MING LAM HOLDINGS LIMITED
銘霖控股有限公司

(formerly known as Sino Haijing Holdings Limited 中國海景控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01106)

COMPLETION OF THE DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF DONG TAI YOU BANG WU LIU (HAI WAI) COMPANY LIMITED INVOLVING THE ISSUE OF THE CONSIDERATION SHARES AND THE ISSUE OF THE PROMISSORY NOTE

Reference is made to the announcement of the Company dated 17 January 2019 in relation to the Proposed Acquisition of the entire issued share capital of Dong Tai You Bang Wu Liu (Hai Wai) Company Limited involving the issue of the Consideration Shares and the issue of the Promissory Note (the "**Announcement**"). Unless otherwise defined, capitalized terms used in this announcement have the same meanings as those defined in the Announcement.

COMPLETION OF THE PROPOSED ACQUISITION

The Board is pleased to announce that all the Conditions set out in the Acquisition Agreement have been fulfilled and Completion took place on 12 February 2019 in accordance with its terms and conditions.

Pursuant to the Acquisition Agreement, 1,562,500,000 Shares were allotted and issued by the Company to the Vendor at the Issue Price of HK$0.08 per Consideration Share on 12 February 2019 as partial settlement of the Consideration. Upon Completion, the Target Company and its subsidiaries will become wholly-owned subsidiaries of the Company, and the Group will consolidate the financial results and assets and liabilities of the Target Group.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) immediately before Completion; and (ii) immediately after Completion are set out below:

Shareholders	**Immediately before Completion**		**Immediately after Completion**	
	Number of issued Shares	*%*	*Number of issued Shares*	*%*
Substantial Shareholders				
Lu Hongying *(Note 1)*	2,667,460,000	20.02	2,667,460,000	17.92
Central Huijin Investment Ltd	1,397,000,000	10.48	1,397,000,000	9.38
Liang Yanzhi *(Note 2)*	697,000,000	5.23	697,000,000	4.68
The Vendor	–	–	1,562,500,000	10.49
Other Public Shareholders	8,564,538,183	64.27	8,564,538,183	57.53
Total	**13,325,998,183**	**100.00**	**14,888,498,183**	**100**

Notes:

(1) *Lu Hongying is directly interested in 410,320,000 Shares and is indirectly interested in 1,464,160,000 Shares and 792,980,000 Shares through Summer Glitter Limited and Khmer Resources Investment Holding Group Company Limited, respectively.*

(2) *Liang Yanzhi is indirectly interested in 697,000,000 Shares through Majestic Wealth International Limited.*

(3) *Assuming there shall be no change to the shareholding structure of the Company immediately following the Completion.*

(4) *The percentages are subject to rounding difference, if any.*

FURTHER INFORMATION ON THE PROPOSED ACQUISITION

The Company wishes to further provide Shareholders and potential investors of the Company with the following information in relation to the Proposed Acquisition.

Total rentable area

As discussed in the Announcement, the Target Group made investments since the second half of 2017 on service capability by increasing the working areas of warehouse from approximately 6,000 square meters to approximately 13,000 square meters. The average monthly total rentable area of the Target Group for each indicated period is set out as follows:

	2017	**2018**
	square meter	*square meter*
For the six months ended 30 June	6,127	13,460
For the six months ended 31 December	13,460	13,460
For the year ended 31 December	9,793	13,460

Occupancy rate

The average monthly occupancy rates, calculated by averaging the monthly rented warehouse area divided by the total warehouse operating area, for each indicated period is set out as follows:

	2017	**2018**
	Occupancy rate	*Occupancy rate*
For the six months ended 30 June	46.69%	60.49%
For the six months ended 31 December	29.33%	88.49%
For the year ended 31 December	38.01%	74.49%

The Target Group recorded an average monthly occupancy rate of approximately 46.69% during the six months ended 30 June 2017. The average monthly occupancy rate decreased to approximately 29.33% during the six months ended 31 December 2017 mainly due to the increase in warehouse operating area prior to achieving proportionate increased demand, resulting in a lower usage of the increased warehouse operating area during the ramp up period.

The increased average monthly occupancy rate during the year ended 31 December 2018 was the result of a significant increase in usage of the warehouse which was mainly driven by the increased number of customers for warehousing services in the bonded zone as a consequence of the uncertainty arising out of the China-US trade war (the "**Trade War**").

FURTHER INFORMATION ON THE REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The reasons for and the benefits of the Proposed Acquisition were set out in the Announcement. When resolving to approve the Proposed Acquisition, the Directors have also considered the dilutive effect caused by the issue of the Consideration Shares and have come to the view that the dilutive effect should be outweighed by: (a) the expected positive cash flow brought about through the consolidation of the Target Group; and (b) the benefit of settling the consideration through the issue of Shares instead of by cash, which would have otherwise impacted on the cash flow pressure of the Group.

