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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 TRANSACTIONS**

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#### **(I) Purchase Agreement**

On 6 May 2020, Shinyou Mould, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Jiaxing Futing, pursuant to which Jiaxing Futing agreed to sell and Shinyou Mould agreed to purchase the Assets at the total consideration of approximately RMB27,247,000 (equivalent to approximately HK\$29,869,000).

#### **(II) Rental Agreement**

On 6 May 2020, Shinyou Mould also entered into the Rental Agreement with Jiaxing Futing, pursuant to which Jiaxing Futing agreed to lease the Factory to Shinyou Mould at the monthly rental payable at approximately RMB128,000 (equivalent to approximately HK\$140,000) for a term of twelve months.

### **LISTING RULES IMPLICATIONS**

As Jiaxing Futing is a company indirectly wholly-owned by Mr. Chin, a controlling shareholder and a former executive Director in the last 12 months, Jiaxing Futing is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and Jiaxing Futing contemplated under the Purchase Agreement and the Rental Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage in connection with the Purchase Agreement and the Rental Agreement, where on an aggregated basis, is more than 0.1% but less than 5%, the transactions under the Purchase Agreement and the Rental Agreement are subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## CONNECTED TRANSACTIONS

### (I) Purchase Agreement

On 6 May 2020, Shinyou Mould, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Jiaxing Futing, pursuant to which Jiaxing Futing agreed to sell and Shinyou Mould agreed to purchase the Assets at the total consideration of approximately RMB27,247,000 (equivalent to approximately HK\$29,869,000).

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

#### *Date*

6 May 2020

#### *Parties*

- (1) Shinyou Mould (as purchaser)
- (2) Jiaxing Futing (as seller)

#### *Subject matter*

On 6 May 2020, Shinyou Mould, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Jiaxing Futing, pursuant to which Jiaxing Futing agreed to sell and Shinyou Mould agreed to purchase the Assets. The Assets include raw material, low-value consumables, semi-finished moulds, fixed assets and intangible assets as set out in the Purchase Agreement, which are required by the Group for its daily operation and production of moulds for metal products.

### ***Consideration***

The total consideration for the Assets is approximately RMB27,247,000 (equivalent to approximately HK\$29,869,000) and shall be settled in cash in the following manner:

- (i) the first payment of approximately RMB24,522,300 (equivalent to approximately HK\$26,882,100) representing 90% of the total consideration shall be paid within 60 days after (1) Shinyou Mould accepts the Assets to its satisfaction after inspection of the Assets and (2) Jiaxing Futing issues the VAT invoice for the full amount of the consideration for the Assets; and
- (ii) the second payment of approximately RMB2,724,700 (equivalent to approximately HK\$2,986,900) representing the remaining 10% of the total consideration shall be paid after 6 months from the date of the first payment.

The Group intends to settle the consideration with its internal resources.

The consideration for the Assets was determined after arm's length negotiation between the parties with reference to the asset valuation of the Assets with the valuation date of 31 March 2020 prepared by an independent valuer in the sum of RMB27,247,174.96 (equivalent to approximately HK\$29,869,000). The independent valuer adopted cost approach for valuing the Assets. The book value of the Assets as at 31 March 2020 was approximately RMB24,598,000 and the original acquisition costs of the Assets to Jiaxing Futing was approximately RMB33,761,000.

### **(II) Rental Agreement**

On 6 May 2020, Shinyou Mould also entered into the Rental Agreement with Jiaxing Futing, pursuant to which Jiaxing Futing agreed to lease the Factory to Shinyou Mould at the monthly rental of approximately RMB128,000 (equivalent to approximately HK\$140,000) for a term of twelve months.

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

#### ***Date***

6 May 2020

#### ***Parties***

- (3) Shinyou Mould (as leasee)
- (4) Jiaxing Futing (as lessor)

### ***Premise***

The Factory is located at No.565, Bazi Road, Xiuzhou District, Jiaxing City, Zhejiang Province, the PRC, with a total gross floor area of 5,811 square meters.

### ***Term***

The term of the Rental Agreement is twelve months from 7 May 2020 to 6 May 2021.

### ***Usage***

The Factory is for production and operation uses only.

### ***Rental and aggregate value of consideration payable***

The monthly rental payable (inclusive of tax and other governmental fees and exclusive of utilities fees and other outgoing charges and expenses) under the Rental Agreement is approximately RMB128,000 (equivalent to approximately HK\$140,000), which shall be paid in cash semi-annually. The first payment shall be made by the end of May 2020 and the second payment shall be made by the end of November 2020.

The rental payable under the Rental Agreement is determined after arm's length negotiations between the parties to the Rental Agreement, after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Factory.

As the term of the Rental Agreement is no more than 12 months, the value of the Factory will not be assessed and recognised as right-of-use assets of the Group. The total rental payments under the Rental Agreement will be approximately RMB1,534,000 (equivalent to approximately HK\$1,682,000) and is expected to be satisfied by internal resources of the Group.

### ***Renewal and Termination***

If Shinyou Mould decides to renew the terms of the Rental Agreement, it shall provide Jiaxing Futing a written notice of not less than one month prior to the expiry of terms under the Rental Agreement. Upon the consent of Jiaxing Futing, the parties may enter into a new agreement to reflect the renewal.

