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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)

CONTINUING CONNECTED TRANSACTION

THE AGREEMENTS

On 3 December 2018, the Company has, through its indirectly wholly-owned subsidiary, Jiaxing Minhui, as purchaser entered into a purchase agreement with Ningbo Chunmin as vendor to purchase the Products for the period from 3 December 2018 to 31 December 2019. The Board is pleased to announce that on 15 October 2019, Jiaxing Minhui and Ningbo Chunmin entered into a supplemental purchase agreement to extend the term of the Purchase Agreement for two years ending 31 December 2021.

LISTING RULES IMPLICATIONS

As Ningbo Chunmin is wholly-owned by Shun On Electronic and Mr. Chin (an executive Director and a controlling shareholder of the Company) and his associates are together indirectly beneficially interested in 38.81% of Shun On Electronic, Ningbo Chunmin is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of signing the Purchase Agreement, it was anticipated that the relevant transaction amount would not exceed 0.1% of the applicable percentage ratios of the Listing Rules. Based on the latest sales figures, the Company expects such transaction amount to grow beyond 0.1% on an annual basis for the year ending 31 December 2019 and for the extended term for the two years ending 31 December 2021 pursuant to the Supplemental Agreement. As the applicable percentage ratios for the revised transaction estimates under the Agreements are more than 0.1% but less than 5%, the transactions under the Agreements are only subject to the reporting and announcement requirements but are exempted from the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules.

THE AGREEMENTS

Set out below is a summary of the principal terms of the Agreements:

Dates

Purchase Agreement: 3 December 2018

Supplemental Agreement: 15 October 2019

Parties

- (1) Ningbo Chunmin (as vendor)
- (2) Jiaxing Minhui (as purchaser)

Subject matter

Pursuant to the Purchase Agreement, Ningbo Chunmin agreed to sell and Jiaxing Minhui agreed to purchase the Products for the period from 3 December 2018 to 31 December 2019. On 15 October 2019, the parties entered into the Supplemental Agreement to extend the term of the Purchase Agreement for two years ending 31 December 2021.

The price

The proposed price of each Product is set out in the Purchase Agreement and may be amended and supplemented by the parties from time to time during the term of the Agreements. Such prices were set by reference to the prevailing market prices. The basis of determining such prices will in any event be no less favourable to the Company than those available from independent third parties in similar transactions. To ensure that the prices are not less favourable than those available from third parties, the Company has adopted the following measures:

- (1) the Company sets the price of each Product with reference to the market prices of the same or similar goods, which will be determined through periodic price researches conducted by the Company. In these price researches, the Company will obtain fee quotes from at least two other suppliers in the market for goods comparable to the Products;
- (2) the Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control manual on continuing connected transactions. The relevant personnel of the business department of the Company will conduct regular checks to review and will closely monitor such continuing connected transactions contemplated under the Agreements to ensure that these transactions were conducted in accordance with the terms of the

Agreements and will also regularly update the market prices for the purpose of considering if the prices charged for the transactions are fair and reasonable and in accordance with the aforesaid pricing policy;

- (3) the Company will in particular regularly review and monitor on the fair pricing and annual caps to ensure that they meet the management and regulatory requirements; and
- (4) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions, including but not limited to the assessment of the annual caps.

For each purchase of the Products, Jiaxing Minhui shall provide Ningbo Chunmin with a purchase order specifying the details of each proposed transaction, including but not limited to the product name, quantity of each product, proposed price of each product and delivery requirements. Such purchase order shall be accepted or deemed accepted by Ningbo Chunmin within 48 hours from the time the purchase order was issued. Ningbo Chunmin shall then deliver the products according to the purchase order to Jiaxing Minhui. The total consideration for each transaction shall be determined by the agreed price of each Product and the actual number of Products delivered to Jiaxing Minhui.

The term of payment

Ningbo Chunmin shall provide a sales summary with the price payable for transactions under the Agreements to Jiaxing Minhui by the fifteenth day of the month. Once Jiaxing Minhui confirmed such sales summary, Ningbo Chunmin will issue an official invoice to Jiaxing Minhui by the twentieth day of the same month and payment shall be made by Jiaxing Minhui to Ningbo Chunmin by the fifth day of the month following the sixtieth day from the date of the invoice.

