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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:
PROPOSED ACQUISITION OF
A VIETNAM COMPANY**

THE ACQUISITION

The Board is pleased to announce that, on 27 January 2025 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendors and the Target Company entered into the S&P Agreement, pursuant to which: (i) the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing all the issued and fully paid-up shares of the Target Company), at the cash consideration of US\$4,347,894 (equivalent to approximately HK\$33,913,000); and (ii) the Purchaser has agreed to settle the Debts in the amount of US\$6,407,597 (equivalent to approximately HK\$49,979,000).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the Acquisition is more than 25% but less than 100%, the Acquisition 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 Acquisition 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 Acquisition.

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 Acquisition and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Acquisition and other general information of the Group is required to be despatched to the Shareholders within 15 Business Days after the publication of this announcement. In view of the time required by the Company to prepare the accountants' report of the Target Company for the three years ended 31 December 2024 and the unaudited pro forma financial information of the Group as enlarged by the acquisition of the Target Company for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules to despatch the circular on or before 30 April 2025.

WARNING

Completion of the Acquisition is subject to the fulfillment or waiver (where applicable) of the conditions, and may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 27 December 2024 in relation to the MOU entered into in respect of the Acquisition.

THE ACQUISITION

The Board is pleased to announce that, on 27 January 2025 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendors and the Target Company entered into the S&P Agreement, pursuant to which: (i) the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing all the issued and fully

paid-up shares of the Target Company), at the cash consideration of US\$4,347,894 (equivalent to approximately HK\$33,913,000); and (ii) the Purchaser has agreed to settle the Debts in the amount of US\$6,407,597 (equivalent to approximately HK\$49,979,000).

THE S&P AGREEMENT

The principal terms of the S&P Agreement are set out below:

Date : 27 January 2025

Parties : (i) Ms. Phan Le Diem Trang as Vendor A;

(ii) Mr. Namkung Chul Woong as Vendor B;

(iii) Gloucester Co., Ltd. as Vendor C;

(iv) Yee Chain International Co., Ltd. as Vendor D;

(v) Kam Fung (Hong Kong) Garment Company Limited (an indirect wholly-owned subsidiary of the Company) as the Purchaser; and

(vi) the Target Company.

Subject matter

- (1) The Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares from the Vendors, subject to the terms and conditions of the S&P Agreement, in proportion to their shareholding as follows:
 - (i) approximately 19.02% of the Sale Shares from Vendor A;
 - (ii) approximately 11.42% of the Sale Shares from Vendor B;
 - (iii) approximately 52.14% of the Sale Shares from Vendor C; and
 - (iv) approximately 17.42% of the Sale Shares from Vendor D.
- (2) The Purchaser shall settle the Debts in the amount of US\$6,407,597, subject to the terms and conditions of the S&P Agreement and the Escrow Agreement.

Consideration and payment terms

The Consideration for the Acquisition comprises: (i) US\$4,347,894 (equivalent to approximately HK\$33,913,000) as the purchase price of the Sale Shares; and (ii) US\$6,407,597 (equivalent to approximately HK\$49,979,000) as the settlement amount of the Debts.

The Purchaser will pay the Consideration to the Vendors in cash in the following manner:

- (i) First installment: US\$500,000 (equivalent to approximately HK\$3,900,000), being the deposit under the MOU, has been paid to the Vendors;
- (ii) Second installment: US\$1,500,000 (equivalent to approximately HK\$11,700,000) shall be paid to the Vendors within three (3) Business Days following the satisfaction of the Conditions (a) to (d) set out in the paragraph headed “Conditions” below;
- (iii) Third installment: US\$2,347,894 (equivalent to approximately HK\$18,313,000) shall be paid to the Vendors within three (3) Business Days following the satisfaction of the Conditions (e) and (f) set out in the paragraph headed “Conditions” below; and
- (iv) Fourth Installment: US\$6,407,597 (equivalent to approximately HK\$49,979,000) shall be deposited into the Escrow Account within five (5) Business Days from the date of signing the Escrow Agreement (as required to be signed within five (5) Business Days from the date of the S&P Agreement) and the S&P Agreement, and completing the opening of the Escrow Account, which shall be released to settle the Debts prior to the Completion in accordance with the terms of the S&P Agreement and the Escrow Agreement.

