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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)**

**MAJOR TRANSACTION  
DISPOSAL OF ENTIRE EQUITY INTEREST IN  
A SUBSIDIARY**

**THE DISPOSAL**

On 18 July 2024 (after trading hours of the Stock Exchange), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Purchaser's Guarantor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Capital (representing the entire equity interest in the Target Company) for cash consideration of USD10,276,000 (equivalent to approximately HK\$80,152,800). The Purchaser's Guarantor has agreed to guarantee the Purchaser's obligations under the Agreement.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

**IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios for the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Disposal.

### **WRITTEN SHAREHOLDERS' APPROVAL**

As at the date of this announcement, the Closely Allied Group holds 435,600,000 Shares in aggregate, representing approximately 50.07% of the total number of issued Shares of the Company. In accordance with Rule 14.44 of the Listing Rules, a written Shareholders' approval from the Closely Allied Group has been obtained and may be accepted in lieu of holding a general meeting of the Company to approve the Disposal and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened.

### **GENERAL**

A circular containing, among other things, details of the Disposal, the valuation report of the Target Land and other general information of the Group is expected to be despatched to the Shareholders on or before 8 August 2024 for information purpose.

Reference is made to the announcement of the Company dated 30 April 2024 in relation to the MOU entered into for the proposed disposal of the Sale Capital.

### **THE DISPOSAL**

On 18 July 2024 (after trading hours of the Stock Exchange), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Purchaser's Guarantor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Capital (representing the entire equity interest in the Target Company) for cash consideration of USD10,276,000 (equivalent to approximately HK\$80,152,800). The Purchaser's Guarantor has agreed to guarantee the Purchaser's obligations under the Agreement.

The principal terms of the Agreement are summarised as follows:

Date	:	18 July 2024
Parties	:	(1) Jasan Global Pte. Ltd. as purchaser
		(2) Kam Hing Piece Works Limited as vendor
		(3) Zhejiang Jasan Holding Group Co., Ltd. as purchaser's guarantor

## **Subject matter**

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Capital, subject to the terms and conditions of the Agreement. The Purchaser's Guarantor has agreed to guarantee the Purchaser's obligations under the Agreement.

## **Consideration**

The consideration for the sale and purchase of the Sale Capital is USD10,276,000 (equivalent to approximately HK\$80,152,800), which shall be settled in cash by the Purchaser to the Vendor in the following manner:

- (i) First installment: as to USD3,082,800 (equivalent to approximately HK\$24,045,800), representing 30% of the consideration, shall be paid by the Purchaser to the Vendor within ten (10) Business Days after signing the Agreement, in which the Earnest Money paid by the Purchaser under the MOU shall be deemed as part of the first installment of the consideration; and
- (ii) Second installment: the remaining balance shall be paid by the Purchaser to the Vendor within ten (10) Business Days after (a) the date when the Target Company has completed the registration of change of business registration information for the Disposal as regards the change of shareholder of the Target Company, and the Purchaser becomes the shareholder and enjoys the shareholder right of the Target Company in accordance with the law; and (b) the Completion Date, whichever is later.

If the Purchaser delays in its payment of the consideration for more than five (5) Business Days, the Vendor shall have the right to request the Purchaser to pay a late payment fee of 0.1% of the unpaid consideration for each day, calculated from the due dates referred to in (i) and/or (ii) above until the date when all the unpaid consideration has been paid.

## **Basis for the determination of the consideration**

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser having taken into account to the net asset value of the Target Company as at 31 March 2024 which mainly comprises the land use rights of the Target Land. The Directors, having considered the valuation of the land use rights of the Target Land prepared by an independent valuer engaged by the Company using market approach, are of the view that the consideration is fair and reasonable, is of normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

Completion of the Agreement is conditional upon the fulfilment (or waiver, if applicable) of the following conditions, among others:

- (a) completion of the Purchaser's due diligence review on the Target Company and the Target Land which has not identified, among others, any circumstances that may cause the Target Company to be unable to continue to exist or continue normal production or business activities, or any circumstances that may cause the Target Land to be confiscated by relevant governmental authorities (or if such circumstances were identified, the parties have negotiated and reached a reasonable and lawful solution that is satisfactory to the parties);
- (b) the Target Company having full and valid land use rights of the Target Land and being able to use the Target Land, free from any mortgage, easement and any other restriction of any form;
- (c) there being no material adverse change to the Target Company and the Target Land up to the Completion Date;
- (d) all licences, approvals and consents necessary for the Disposal (including the Shareholders' approval required to be obtained under the Listing Rules) having been obtained in the form and substance satisfactory to the parties;
- (e) the Vendor shall cause the Target Company to apply and have obtained the amendment to the enterprise registration certificate which records the Purchaser as the sole owner of the Target Company, and the Vendor and the Purchaser shall cooperate as necessary;
- (f) the Vendor shall cause the Target Company to apply and have obtained the amendment to the investment registration certificate recording the Purchaser as the sole investor of the project or no longer records the Vendor as the investor of the project, and the Vendor and the Purchaser shall cooperate as necessary;

- (g) the shareholder's loan owed by the Target Company to the Vendor as at the date of the Agreement having been waived in full in accordance with the applicable laws and accounting requirements; and
- (h) the Vendor having or having procured the Target Company to declare and pay to the Vietnam Tax Authority the amount of Transfer Tax, and having obtained a certificate of tax receipt issued by the Vietnam Tax Authority.