At the time of signing of the Purchase Agreement, the aggregated annual transaction amount for the period from 3 December 2018 to 31 December 2019 was not expected to exceed 0.1% of the applicable ratios under the Listing Rules such that transactions under the Purchase Agreement shall be exempted from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

The cumulative transaction amount for the nine months ended 30 September 2019 is approximately RMB16,110,000 (equivalent to approximately HK\$17,860,000). However, due to the unexpected increase of the customers' demand, the Company realized the aggregate transaction amount under the Purchase Agreement for the three months ending 31 December 2019 are expected to reach approximately RMB19,970,000 (equivalent to

approximately HK\$22,140,000), of which the applicable percentage ratio may exceed 0.1%. As such, the annual caps for the three years ending 31 December 2021 in respect of the transactions under the Agreements are as follows:

Financial year ending 31 December		
2019	2020	2021
RMB36,080,000 (equivalent to approximately HK\$40,000,000)	RMB54,121,000 (equivalent to approximately HK\$60,000,000)	RMB72,161,000 (equivalent to approximately HK\$80,000,000)

The above annual caps are determined by reference to (i) the value of transactions between Jiaying Minhui and Ningbo Chunmin under the Purchase Agreement, (ii) average market prices of the relevant products and (iii) anticipated growth in the market demand for such Products taking into account the typical life cycle of automobile production and sales.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Group believes that by entering into the Agreements, it will not only help the Group to ensure a stable supply of the Products, but also secure additional business opportunities by working in closer cooperation with Ningbo Chunmin.

The Directors have confirmed that the terms and conditions under the Agreements were negotiated on an arm's length basis between the parties involved. 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 Agreements 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 Agreements are fair and reasonable.

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 Agreements and the transactions contemplated thereunder. Accordingly, save for Mr. Chin and Ms. Chin Chien Ya who abstained from voting, no other Director was required to abstain from voting on the relevant Board resolutions to approve the Agreements and the transactions contemplated thereunder.

INFORMATION OF THE GROUP AND OTHER 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).

Jiaxing Minhui

Jiaxing Minhui is a wholly-owned foreign investment enterprise established in the PRC which is an indirectly wholly-owned subsidiary of the Company. Jiaxing Minhui is principally engaged in the manufacture and sales of automobile parts, including but not limited to brake assemblies, motor assemblies, automobile lights, rearview mirrors, sealing materials, automobile accessories; the design and development of automobile parts; research and development of the manufacturing and production methods of automobile parts; and consultation and technical support services.

Ningbo Chunmin

Ningbo Chunmin is a limited company established in the PRC which is wholly-owned by Shun On Electronic. Ningbo Chunmin is principally engaged in the manufacturing of cameras, video recording devices and related products, and the design, production, research and development of automobile related electronic products.

Shun On Electronic

Shun On Electronic is the parent company of Ningbo Chunmin. Shun On Electronic is a company established in Taiwan with limited liability and is principally engaged in the business of automotive electronics and engineering, and is a manufacturer of computer components and membrane.

LISTING RULES IMPLICATIONS

As Ningbo Chunmin is wholly-owned by Shun On Electronic and Mr. Chin (an executive Director and a controlling shareholder of the Company) and his associates are together indirectly beneficially interested in 38.81% of Shun On Electronic, Ningbo Chunmin is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and Ningbo Chunmin contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As a result of the revised annual sales estimate for the year ending 31 December 2019 and the annual sales estimates for the two years ending 31 December 2021 as stated above, the applicable percentage ratios in respect of the transactions pursuant to the Agreements, on an annual basis, become more than 0.1% but less than 5%, and the transactions under the Agreements are therefore subject only to the reporting and announcement requirements but are exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreements”	the Purchase Agreement and the Supplemental Agreement;
“associate(s)”	has the meaning given to it under the Listing Rules;
“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;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Jiaxing Minhui”	Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零件有限公司), a wholly-owned foreign investment enterprise established in the PRC which is a wholly-owned subsidiary of the Company;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Chin”	Mr. Chin Jong Hwa, the Chairman, executive Director and ultimate controlling shareholder of the Company which as at the date of this announcement is indirectly interested in approximately 39.17% of the total issued shares of the Company;
“Ningbo Chunmin”	Ningbo Chunmin Electronic Co., Ltd.* (寧波淳敏電子有限公司), a company incorporated in the PRC which is wholly-owned by Shun On Electronic;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;

“Products”	automobile camera accessories, automobile video recording devices and parts;
“Purchase Agreement”	the purchase agreement entered into between Jiaxing Minhui and Ningbo Chunmin on 3 December 2018, pursuant to which Ningbo Chunmin agreed to sell and Jiaxing Minhui agreed to purchase the Products;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shun On Electronic”	Shun On Electronic Co., Ltd.* (淳安電子股份有限公司), a company established in Taiwan with limited liability;
“Supplemental Agreement”	the supplemental purchase agreement entered into between Jiaxing Minhui and Ningbo Chunmin on 15 October 2019 extending the term of the Purchase Agreement to 31 December 2021;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	percentage.

In this announcement, amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.109. 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, 15 October 2019

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