The Consideration will be funded through internal resources of the Group.

If the Purchaser fails to promptly complete the required procedures under the S&P Agreement and the Escrow Agreement to release the fourth installment of the Consideration, the Purchaser shall be liable to pay additional late payment interest at a rate of 20% per annum on the amount of the fourth installment of the Consideration, calculated based on the duration of the delay.

Basis for the determination of the Consideration

The Consideration was determined after arm’s length negotiations among the Vendors and the Purchaser. In respect of the purchase price of the Sale Shares, it was determined having taken into account the unaudited net asset value of the Target Company as adjusted by the valuation of the property interests of the Target Company using market approach. The Debts represent the outstanding amount of debts owed by the Target Company to the Vendors and related parties. The Directors, having considered the aforesaid, 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

Completion is conditional upon the satisfaction (or waiver by the Purchaser, where applicable) of the following Conditions:

- (a) the Purchaser has received approval from the relevant governmental authority in Vietnam to purchase the Sale Shares;
- (b) the Purchaser has received the first amended ERC recording, among others, the Purchaser as the sole owner of the Target Company;
- (c) the document certifying the water supply and wastewater treatment capacity has been obtained;
- (d) the mortgage over the land and land-attached assets of the Target Company has been fully released, and the release status has been duly updated on the land use right certificate issued by the relevant governmental authority in Vietnam;
- (e) the Purchaser has received the first amended IRC recording, among others, the Purchaser as the sole owner of the Target Company;
- (f) the Target Company has withheld the income tax payable by all Vendors arising from the Acquisition in accordance with the laws of Vietnam;
- (g) all necessary consents, approvals, authorizations and licenses (including the approval by the Shareholders in respect of the S&P Agreement) in relation to the transactions contemplated under the S&P Agreement have been obtained;
- (h) all the representations and warranties given by the Vendors remaining true, accurate and correct in all respects and all the undertakings under the S&P Agreement having been complied with by the Vendors, save for any breaches caused by accidental or common errors that result in financial or asset losses to the Target Company not exceeding a certain threshold;
- (i) the Vendors have handed over to the Purchaser all originals or copies of the documents concerning the Target Company;
- (j) the second amended ERC and second amended IRC, recording the capital increase of the Target Company equivalent to the amount of the fourth installment of the Consideration, have been issued by the relevant governmental authority in Vietnam;
- (k) the Vendors have received in full the first, second and third installments of the Consideration; and
- (l) the Vendors and related parties, have received in full the fourth installment of the Consideration in settlement of the Debts.

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

If any of the Conditions has not been fulfilled (or waived, where applicable) on or before the Long Stop Date, the S&P Agreement shall cease and determine in which event the Vendors shall return all amounts received from the Purchaser (including the fourth installment of the Consideration (where it has been deposited into the Escrow Account)) within five (5) Business Days of the termination of the S&P Agreement and completion of the Rewinding Procedures and neither Party hereto shall have any obligations and liabilities thereunder save for any antecedent breaches.

Completion

Completion shall take place on the first Business Day after the last Condition is fulfilled. Completion is expected to take place in April 2025.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

Termination

Either the Purchaser or the Vendors shall have the right to terminate the S&P Agreement (the "**Affected Party**") by written notice if (i) there is any breach of representations and warranties or obligations thereunder by the other party (the "**Defaulting Party**") resulting in a material financial loss to the Affected Party (except when being waived by the Affected Party or caused by a force majeure event) and are not remedied or an alternative agreement is not reached within 30 Business Days from the date of receipt of the notice of termination (or a longer period as otherwise agreed by the parties); or (ii) the Defaulting Party falls in bankruptcy or dissolution and its successors fail to complete the procedures required to continue the performance of the S&P Agreement within one (1) month from the date of the Affected Party having evidence of proving such bankruptcy or dissolution.

If the S&P Agreement is terminated in the aforesaid manner, the Defaulting Party shall pay a penalty at the rate of 8% of the Consideration to the Affected Party, and the Vendors shall refund all amounts they have received from the Purchaser (including the fourth installment of the Consideration (where it has been transferred to the Escrow Account)) after deducting the penalties (if any), without interest and further.

If either the Purchaser or the Vendors unilaterally terminate the S&P Agreement in breach of the provisions under the S&P Agreement, they shall be obligated to do the following within 30 days from the date of termination:

- (a) in the case of unilateral termination by the Purchaser, the Vendors shall forfeit all payments made by the Purchaser and the Purchaser should cooperate in completing the Rewinding Procedures (as defined below); or
- (b) in the case of unilateral termination by the Vendors, the Vendors shall refund the full amount paid by the Purchaser (including the fourth installment of the Consideration (where it has been transferred to the Escrow Account)) and pay an additional amount equivalent to the amount paid by the Purchaser.

In the event that the S&P Agreement is terminated after the corporate records, licenses or permits of the Target Company have been updated with the Purchaser's information, the parties shall undertake all necessary procedures (the "**Rewinding Procedures**") to change the owner of the Target Company as recorded therein back to the Vendors and the Rewinding Procedures shall be completed no later than 30 Business Days from the date of termination.

INFORMATION ON THE PARTIES TO THE S&P AGREEMENT

The Group and the Purchaser

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 Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in manufacture and trading of knitted and dyed fabrics.

The Vendors

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

Vendor C is an investment holding company incorporated in Samoa and a subsidiary of Tah Tong Textile Co., Ltd, a company listed on the Taiwan Stock Exchange (stock code: 1441), which is principally engaged in production and sales of cotton yarns and T/C blended yarns, synthetic yarns, gray cloths, finished fabrics and knitted fabrics.

Vendor D is a company incorporated in Taiwan, China and is principally engaged in manufacture of fabrics and neoprene rubber foam. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Vendor D has a relatively wide spread of 14 shareholders, each of whom holding not more than 25% of the issued shares of Vendor D.

The Target Company

The Target Company is a joint stock company duly established and operating in accordance with the laws of Vietnam pursuant to the latest amended IRC dated 1 June 2022, which was issued by the board of management of Dong Nai Industrial Zones for a period of 50 years from the date of the initial investment registration certificate of 10 August 2015. Pursuant to the second amendment dated 10 August 2018, the Target Company changed its business type from a limited liability company to a joint stock company. The charter capital of the Target Company was VND96,962,150,000.

The Target Company is principally engaged in the manufacturing fabric products. Its assets include a land plot located at Nhon Trach VI Industrial Zone with a total built-up area of 27,253 sq.m. including one dyeing factory and two weaving factories.

Set out below is the financial information of the Target Company based on its audited financial statements for the two years ended 31 December 2022 and 2023 and its unaudited financial statements for the eleven months ended 30 November 2024:

	For the financial year ended 31 December 2022	For the financial year ended 31 December 2023	From 1 January 2024 to 30 November 2024
	<i>VND billion (audited) (approximately)</i>	<i>VND billion (audited) (approximately)</i>	<i>VND billion (unaudited) (approximately)</i>
Revenue	66.3 (equivalent to US\$2,652,000 or HK\$20,685,000)	30.3 (equivalent to US\$1,212,000 or HK\$9,453,000)	46.0 (equivalent to US\$1,840,000 or HK\$14,352,000)
Net loss before taxation	(32.56) (equivalent to US\$(1,302,000) or HK\$(10,158,000))	(34.49) (equivalent to US\$(1,379,000) or HK\$(10,760,000))	(11.63) (equivalent to US\$(465,000) or HK\$(3,628,000))
Net loss after taxation	(32.56) (equivalent to US\$(1,302,000) or HK\$(10,158,000))	(34.49) (equivalent to US\$(1,379,000) or HK\$(10,760,000))	(11.63) (equivalent to US\$(465,000) or HK\$(3,628,000))