As at the date of this announcement, the Shareholders' approval to be obtained by the Vendor as set out in condition (d) above has been obtained given the written Shareholders' approval obtained from the Closely Allied Group.

### **Completion**

Subject to the fulfilment (or waiver, if applicable) of all the conditions precedent, completion of the Disposal shall take place on the Completion Date.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

### **Termination**

If any of the conditions precedent above are not fulfilled (or waived, if applicable) prior to the Long Stop Date, either party may, by notice to the other parties, among others, terminate the Agreement (in addition to and without prejudice to all other rights or remedies available to the notifying party, including the right to claim damages, and that the party under a positive obligation to fulfil any of the conditions precedent shall not be entitled to exercise such rights if the non-fulfilment thereof is due to its refusal or delay in the performance of such obligation).

If the Agreement is terminated in the aforesaid manner, the Vendor shall immediately refund all amount it has received from the Purchaser (including the Earnest Money) to the Purchaser within ten (10) Business Days after termination. If the Agreement is so terminated by reason of the Vendor's refusal or delay in declaration resulting in the failure to complete the declaration and payment of the Transfer Tax to the Vietnam Tax Authority before the Long Stop Date, the Vendor shall refund all amount it has received from the Purchaser (including the Earnest Money) and further pay USD2,000,000 (equivalent to approximately HK\$15,600,000) to the Purchaser as agreed liquidated damage to the Purchaser in full and final settlement of all claims under the Agreement.

In the event that all conditions precedent above have been fulfilled (or waived, if applicable), but either the Purchaser or the Vendor elects not to proceed with the Disposal, they shall be obliged to do the following:

- (a) if the Purchaser elects not to proceed with the Disposal, without prejudice to any of the rights and remedies of the Vendor, the Purchaser shall further pay USD2,000,000 (equivalent to approximately HK\$15,600,000) to the Vendor as agreed liquidated damage to the Vendor, and the Vendor shall refund all amount it has received from the Purchaser (including the Earnest Money) to the Purchaser, in full and final settlement of all claims under the Agreement; or
- (b) if the Vendor elects not to proceed with the Disposal, the Vendor shall refund all amount it has received from the Purchaser (including the Earnest Money) and further pay USD2,000,000 (equivalent to approximately HK\$15,600,000) to the Purchaser within ten (10) Business Days after termination as agreed liquidated damage to the Purchaser in full and final settlement of all claims under the Agreement.

Where the Agreement is terminated and in the event that the Purchaser has been registered as the sole owner of the Target Company and/or sole investor of the project as recorded in the enterprise registration certificate and/or the investment registration certificate respectively, the Purchaser shall change the sole owner of the Target Company and/or the sole investor of the project as recorded therein back to the Vendor.

## **INFORMATION ON THE PURCHASER AND THE PURCHASER'S GUARANTOR**

To the best knowledge, information and belief of the Directors, the Purchaser is a company established in Singapore and is principally engaged in trading of goods. The Purchaser is indirect wholly-owned by the Purchaser's Guarantor. The Purchaser's Guarantor is a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (security code: 603558), and is principally engaged in sales of knitted textiles.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Purchaser, the Purchaser's Guarantor and their respective ultimate beneficial owners is an Independent Third Party.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in Vietnam. It is principally engaged in property holding and holds the land use rights of the Target Land which is located at Lot CN1, Bao Minh Industrial Zone, Vu Ban District, Nam Dinh Province, Vietnam with a site area of 101,161 sq.m..

Set out below is the financial information of the Target Company based on the unaudited financial statements of the Target Company for the two years ended 31 December 2022 and 2023 and for the three months ended 31 March 2024:

	<b>For the year ended 31 December 2022 USD'000 (unaudited)</b>	<b>For the year ended 31 December 2023 USD'000 (unaudited)</b>	<b>For the three months ended 31 March 2024 USD'000 (unaudited)</b>
Loss before taxation	279	256	54
Loss after taxation	279	256	54

The unaudited net asset value of the Target Company as at 31 March 2024 according to its unaudited financial statements was approximately USD4,397,400 (equivalent to approximately HK\$34,300,000).

#### **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

The Group is expected to record an unaudited gain on the Disposal of approximately USD4,068,300 (equivalent to approximately HK\$31,732,500). Such unaudited gain is estimated based on net proceeds from the Disposal of USD9,972,500 (equivalent to approximately HK\$77,785,500) less the unaudited net asset value of the Target Company of approximately USD5,904,200 (equivalent to approximately HK\$46,053,000) as at 31 March 2024 as adjusted by the wavier of the shareholders' loan owed by the Target Company to the Vendor. The actual amount of gain on the Disposal to be recorded by the Group will depend on the net asset value of the Target Company as at the Completion Date, and therefore may be different from the amount mentioned above, and will be subject to review and final audit by the auditors of the Company. The net proceeds will be used for the general working capital of the Group.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in trading of finished fabrics. The Group is principally engaged in manufacture and trading of knitted fabrics, dyed fabrics and garment products and provision of related services. The Group operates its business through three segments. The fabric segment engages in the production and sale of knitted fabric and dyed yarn. The garment segment engages in the production and sale of garment products and provision of related subcontracting services. The others segment includes the provision of sewage treatment service, the provision of air and ocean freight handling services and property development.

The Board believes that the Disposal would allow the Group to realise the investment in the Target Company at a gain. By taking profit from the Disposal, the Group would be able to reallocate its resources for other investment opportunities in Vietnam and its overall business expansion plan. The Board considers that the Disposal is on normal commercial terms or better, and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios for the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Disposal.

## **WRITTEN SHAREHOLDERS' APPROVAL**

As at the date of this announcement, the Closely Allied Group holds 435,600,000 Shares in aggregate, representing approximately 50.07% of the total number of issued Shares. In accordance with Rule 14.44 of the Listing Rules, a written Shareholders' approval from the Closely Allied Group has been obtained and may be accepted in lieu of holding a general meeting of the Company to approve the Disposal and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened.

## **GENERAL**

A circular containing, among other things, details of the Disposal, the valuation report of the Target Land and other general information of the Group is expected to be despatched to the Shareholders on or before 8 August 2024 for information purpose.

## **DEFINITIONS**

In this announcement, the following expressions will have the meanings set out below unless the context requires otherwise:

“Agreement”	the agreement dated 18 July 2024 and entered into among the Vendor, the Purchaser and the Purchaser's Guarantor in relation to the Disposal
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“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays in Vietnam, Singapore or Hong Kong) on which banks in Vietnam, Singapore or Hong Kong are generally open for business
“Closely Allied Group”	together, (i) Mr. Tai Chin Chun, the chairman of the Board and an executive Director who directly holds 3,000,000 Shares, and his associates namely Exceed Standard Limited (a corporation controlled by Mr. Tai Chin Chun) which directly holds 332,600,000 Shares, and Ms. Cheung So Wan (spouse of Mr. Tai Chin Chun) who directly holds 1,000,000 Shares; and (ii) Mr. Tai Chin Wen, an executive Director and the chief executive officer of the Company who directly holds 2,000,000 Shares, and his associates namely Power Strategy Limited (a corporation controlled by Mr. Tai Chin Wen) which directly holds 96,000,000 Shares, and Madam Wong Siu Yuk (spouse of Mr. Tai Chin Wen) who directly holds 1,000,000 Shares, and they in aggregate hold 435,600,000 Shares, representing approximately 50.07% of the total number of issued Shares as at the date of this announcement
“Company”	Kam Hing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 02307)
“Completion Date”	the date of completion of the Disposal, which shall take place on the date which is five (5) Business Days following the fulfilment (or waiver, if applicable) of all of the conditions precedent under the Agreement, or such other date as may be agreed in writing by the parties thereto
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Capital by the Vendor pursuant to the terms and conditions of Agreement
“Earnest Money”	the earnest money in the amount of USD1,000,000 (equivalent to approximately HK\$7,800,000) paid by the Purchaser to the Vendor pursuant to the MOU
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5 October 2024
“MOU”	the memorandum of understanding dated 29 April 2024 and entered into among the Vendor, the Purchaser’s Guarantor and the Target Company, details of which are set out in the announcement of the Company dated 30 April 2024
“Purchaser”	Jasan Global Pte. Ltd., a company established in Singapore with limited liability, which was indirect wholly-owned by the Purchaser’s Guarantor
“Purchaser’s Guarantor”	Zhejiang Jasan Holding Group Co., Ltd., a company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (security code: 603558)
“Sale Capital”	the entire equity interest in the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Great Market Global Viet Nam Company Limited*, a company incorporated in Vietnam, which is wholly-owned by the Vendor prior to the completion of the Disposal
“Target Land”	land plot of about 101,161 sq.m. located at Lot CN1, Bao Minh Industrial Zone, Vu Ban District, Nam Dinh Province, Vietnam

“Transfer Tax”	the capital gain tax required to be paid under the applicable tax laws in connection with the Disposal
“United States”	United States of America
“Vendor”	Kam Hing Piece Works Limited, a company established in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Company
“Vietnam”	the Socialist Republic of Vietnam
“Vietnam Tax Authority”	the local tax authority in Vietnam having jurisdiction over the Disposal
“sq.m.”	square metre
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollar, the lawful currency of United States
“%”	per cent.

*The English transliteration of the Vietnamese name(s) in this announcement, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Vietnamese name(s).*

*In this announcement, for the purpose of illustration only, amounts quoted in USD have been converted into HK\$ at the rate of USD1 to HK\$7.80. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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

Hong Kong, 18 July 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.*