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KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02307)

**VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
ON DISPOSAL OF SUBSIDIARY**

The board (“**Board**”) of directors (“**Directors**”) of Kam Hing International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to inform the shareholders and potential investors of the Company that on 29 April 2024, (i) Kam Hing Piece Works Limited (“**KH Piece Works**”), a wholly-owned subsidiary of the Company, as vendor; (ii) an independent third party as purchaser (the “**Potential Purchaser**”); and (iii) Great Market Global Viet Nam Company Limited (the “**Target Company**”), a wholly-owned subsidiary of the Company, entered into a legally binding memorandum of understanding (the “**MOU**”) in relation to the proposed disposal (the “**Proposed Disposal**”) of the entire equity interest in the Target Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Potential Purchaser and its ultimate beneficial owners are independent third parties of and not connected with the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Principal terms of the MOU

The consideration for the Proposed Disposal shall be determined upon completion of the Potential Purchaser’s due diligence review (at its own costs) on the Target Company and payable in the following manner:

- (i) within 10 days after the parties having entered into a formal agreement relating to the Proposed Disposal (the “**Formal Agreement**”), the Potential Purchaser shall pay to KH Piece Works an amount equivalent to 30% of the total consideration (the “**First Instalment**”), in which the Earnest Money (as defined below) shall be applied for the settlement of part of the First Instalment; and

- (ii) within 10 days after the Target Company having completed the filing or registration of the change of business registration particulars in connection with the Proposed Disposal (in relation to the change of shareholders only) and the Potential Purchaser having become the legal owner of the entire equity interest in the Target Company, the Potential Purchaser shall pay to KH Piece Works the balance of the consideration in an amount equivalent to 70% of the total consideration.

Completion of the Proposed Disposal is conditional upon, among others, (a) completion of the Potential Purchaser's due diligence review on the Target Company and the land plot held by the Target Company (the "**Plot**") with no material adverse legal risk identified (or if such risk identified but with solution satisfactory to all parties); (b) the Target Company having a valid ownership and right to use of the Plot with no encumbrances; (c) there being no material adverse change on the Target Company and the Plot; and (d) all necessary consents and approvals as may be required for the Proposed Disposal having been obtained in the form and substance satisfactory to KH Piece Works and the Potential Purchaser.

The parties agreed to negotiate in good faith to procure that the Formal Agreement be entered into as soon as possible and in any event, no later than 30 days after signing of the MOU or such later date as the parties may agree. The Potential Purchaser shall pay an earnest money (the "**Earnest Money**") in the amount of US\$1,000,000 in cash to KH Piece Works within 10 days after signing of the MOU. In the event that: (a) the Proposed Disposal is not proceeded within 30 days after signing of the MOU due to unfulfillment of the conditions precedent above, KH Piece Works shall refund the Earnest Money (without interest) to the Potential Purchaser within 10 days thereafter; (b) the Proposed Disposal is not proceeded within 30 days after signing of the MOU not due to the reason of KH Piece Works, KH Piece Works shall be entitled to forfeit the Earnest Money and the Potential Purchaser shall pay a sum of US\$2,000,000 as liquidated damages within 10 days thereafter; and (c) the Proposed Disposal is not proceeded within 30 days after signing of the MOU not due to the reason of the Potential Purchaser, KH Piece Works shall refund the Earnest Money (without interest) and shall pay a sum of US\$2,000,000 to the Potential Purchaser as liquidated damages within 10 days thereafter.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Target Company is a wholly owned subsidiary of the Company principally engaged in the manufacture and trading of textile products and holds the Plot in Vietnam. The Group has been cautiously assessing its operations and its synergy with the Group's existing investments in Vietnam. The Proposed Disposal represents a good opportunity for the Group to realise its investment in the Target Company, reallocate its resources to other business opportunities in Vietnam for better synergy, thereby allowing the Group to reorganize its manufacturing operations in Vietnam for better utilization, focus on the more profitable investments and ultimately create higher returns for the shareholders of the Company.

As at the date of this announcement, the Company has not entered into the Formal Agreement and the exact amount of consideration involved has not yet been determined. The Proposed Disposal contemplated under the MOU may or may not proceed. The Proposed Disposal, if materialises, may or may not constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when required in compliance with the Listing Rules and other applicable laws and regulations.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

Hong Kong, 30 April 2024

As at the date of this announcement, the Board comprises Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan, Ms. Wong Siu Yuk and Mr. Lei Heong Man as executive Directors; and Mr. Ho Gilbert Chi Hang, Mr. Ting Kay Loong and Mr. Wu Tak Lung as independent non-executive Directors.