered that it was not in the Company’s best interest to initiate the development of new commercial property and decided not to keep Jiaxing Yuhui or make any further investment into it.

The terms and conditions under the Equity Transfer Agreement were arrived at after arm’s length negotiation between the parties involved. Based on the above, the Directors (including the independent non-executive Directors) consider that the Disposal is on normal commercial terms and not in the ordinary and usual course of business, is fair and reasonable and in the interest of the Company and its shareholders as a whole.

As Jiaxing Huazhuo is indirectly wholly-owned by Mr. Chin, Mr. Chin has a material interest in the Disposal and abstained from voting on the relevant Board resolutions. Save for Mr. Chin (who is an executive Director and controlling shareholder of the Company) and Ms. Chin Chien Ya (who is the daughter of Mr. Chin and also an executive Director), none of the Directors has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder. Accordingly, none of the other Directors is required to abstain from voting on the relevant Board resolutions to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As Jiaxing Huazhuo is a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and executive Director of the Company, Jiaxing Huazhuo is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated based on the annual caps under the Equity Transfer Agreement is more than 0.1% but less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the Board of Directors
“Company”	Minth Group Limited, 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”	the completion of the Disposal
“Consideration”	approximately RMB46,677,000 (equivalent to approximately HK\$56,437,000), the total consideration for the Disposal pursuant to the Equity Transfer Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the entire registered capital of Jiaxing Yuhui by Jiaxing Yuting to Jiaxing Huazhuo pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	a conditional equity transfer agreement dated 27 June 2018 entered into between Jiaxing Yuting and Jiaxing Huazhuo in respect of the sale and purchase of the entire registered capital of Jiaxing Yuhui
“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 PRC
“Jiaxing Huazhuo”	嘉興華卓置業有限公司 (Jiaxing Huazhuo Real Estate Co., Ltd.*), a company incorporated in the PRC with limited liability and indirectly wholly-owned by Mr. Chin
“Jiaxing Yuhui”	嘉興裕惠房地產開發有限公司 (Jiaxing Yuhui Properties Co., Ltd.*), a company incorporated in the PRC with limited liability and wholly-owned by Jiaxing Yuting as at the date of this announcement and shall be wholly-owned by Jiaxing Huazhuo upon completion of the Equity Transfer Agreement

“Jiaxing Yuting”	嘉興裕廷房地產開發有限公司 (Jiaxing Yuting Properties Co., Ltd.*), a foreign investment company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules governing the listing of securities on the Stock Exchange
“Mr. Chin”	Mr. Chin Jong Hwa, the ultimate controlling shareholder of the Company which currently indirectly holds approximately 39.30% of the total issued shares of the Company and also an executive Director of the Company
“PRC”	The People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

In this announcement, amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.2091. The conversion rate above is for illustration purpose only and should not be taken as a representation that the above currencies could actually be converted at such rate or at all.

By Order of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

Hong Kong, 27 June 2018

As at the date of this announcement, the Board comprises Mr. Chin Jong Hwa, Mr. Zhao Feng, Ms. Chin Chien Ya and Ms. Huang Chiung Hui, being executive Directors; and Mr. Wu Fred Fong, Dr. Wang Ching and Ms. Yu Zheng being independent non-executive Directors.

* *For identification purposes only*