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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  
IN RELATION TO CAPITAL INCREASE AGREEMENT AND  
DEEMED DISPOSAL IN A SUBSIDIARY**



**Independent Financial Adviser to the Independent Board Committee**

**Capital Increase Agreement**

The Board is pleased to announce that on 2 March 2017, Cheerplan (China), a wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Huai'an Development and Best Treasure, pursuant to which each of Huai'an Development and Best Treasure agreed to make capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) respectively to Jiangsu Min'an.

The Group intends to continue to diversify into the electric vehicle manufacturing business through Jiangsu Min'an as it strongly believes in the growth potential of the electric vehicle market. However given the investment size and the uncertainty of the success and return in connection with such project, the Board believes that it would be commercially more prudent to invite Best Treasure and Huai'an Development to share in the requisite additional financial commitment to such project. This enables the Group to continue to deploy its core resources for its principal business without the risk of a significant investment in this project at this time and, through the Call Option, to continue to have the option to participate in the potential upside in the next two years, during which time the Group can monitor the development of such market.

Upon completion of the Capital Increase, (i) the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK\$1,007.5 million); and (ii) the equity interest in Jiangsu Min'an will be held as to approximately 12.7% by Cheerplan (China), 50% by Huai'an Development and approximately 37.3% by Best Treasure. Accordingly, Jiangsu Min'an will cease to be an indirect subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements.

### **Listing Rules Implications**

Best Treasure is a connected person (as defined under the Listing Rules) of the Company by virtue of it being a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and non-executive Director of the Company. Accordingly, the transaction under the Capital Increase Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase Agreement constitutes a deemed disposal. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal are less than 5%, the transaction contemplated under the Capital Increase Agreement is exempt from reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Chapter 14A of the Listing Rules, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company. Since all of the applicable percentage ratios exceed 0.1% but are less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Notwithstanding that shareholders' approval is not required under the Listing Rules, given the importance of the Group's diversification into the electric vehicle manufacturing business, the Directors decided to hold a shareholders' meeting and seek the Independent Shareholders' approval on the transaction.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Capital Increase Agreement. Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

An EGM will be convened to consider and, if thought fit, approve the Capital Increase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Capital Increase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders regarding the Capital Increase Agreement; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection thereto; and (iv) the notice convening the EGM is expected to be despatched to the Shareholders on or before 3 April 2017.

The Board is pleased to announce that on 2 March 2017, Cheerplan (China), a wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Huai'an Development and Best Treasure, pursuant to which each of Huai'an Development and Best Treasure agreed to make capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) respectively to Jiangsu Min'an.

Further particulars of the Capital Increase Agreement are set out below:

**Date of the Transaction:** 2 March 2017

**Parties:**

- (a) Cheerplan (China);
- (b) Huai'an Development; and
- (c) Best Treasure.

**Target Company:** Jiangsu Min'an

**Capital Commitment:** Pursuant to the Capital Increase Agreement, Best Treasure will become a new equity holder of Jiangsu Min'an, and each of Best Treasure and Huai'an Development will make capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) respectively to Jiangsu Min'an. Such capital contributions will be recognised as to US\$48.5 million (equivalent to approximately HK\$375.9 million) as registered capital of Jiangsu Min'an, and as to approximately US\$1.2 million (equivalent to approximately HK\$9.5 million) as share premium. Upon completion of the Capital Increase, the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK\$1,007.5 million) which will comprise contributions by the following equity holders:

Cheerplan (China)	US\$16.5 million (approximately HK\$127.9 million)
Huai'an Development	US\$65.0 million (approximately HK\$503.8 million)
Best Treasure	US\$48.5 million (approximately HK\$375.9 million)

Accordingly, upon the completion of the Capital Increase, Jiangsu Min'an will be owned as to approximately 12.7% by Cheerplan (China), as to 50% by Huai'an Development and as to approximately 37.3% by Best Treasure.

The amount of capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million), payable by each of Best Treasure and Huai'an Development respectively, was determined after arm's length negotiations among the parties to the Capital Increase Agreement with reference to, among other things, the registered capital of Jiangsu Min'an, the preliminary valuation by an independent valuer (which values Jiangsu Min'an at approximately USD33,840,000 (equivalent to approximately HK\$262.3 million)) and the expected capital requirements of Jiangsu Min'an.

**Completion:**

Jiangsu Min'an shall complete the necessary registration procedures with the relevant authorities in the PRC in connection with the capital contributions within 90 Business Days of the date of the Capital Increase Agreement, that is, by 11 July 2017.

Best Treasure has committed to make such funding within two years after signing the Capital Increase Agreement, that is, by 2 March 2019. Huai'an Development will make its contribution on or before the relevant deadline to be stipulated in the amended articles of association of Jiangsu Min'an in connection with the registration of the capital increase.

