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美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1389)

MAJOR TRANSACTION

THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 9 August 2018 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares for the Consideration of HK\$52,000,000, which shall be satisfied as to (i) HK\$49,920,000 by way of allotment and issue of the Consideration Shares to the Vendor credited as fully paid and (ii) HK\$2,080,000 by cash. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and all the financial results and assets and liabilities of the Target Company will be consolidated to the financial statements of the Group.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular and shareholders' approval requirements under the Listing Rules.

* For identification purpose only

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Acquisition. As at the date of this announcement, the Relevant Shareholders, being a closely allied group of Shareholders, control an aggregate of 1,500,500,000 Shares, which represents approximately 62.52% of the total number of issued Shares of the Company and written Shareholders' approval for the Acquisition has been obtained from the Relevant Shareholders. Accordingly, pursuant to Rule 14.44 of the Listing Rules, such written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Acquisition Agreement upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition will be despatched to the Shareholders. As more time is required to prepare the relevant information to be included in the circular, the Company will apply for an extension of time for dispatch of the circular by no later than 30 September 2018.

Shareholders and potential investors should note that the Acquisition contemplated under the Acquisition Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

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THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out below:

Date: 9 August 2018 (after trading hours of the Stock Exchange)

Parties: (1) Beyond Elite Limited
(2) Zheng Huanming

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired: the Sale Shares, representing the entire issued share capital of the Target Company

Consideration: HK\$52,000,000, which shall be satisfied in the following manner:

- (a) as to HK\$49,920,000 by way of allotment and issue of 480,000,000 Consideration Shares at the issue price of HK\$0.104 per Consideration Share to the Vendor upon Completion; and
- (b) as to the remaining balance of HK\$2,080,000, by cash on or before 9 August 2019.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, (i) the financial conditions of the Target Company; (ii) the profit guarantee as elaborated below; (iii) the future business prospects of the Target Company; and (iv) other reasons and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below.

The Directors (including the independent non-executive Directors) consider that the Consideration to be fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Consideration Shares: The Consideration Shares to be allotted and issued, assuming there will not be any issue or repurchase of Shares prior to Completion, will represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares when allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

The issue price of HK\$0.104 per Consideration Share represents:

- (a) the closing price per Share as quoted on the Stock Exchange on 9 August 2018, being the date of the Acquisition Agreement;
- (b) a discount of approximately 0.57% to the average of the closing prices of HK\$0.1046 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 8 August 2018.

The issue price was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the current market price. The Directors (including the independent non-executive Directors) consider that the issue price is fair and reasonable and in the interests of the Shareholders as a whole.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Profit Guarantee:

The Vendor irrevocably warrants, guarantees and undertakes that the Net Profit of the Target Company during the Relevant Periods shall not be less than the following (the “**Guaranteed Profit**”):

Relevant Period	Guaranteed Profit (HK\$)
First Relevant Period	2,500,000
Second Relevant Period	3,000,000

In the event that the Net Profit during a Relevant Period is less than the Guaranteed Profit for such Relevant Period, the Purchaser shall be entitled to a cash sum which is equal to the following amount in respect of such Relevant Period (the “**Shortfall Payment**”):

$$\text{Shortfall Payment} = 10 \times (\text{Guaranteed Profit} - \text{Net Profit})$$

In the event that the Company does not have any Net Profit or incurs a net loss after tax for a Relevant Period, the Purchaser shall be entitled to a cash sum in Hong Kong dollars which is equal to the following amount in respect of such Relevant Period (the “**Cash Sum**”):

$$\text{Cash Sum} = 10 \times \text{Guaranteed Profit}$$

The Vendor shall pay to the Purchaser the Shortfall Payment or the Cash Sum (if any in respect of each Relevant Period) in cash within 7 business days after the audited accounts have been prepared and copy of which have been provided by the Purchaser to the Vendor.

As security for the profit guarantee, the Vendor will be required to deposit certificate(s) to 20% of the Consideration Shares with an escrow agent upon Completion in accordance with the terms of the Acquisition Agreement, which will restrict the subsequent sale of such Consideration Shares by the Vendor.

- Conditions Precedent:**
- (a) the Vendor having transferred the Agreed Stocks to the Target Company in accordance with the terms of the Acquisition Agreement;
 - (b) the Purchaser undertaking a due diligence investigation in respect of the Target Company including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Company and the Purchaser being satisfied in its absolute discretion with the results of such due diligence investigation;
 - (c) all approvals of the Directors and Shareholders of the Company and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the Acquisition Agreement having been made and all applicable statutory or other legal obligations having been complied with;
 - (d) no event having occurred since the date of the Acquisition Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company and such material adverse effect shall not have been caused;
 - (e) the Vendor's warranties in the Acquisition Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Acquisition Agreement and Completion;
 - (f) the Purchaser having obtained the written approval from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting of the Company to approve the transactions contemplated in the Acquisition Agreement including but not limited to the allotment and issue of the Consideration Shares (or passing by the Shareholders at a special general meeting of the Company of an ordinary resolution to approve the same if so required);
 - (g) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
 - (h) receipt by the Purchaser of all necessary licences, approvals and consents in respect of the transactions contemplated under the Acquisition Agreement.

If the conditions have not been fulfilled by the Purchaser on or before the Long Stop Date, the provisions of the Acquisition Agreement (other than certain specified provisions) shall from such date have no effect and no party shall have any liability under them but without prejudice to the rights of any of the parties in respect of antecedent breaches.

Completion

Completion is expected to take place on the second business day after the fulfilment of the last of the conditions mentioned above.