Shinyou Mould may terminate the Rental Agreement prior to the expiry of the term by giving two-month prior written notice to Jiaxing Futing.

Jiaxing Futing has the right to terminate the lease under the Rental Agreement should Shinyou Mould trigger any of the following events occur: (i) subletting the Factory without Jiaxing Futing's prior consent; (ii) changing the usage of the Factory without Jiaxing Futing's prior consent; (iii) conducting any illegal activities in the Factory; and (iv) failing to pay the rental for more than 3 months.

***First right to purchase***

Should Jiaxing Futing decide to sell the Factory, a three-month written notice shall be given to Shinyou Mould in advance and Shinyou Mould shall have a first right to purchase the Factory on the same conditions offered to others by Jiaxing Futing, subject to compliance with the Listing Rules.

**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 FUTING**

Jiaxing Futing is a company established in the PRC with limited liability and is principally engaged in research and development, manufacture and processing of moulds and related technical advisory services.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE AGREEMENT AND RENTAL AGREEMENT**

Historically, the Group sourced the required equipment and materials for production from Jiaxing Futing. As the Group has been informed that Jiaxing Futing is expected to cease production of the relevant materials, the Group has decided to purchase the relevant production equipment in addition to the materials it currently needs in order to ensure the ongoing operational needs of the Group is met. The entering into of the Purchase Agreement would therefore ensure that there will be continuing supply of quality low-value consumables and semi-finished moulds at a reasonable and controlled cost.

Taking into account the location, site area and the factors relating to the Factory, and the growing demand of the Group's production capacity, the Board considers the entering into of the Rental Agreement provide the Group a timely opportunity to seize additional production capacity for immediate use at a reasonable cost.

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors and excluding the Directors who are required to abstain from voting) consider that the Purchase Agreement and Rental Agreement are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, and the terms of the Purchase Agreement and Rental Agreement are fair and reasonable.

Save for Ms. Chin Chien Ya who is an executive Director and the daughter of Mr. Chin (a controlling shareholder and a former executive Director in the last 12 months), none of the Directors has a material interest in the Purchase Agreement and the Rental Agreement and the transactions respectively contemplated thereunder. Accordingly, none of the other Directors is required to abstain from voting on the relevant Board resolutions to approve the Purchase Agreement and the Rental Agreement and the transactions respectively contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As Jiaxing Futing is a company indirectly wholly-owned by Mr. Chin, a controlling shareholder and a former executive Director in the last 12 months, Jiaxing Futing is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and Jiaxing Futing contemplated under the Purchase Agreement and the Rental Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions under the Purchase Agreement and the Rental Agreement, where on an aggregated basis, is more than 0.1% but less than 5%, the transactions under the Purchase Agreement and the Rental Agreement are subject to the reporting and announcement requirements, but are 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 otherwise requires, the following terms shall have the following meanings:

|           |   |
|-----------|---|
| “Assets”  | raw material, low-value consumables, semi-finished moulds, fixed assets and intangible assets as set out in the Purchase Agreement, which are required by the Group to facilitate its daily operation and production; |
| “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;   |

|                           |   |
|---------------------------|---|
| “controlling shareholder” | has the meaning given to it under the Listing Rules;  |
| “Director(s)”             | the director(s) of the Company;   |
| “Factory”                 | the factory located at No.565, Bazi Road, Xiuzhou District, Jiaxing City, Zhejiang Province, the PRC, with a total gross floor area of 5,811 square meters;   |
| “Group”                   | the Company and its subsidiaries;   |
| “HK\$”                    | Hong Kong dollar, the lawful currency of Hong Kong;   |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the PRC;   |
| “Jiaxing Futing”          | Jiaxing Futing Mechanical Co., Ltd.* (嘉興富廷機械有限公司), a company established in the PRC with limited liability; indirectly wholly-owned by Mr. Chin, a controlling shareholder and a former executive Director in the last 12 months; |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “Mr. Chin”                | Mr. Chin Jong Hwa, the controlling shareholder of the Company which currently indirectly holds approximately 39.11% of the total issued shares of the Company and also a former executive Director in the last 12 months;         |
| “PRC”                     | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;   |
| “Purchase Agreement”      | the Purchase Agreement entered into between Shinyou Mould and Jiaxing Futing on 6 May 2020, pursuant to which Jiaxing Futing agrees to sell the Assets to Shinyou Mould;  |
| “Rental Agreement”        | the Rental Agreement entered into between Shinyou Mould and Jiaxing Futing on 6 May 2020, pursuant to which Jiaxing Futing agrees to lease the Factory to Shinyou Mould;  |
| “RMB”                     | Renminbi, the lawful currency of the PRC;   |
| “Shinyou Mould”           | Jiaxing Shinyou Mould Tech Co., Ltd.* (嘉興信元精密模具科技有限公司), a wholly-owned subsidiary of the Company, which is a company established in the PRC with limited liability;   |

“Stock Exchange”      The Stock Exchange of Hong Kong Limited;

“%”      percentage.

*In this announcement, amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.096. 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  
**Mint Group Limited**  
**Huang Chiung Hui**  
*Chairperson*

Hong Kong, 6 May 2020

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

\* *For identification purposes only*