**Board Composition:**

Upon completion of the Capital Increase, the Board shall comprise four directors, of whom two shall be nominated by Best Treasure, one by Cheerplan (China) and one by Huai'an Development.

**Other material terms:**

Within two years after the signing of the Capital Increase Agreement, Cheerplan (China) or its designated company shall be entitled to purchase from Best Treasure approximately 12.3% of the equity interests in Jiangsu Min'an, as enlarged by the capital contributions pursuant to the Capital Increase Agreement, at the price at which Best Treasure contributed to Jiangsu Min'an under the Capital Increase Agreement (hereinafter referred to as the "**Call Option**"). The Call Option can be exercised in stages, partial or in full. The Call Option not exercised within the prescribed period will lapse.

If Best Treasure proposes to transfer all or part of the equity interest in Jiangsu Min'an to a third party within two years from the signing of the Capital Increase Agreement, Cheerplan (China) shall have the right to sell the same proportion of equity interest in Jiangsu Min'an (that is, the proportion representing the equity interest being transferred by Best Treasure to the total equity of Jiangsu Min'an held by Best Treasure immediately prior to such transfer) to the same third party with Best Treasure at a price not less than Best Treasure's transfer price to such third party, and Best Treasure shall procure the third party to buy such equity interest in Jiangsu Min'an from Cheerplan (China). Cheerplan (China) shall also have the right to transfer the Call Option not yet exercised, in part or in full, under the Capital Increase Agreement to the same third party according to the terms of the Capital Increase Agreement.

## INFORMATION OF THE TARGET COMPANY

The principal business of Jiangsu Min'an is research and development, and the manufacture of pure electric passenger vehicles.

In February 2015, Cheerplan (China) and Huai'an Development entered into an agreement, pursuant to which Cheerplan (China) and Huai'an Development agreed to establish Jiangsu Min'an as a joint venture with registered capital to be US\$33.0 million. Jiangsu Min'an was established in February 2015 as a limited liability company in PRC with its registered capital to be US\$33.0 million (equivalent to approximately HK\$255.8 million). As at the date of this announcement, Jiangsu Min'an is owned as to 50% by Cheerplan (China) and 50% by Huai'an Development.

Set out below is the financial information of Jiangsu Min'an for the two years ended 31 December 2016:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2016</b>
	<b>(audited under</b>	<b>(unaudited)</b>
	<b>PRC GAAP)</b>	<b>(unaudited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	4,760	34,105
Net loss after tax	4,760	34,105

As at 31 December 2016, the unaudited net asset value of Jiangsu Min'an was approximately RMB62,033,000 (equivalent to approximately HK\$70,097,000).

## GENERAL INFORMATION AND RELATIONSHIP OF THE PARTIES

### 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).

### Huai'an Development

According to the information provided by Huai'an Development, Huai'an Development is a company established under the laws of the PRC on 22 April 2005 and is ultimately owned by the Huai'an municipal government. Huai'an Development is principally engaged in the investment, operation and management of state-owned assets within the Huai'an Economic Development Zone.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Huai'an Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as at the date of this announcement.

### **Best Treasure**

Best Treasure is an investment company incorporated in Hong Kong on 8 October 2015 with limited liability. It is indirectly wholly-owned by Mr. Chin (the ultimate controlling Shareholder of the Company) and is therefore a connected person of the Company under the Listing Rules.

### **Financial Effect of the Capital Increase**

As at the date of this announcement, Jiangsu Min'an is held as to 50% by the Company through Cheerplan (China) and is accounted for as an indirect subsidiary of the Company. Upon completion of the Capital Increase, Jiangsu Min'an will cease to be accounted for as an indirect subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements as a subsidiary.

Based on the information available to the Company, it is estimated that (i) the gain on the deemed disposal of approximately 37.3% equity interest in Jiangsu Min'an amounting to approximately RMB55.3 million (equivalent to approximately HK\$62.5 million) will be recognised in the Group's consolidated financial statements, being the difference of the fair value of equity interest in Jiangsu Min'an being disposed which amounts to approximately US\$16.9 million (equivalent to approximately HK\$131.1 million) and the net asset value of Jiangsu Min'an as of the date of disposal; and (ii) value of the Call Option of approximately US\$4.6 million (equivalent to approximately HK\$35.7 million) will also be recognized in the Group's consolidated financial statements. For calculating the gain on the deemed disposal, reference is made to the preliminary valuation performed by an independent valuer as to the fair value of the equity interest in Jiangsu Min'an as at 31 December 2016.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

The Group is principally engaged in the design, manufacture and sale of parts for passenger vehicles. In order to diversify into pure electric vehicle business, the Group has injected US\$16.5 million (equivalent to approximately HK\$127.9 million) into Jiangsu Min'an. The development of pure electric vehicle requires substantial financial resources for its research. The introduction of new investor into Jiangsu Min'an and the increase in its registered capital can raise additional funds to meet its long term business development needs and research. The Capital Increase Agreement also provides the Company with the Call Option to purchase from Best Treasure approximately 12.3% equity interest in Jiangsu Min'an within two years at the same price at which Best Treasure entered into the Capital Increase Agreement. Given the uncertainty on the success and return in connection with such project, the Call Option gives the Group more flexibility in its financial commitment whilst locking in the level of investment cost and mitigating investment risk.