FURTHER INFORMATION ON THE VALUATION

The Valuer has considered the appropriateness of using the three most generally used approaches of valuation, namely, the cost approach, the income approach and the market approach. The Company concurred with the Valuer that: (a) the cost approach is not the best approach as it does not take into consideration the future growth potential of the Target Company; (b) the income approach is not the optimal approach as it involves financial forecast information and the adoption of more assumptions than the other two approaches; and (c) the market approach is the optimal approach because the Target Company has sufficient track records and expected sustainability which makes the market approach the most straightforward valuation method in the circumstances.

When using market approach, the Valuer adopted the "guideline public company method" by comparing the Target Group with price multiple indicators of publicly traded stocks in the same or similar industry as the Target Company. Three price multiple indicators are generally used, namely, the price-to-earnings ("**P/E**") ratio, the price-to-sales ("**P/S**") ratio and the price-to-book ("**P/B**") ratio. The Company concurred with the Valuer that: (a) the P/S ratio is not appropriate as the sales revenue does not take into account the cost structure and profitability of the Target Company; (b) the P/B ratio is not appropriate as the Target Company is not an asset holding company and is better valued based on its income generating ability rather than replacement costs of assets and liabilities; and (c) the P/E ratio is considered most appropriate as it takes into consideration the cost structure and profitability of the Target Company and is the common valuation method in assessing the value of a profitable business like the Target Company.

The valuation date of the Target Company is 31 December 2018, which is the closest date practicable in the circumstances. When applying the average P/E ratio of the Comparables to the unaudited net profit after tax of the Target Group for the year ended 31 December 2018, the Valuation has also taken into account a control premium and a discount for lack of marketability which are customarily applied to valuation in the circumstances.

In the Valuation, the Valuer identified listed companies which principally engaged in the operation of logistics services which are similar to the warehousing and logistic services provided by Shenzhen Dong Tai International Logistics Co., Ltd.*(深圳市東泰國際物流有限公司). After selecting companies which are similar in business nature with Shenzhen Dong Tai International Logistics Co., Ltd.*(深圳市東泰國際物流有限公司), the Valuer narrowed down the selection to listed companies which primarily conduct business in the PRC or Hong Kong. In addition, the following selection criteria were applied to the comparable companies (the "**Comparables**") with similar business, operational and geographical exposure in relation to general warehousing and logistic services to confine the selection: (a) companies listed in stock exchanges in Hong Kong or the PRC; (b) companies conducting their business mainly in the PRC or Hong Kong; (c) comparables having sufficient operating histories; (d) comparables operating and engaging in warehousing and logistics services; and (e) companies whose financial information being available to the public.

The reasons for using the net profit of the Target Group for 2018 (instead of 2017) as the valuation multiple to compare with the Comparables in the Valuation include the following factors: (a) the Valuation is not a forecast but is indeed based on the most up-to-date actual earnings that is available; (b) secondly, there is a significant increase in profit in 2018 which was mainly driven by the increased number of customers for warehousing services and a much higher net profit per square meter of warehouse operating area in 2018 comparing to 2017; (c) thirdly, as disclosed in the Announcement, the Target Group made investments to expand its warehouse operating area in the second half of 2017 to increase warehouse operating area in 2018; and (d) there is a commencement of new e-commerce platform in 2018 which introduced additional new customers to the Target Group. In light of the above, the Company and the Valuer concurred with the management of the Target Group that the financial performance in 2017 is not representative and cannot reflect the new opportunity and business growth of the Target Group in 2018 and going forward.

Furthermore, although the deteriorating relationship between the US and the PRC played a significant role in the increase of new customers and duration of storage per customer which led to a substantial increase in profit of the Target Group in 2018, the Company and the Valuer concurred with the management of the Target Group that such profit growth should continue to be sustainable, taking into consideration the gaining of recognition of the Target Group's bonded zone advantage (such as value-added tax rebate, lower storage and logistics costs and lower transaction risks) during the Trade War, the significant increase of the number of new customers in 2018 and the expected customer inertia due to reluctance of service provider switching regardless of whether the Trade War prolongs or not.

By Order of the Board
Ming Lam Holdings Limited
LI Zhenzhen
Chairman

Hong Kong, 12 February 2019

* *In this announcement, the English names of certain PRC entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

As at the date of this announcement, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin and Mr. Wei Liyi as the executive Directors; Mr. Lee Tao Wai, Mr. Lam Hoi Lun as the independent non-executive Directors.

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