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated with the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability on 8 April 2011. The Target Company is principally engaged in trading of wine and wine storage in Hong Kong and offers wine storage and wine consignment services.

The Target Company's financial statements for years ended 31 March 2016, 2017 and 2018 were audited by its auditor. Set out below is the financial information of the Target Company:

	For the year ended 31 March 2016 <i>HK\$'000</i> (Audited)	For the year ended 31 March 2017 <i>HK\$'000</i> (Audited)	For the year ended 31 March 2018 <i>HK\$'000</i> (Audited)
Net profit before tax	486,026	490,780	1,775,736
Net profit after tax	387,181	389,306	1,476,505
Net assets (<i>Note</i>)	22,177,389	22,566,695	21,973,200
Total assets	22,763,565	23,582,643	25,157,962
Total revenue	20,337,775	23,291,768	30,630,806

Note: Excluding the Agreed Stocks with a value of HK\$12,000,000 to be transferred by the Vendor to the Target Company prior to Completion

An accountant's report of the Target Company shall be included in the circular to be despatched to the Shareholders in respect of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in sale and distribution of premium wine and spirits products primarily through retail channels in Hong Kong. The Directors have been proactively seeking appropriate investment opportunities to enhance the long-term growth of the Group and the return to the Shareholders.

The principal business of the Target Company complements the business of the Group and will immediately provide the Group with an established wine storage platform and access to premium wine suppliers, enabling the Group to provide an expanded offering of wine products and related services (including wine storage and wine consignment services) to our existing clients and to attract new clients. Further, wine storage fees and consignment fees generated by the Target Company can diversify and strengthen the revenue sources of the Group and accelerate its growth and development in the near future. The Target Company has also maintained long-term relationships with certain overseas premium wine suppliers with which the Group had not able to establish relationship, thereby increasing the range of premium wine products to be sold by the Group. Further, the Directors consider that the wine stocks of the Target Company together with the Agreed Stocks to be transferred to the Target Company by the Vendor prior to Completion, have significant potential for asset appreciation in the near future and can generate additional revenue for the Group.

GENERAL MANDATE

The Consideration Shares will be issued under the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 20% of the total number of the issued Shares on the date of passing of such resolution on 30 August 2017, namely up to 480,000,000 Shares. Up to the date of this announcement, no Share has been allotted or issued pursuant to the General Mandate. Accordingly, the issue of the Consideration Shares is not subject to any further approval of the Shareholders.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular and shareholders' approval requirements under the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Acquisition. As at the date of this announcement, the Relevant Shareholders, being a closely allied group of Shareholders, control an aggregate of 1,500,500,000 Shares, which represents approximately 62.52% of the total number of issued Shares of the Company and written Shareholders' approval for the Acquisition has been obtained from the Relevant Shareholders. Accordingly, pursuant to Rule 14.44 of the Listing Rules, such written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Acquisition Agreement upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules.

The Relevant Shareholders are as follows:

Name	Number of Shares held	Approximate percentage shareholding (Note 1)
Silver Tycoon Limited (Note 2)	761,000,000	31.71%
High State Investments Limited (Note 3)	739,500,000	30.81%
Total	1,500,500,000	62.52%

Notes:

1. The percentage was calculated based on 2,400,000,000 issued Shares as at the date of this announcement.
2. Silver Tycoon Limited is beneficially owned by Mr. Cheung Chun To, the chairman and an executive Director of the Company.
3. High State Investments Limited is beneficially owned by Mr. Leung Chi Kin Joseph, an executive Director of the Company.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Acquisition; and (ii) financial information of the Group; and (iii) financial information of the Target Company shall be despatched within 15 business days after publication of this announcement. As more time is required to prepare the financial information to be included in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules from the Stock Exchange so that the despatch date of the circular can be postponed to a date more than 15 business days after publication of this announcement, which is expected to be on or before 30 September 2018.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement entered into between the Purchaser and the Vendor
“Agreed Stock”	certain wine stocks as set out in the Acquisition Agreement with a value of no less than HK\$12,000,000 to be transferred by the Vendor to the Target Company by way of capital contribution
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Company”	Major Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$52,000,000 payable by the Purchaser for the Acquisition
“Consideration Shares”	480,000,000 Shares to be allotted and issued by the Company at the issue price of HK\$0.104 to the Vendor upon Completion pursuant to the terms of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“First Relevant Period”	the period from 1 April 2018 to 31 March 2019 (both days inclusive)
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 30 August 2017 to allot, issue or otherwise deal with the unissued Shares and to make or grant offers, agreements and options to the extent of not more than 20% of the then issued share capital of the Company as at the date of the said annual general meeting
“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 People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2018
“Net Profit”	in respect of a Relevant Period, the net profit after tax of the Target Company as to be shown in the audited accounts of the Target Company for such Relevant Period

“Purchaser”	Beyond Elite Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Relevant Periods”	the First Relevant Period and the Second Relevant Period
“Relevant Shareholders”	Silver Tycoon Limited and High State Investments Limited
“Sale Shares”	20,700,000 shares in the capital of the Target Company, representing the entire issued share capital of the Target Company
“Second Relevant Period”	the period from 1 April 2019 to 31 March 2020 (both days inclusive)
“Share(s)”	ordinary share(s) of HK\$0.00125 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	The Wine Cave Company Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Mr. Zheng Huanming
“%”	per cent

By order of the Board
Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 9 August 2018

As at the date of this announcement, the executive Directors are Mr. Cheung Chun To, Mr. Leung Chi Kin Joseph and Ms. Cheung Wing Shun, the independent non-executive Directors are Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak.