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COMBEST HOLDINGS LIMITED

康佰控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8190)

DISCLOSEABLE TRANSACTION

Financial adviser



Grand Harbour Corporate Finance Limited

THE ACQUISITION

On 1 April 2017, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares at a consideration of HK\$170,000,000.

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and the principal activity of the Target Group is to be conducted by TAR Fund Management (Cayman) Limited, a fund investment manager which derives income from fund management fees, consultancy fee, administration fee and/or performance fee.

GEM LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

* For identification purposes only

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SALE AND PURCHASE AGREEMENT

Date: 1 April 2017

Parties: (1) the Company (as purchaser); and
(2) the Vendor (as vendor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor is an investment holding company, and it and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The Sale Shares, being 51% of the entire issued share capital of the Target Company.

Consideration

The consideration for the Sale Shares is HK\$170,000,000, which shall be satisfied by cash by the Company to the Vendor or its nominee(s) at Completion. The consideration was reached based on arm's length negotiation between the Company and the Vendor by reference to the historical profitability and business prospects of the Target Group and the profit guarantee as stated below.

Profit Guarantee

Subject to Completion, the Vendor irrevocably and unconditionally guarantees to the Company that for the guaranteed period from 1 January 2017 to 31 December 2017 (the "**Guaranteed Period**"), the actual profit before tax received by the Target Group (the "**Actual Profit**") shall not be less than HK\$30,000,000 (the "**Guaranteed Profit**").

If the Actual Profit in the Guaranteed Period is less than the amount of the Guaranteed Profit, the Vendor shall pay to the Company the compensation amount in cash according to the following formula:–

$$A = (\text{Guaranteed Profit} - \text{Actual Profit}) \times 11.12 \times 51\%$$

, whereas A is the amount of compensation (“**Compensation Amount**”). Where the Actual Profit is negative, it shall be deemed to be zero. The maximum amount of the Compensation Amount shall be HK\$170,000,000. For the avoidance of doubt, no compensation will be made if the Actual Profit is more than the Guaranteed Profit.

Conditions Precedent

Completion shall take place on the next business day after the last of the following conditions precedent is satisfied (or otherwise waived by the Company):

- (a) the outcome of the Company’s financial, legal and business due diligence against the Target Group to the satisfaction of the Company;
- (b) the passing by the directors of the Vendor all necessary resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) the warranties remaining true and correct in all respects and not misleading in any respect at Completion as if repeated at all times between the date of the Sale and Purchase Agreement up to Completion; and
- (d) all necessary approvals, permits, consents and authorization having been obtained by the parties in connection with the transactions contemplated under the Sale and Purchase Agreement, whether pursuant to law, regulatory compliance or the GEM Listing Rules or otherwise.

The Sale and Purchase Agreement shall be terminated automatically if any of the above conditions is not satisfied or waived (whether in whole or in part by the Company as to the conditions above (so far as it relates to the Vendor)) on or before 30 June 2017 (the “**Long Stop Date**”) (unless the parties have agreed in writing to extend the Long Stop Date for fulfilment of any of the relevant conditions) and none of the parties shall have any claim against the other party save in respect of any antecedent breaches of the terms of the Sale and Purchase Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and the principal activity of the Target Group is to be conducted by TAR Fund Management (Cayman) Limited, a fund investment manager (the “**Investment Manager**”) which derives income from fund management fees, consultancy fee, administration fee and/or performance fee.

As at the date of this announcement, the Target Group manages funds with a total assets under management of more than HK\$2,200,000,000. Major funds include (i) TAR Private Equity Fund L.P.; (ii) TAR Capital Fund SPC and (iii) TAR Opportunities Fund SPC.

(i) **TAR Private Equity Fund L.P.**

TAR Private Equity Fund L.P. is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law, 2014 of the Cayman Islands.

The purpose of TAR Private Equity Fund L.P. is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by its general partner (being a wholly-owned subsidiary of the Target Company) that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors with parameters as set out in the relevant limited partnership agreement. The investment can be in form of equity investments and/or debt instruments.

(ii) **TAR Capital Fund SPC**

TAR Capital Fund SPC is an exempted company with limited liability and registered as a segregated portfolio company in the Cayman Islands. TAR Capital Fund SPC currently establishes a segregated portfolio called TAR Growth Fund SP.

The purpose of TAR Growth Fund SP is to achieve capital appreciation over time, primarily through long and short investments in stocks, futures and options contracts on global equity and derivatives markets. TAR Growth Fund SP relies on a structured investment process that utilises proprietary stock screening tools, a specialised knowledge database, rigorous company analysis through customised financial models and strict risk management guidelines.

(iii) TAR Opportunities Fund SPC

TAR Opportunities Fund SPC is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands. TAR Opportunities Fund SPC currently establishes three segregated portfolios called TAR High Value Fund SP, TAR High Value Fund SP II and TAR High Value Fund SP III.

The purpose of TAR High Value Fund SP is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by the directors that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors. The investment can be in form of equity investments and/or debt instruments including but not limited to convertible or exchangeable bonds, notes and debentures.

The purpose of TAR High Value Fund SP II and TAR High Value Fund SP III is to carry on the business of investing, holding, monitoring and realizing private debt investments made to entities identified by the directors, which are engaged in financial services, natural resources and/or property investment and development, with the objective of seeking fixed income returns with a reasonable degree of security. The investments may be secured or unsecured and may be in the form of loans originated by the portfolio, existing loans or interests therein purchased by the portfolio, or may also be in form of debt instruments including but not limited to bonds (including convertible or exchangeable bonds), notes and debentures.

Financial Information of the Target Group

According to the consolidated management accounts as provided by the Vendor, the unaudited profit before and after taxation of the Target Group were approximately US\$544,000 (representing approximately HK\$4,243,200) and US\$544,000 (representing approximately HK\$4,243,200) respectively for the year ended 31 December 2015, while the unaudited profit before and after taxation of the Target Group were approximately US\$1,294,000 (representing approximately HK\$10,093,200) and US\$1,294,000 (representing approximately HK\$10,093,200) respectively for the year ended 31 December 2016. The unaudited net assets of the Target Group amounted to approximately US\$14,663,000 (representing approximately HK\$114,371,400) as at 31 March 2017.

REASONS FOR THE ACQUISITION

The Company is principally engaged in two business segments, namely (i) money lending and provision of credits; and (ii) advisory services includes provision of consultancy services and company secretarial services.

The Investment Manager provides day-to-day management services to the fund investments. The Investment Manager has extensive experience on fund operation, assets management and investment analysis. As shown by the information provided by the Investment Manager, the funds managed by it have been honored with various awards in 2015, including “Best Fund in Asia” at the Alternative Investment Awards, “Leading Fund Manager of the Year” at the ACQ Global Awards, and “Best Asia Pacific Focused Long/Short Equity Fund” at the Corporate LiveWire Global Fund Awards.

Based on the track records and extensive experience of the Target Group, the Board believes that the Company will be able to capture investment opportunities and potential investment returns through the Acquisition and broaden the Group’s income base.

With reference to (i) track record and prospect of the Target Group and (ii) the profit guarantee under the Sale and Purchase Agreement, the Board considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Combest Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	means the director(s) of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is/are independent of and not connected with any of the connected persons of the Company or any of their respective associates
“Sale and Purchase Agreement”	the conditional sale and purchase agreement in relation to the Acquisition entered into between the Company and the Vendor on 1 April 2017
“Sale Shares”	51 shares of the Target Company, representing 51% of the entire issued share capital of the Target Company as at the date of this announcement
“Share(s)”	ordinary share(s) HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ultra Rich Global Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Novel Shine Limited, a company incorporated in the British Virgin Islands with limited liability

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

By Order of the Board
Combest Holdings Limited
Lee Man To
Executive Director

Hong Kong, 1 April 2017

As at the date of this announcement, the Board is composed of Mr. Liu Tin Lap and Mr. Lee Man To as executive Directors, Mr. Chan Ngai Sang, Kenny, Mr. Nguyen Van Tu, Peter and Dr. Cheng Chak Ho as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM’s website at www.hkgem.com on the “Latest Company Announcement” pages for 7 days from the date of this posting and the website of the Company at www.combestholdings.com.