In view of the above, the Directors (excluding the Directors who are required to abstain from voting, and excluding the independent non-executive Directors whose opinion will be given after receiving advice from the Independent Financial Adviser) are of the view that the Capital Increase Agreement is in the ordinary and usual course of business of the Group, and the terms of the Capital Increase Agreement are on normal commercial terms, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Chin, a Director and substantial shareholder of the Company, is also the sole director and ultimate beneficial owner of Best Treasure, a party to the Capital Increase Agreement. Consequently, Mr. Chin has a material interest in the Capital Increase Agreement and he and his daughter, Ms. Chin Chien Ya, who is also a Director, abstained from voting on the Board resolution in respect of the Capital Increase Agreement.

## **USE OF PROCEEDS**

The Capital Increase Agreement will strengthen the capital base of Jiangsu Min'an, providing it with additional funds to advance its electric vehicle project. Such proceeds are expected to be used primarily for acquisition of production equipment and research and development for production of pure electric vehicle.

## **LISTING RULES IMPLICATIONS**

Upon completion of the Capital Increase, (i) the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK\$1,007.5 million); and (ii) the equity interest in Jiangsu Min'an will be held as to approximately 12.7% by Cheerplan (China), 50% by Huai'an Development and approximately 37.3% by Best Treasure. Accordingly, Jiangsu Min'an will cease to be a subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements.

Best Treasure is a connected person (as defined under the Listing Rules) of the Company by virtue of it being a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and non-executive Director of the Company. Accordingly, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase Agreement constitutes a deemed disposal. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal are less than 5%, the transaction contemplated under the Capital Increase Agreement is exempt from announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Chapter 14A of the Listing Rules, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company. Since all of the applicable percentage ratios exceed 0.1% but are less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Notwithstanding that shareholders' approval is not required under the Listing Rules, given the importance of the Group's diversification into the electric vehicle manufacturing business, the Directors decided to hold a shareholders' meeting and seek the Independent Shareholders' approval on the transaction.

## GENERAL

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Capital Increase Agreement. Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

An EGM will be convened and held to consider and, if thought fit, approve, among other things, the Capital Increase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Capital Increase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders regarding the Capital Increase Agreement; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection thereto; and (iv) the notice convening the EGM is expected to be despatched to the Shareholders on or before 3 April 2017.

## DEFINITIONS

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

“Best Treasure”	Best Treasure (China) Limited (實益(中國)有限公司), a company incorporated in Hong Kong with limited liability
“Board”	the Board of Directors
“Business Day”	a day (except public holidays, Saturdays and Sundays) on which licensed banks are open for business in the PRC
“Capital Increase”	the capital contributions by each of Best Treasure and Huai’an Development of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) to Jiangsu Min’an
“Capital Increase Agreement”	the capital increase agreement dated 2 March 2017 and entered into between Cheerplan (China), Huai’an Development and Best Treasure in relation to the Capital Increase
“Cheerplan (China)”	Cheerplan (China) Investments Co., Ltd.* (展圖(中國)投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Company”	Mint 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



“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the terms of the Capital Increase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Huai’an Development”	Huai’an Development Holdings Co., Ltd.* (淮安開發控股有限公司), a state-owned company incorporated in the PRC with limited liability
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Wu Fred Fong, Dr. Wang Ching and Ms. Yu Zheng, established for the purpose of advising the Independent Shareholders on the terms of the Capital Increase Agreement
“Independent Financial Advisor”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO, and which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Capital Increase Agreement
“Independent Shareholders”	Shareholders other than Mr. Chin and Mr. Chin’s associates and those who are required to abstain from voting on the resolution at the EGM approving the Capital Increase Agreement and the transactions contemplated thereunder
“Jiangsu Min’an”	Jiangsu Min’an Electric Cars Co., Ltd.* (江蘇敏安電動汽車有限公司), a company incorporated in PRC with limited liability, and which is a subsidiary of the Company as at the date of this announcement
“Listing Rules”	The 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 39.54% of the total issued Shares and also a non-executive Director of the Company

“PRC”	The People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	dollars of the United States of America, the lawful currency of the United States of America

*In this announcement, amounts in US\$ are converted into HK\$ on the basis of US\$1 = HK\$7.75 and amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.13. The conversion rates above are 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**  
**Shi Jian Hui**  
*Chairman*

Hong Kong, 2 March 2017

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

\* *for identification only*