The unaudited net liabilities of the Target Company as at 30 November 2024 were approximately VND19.14 billion (equivalent to approximately US\$765,000 or HK\$5,971,000). If the Debts in the amount of US\$6,407,597 were to be excluded from the liabilities of the Target Company, the net asset value of the Target Company would have been approximately VND141.05 billion (equivalent to approximately US\$5,641,000 or HK\$43,999,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is a well-established manufacturing and trading company with an existing production base in Vietnam equipped with immediately available resources including factory facilities, machinery and labour. As disclosed in the announcement of the Company dated 27 December 2024, the ready-to-use manufacturing base would instantly enhance the production capacity for textile manufacturing of the Group without the need to provide substantial capital input. Upon Completion, the factory operations of the Target Company will bring synergy to and optimise the efficiency of the Group's existing operations and future business development in Southeast Asia. The Acquisition is also in line with the business strategy of the Group, in particular, the building of an integrated textile and garment production base under self-operation in Southeast Asia.

In view of the above and after the Group conducting its due diligence on the Target Company, the Directors consider that the terms of the Acquisition are fair and reasonable, and the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the Acquisition is more than 25% but less than 100%, the Acquisition 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 Acquisition 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 Acquisition.

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 Acquisition and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Acquisition and other general information of the Group is required to be despatched to the Shareholders within 15 Business Days after the publication of this announcement. In view of the time required by the Company to prepare the accountants' report of the Target Company for the three years ended 31 December 2024 and the unaudited pro forma financial information of the Group as enlarged by the acquisition of the Target Company for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules to despatch the circular on or before 30 April 2025.

WARNING

Completion of the Acquisition is subject to the fulfillment or waiver (where applicable) of the conditions, and may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the settlement of the Debts pursuant to the terms and conditions of the S&P Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 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”	completion of the Acquisition
“Conditions”	the conditions precedent to Completion under the S&P Agreement, as set out in the paragraph headed “The S&P Agreement – Conditions” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the total consideration for the sale and purchase of the Sale Shares and the settlement of the Debt pursuant to the S&P Agreement
“Debts”	the debts owed by the Target Company to the Vendors and related parties to be settled pursuant to the terms and conditions of the S&P Agreement
“Director(s)”	director(s) of the Company
“ERC”	the enterprise registration certificate issued or to be issued by the relevant governmental authority in Vietnam
“Escrow Account”	the escrow account to be opened, maintained and operated in accordance with the Escrow Agreement
“Escrow Agreement”	the escrow agreement to be entered into among the Purchaser, the Vendors and the escrow agent for the purpose of holding the fourth installment of the Consideration payable by the Purchaser to the Vendors under the S&P Agreement
“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
“IRC”	the investment registration certificate issued or to be issued by the relevant governmental authority in Vietnam
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the 120th day from (i) the date of the S&P Agreement; (ii) the date of the Escrow Agreement; and (iii) the submission date of the application for the first amended ERC recording, among others, the Purchaser as the sole owner of the Target Company (or such later date as extended by any delay attributable to the Purchaser)

“MOU”	the memorandum of understanding dated 27 December 2024 and entered into among the Vendors, the Purchaser and the Target Company, details of which are set out in the announcement of the Company dated 27 December 2024
“Purchaser”	Kam Fung (Hong Kong) Garment Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Rewinding Procedures”	has the meaning ascribed to it under the paragraph headed “The S&P Agreement – Termination” in this announcement
“Sale Shares”	all the issued and fully paid-up shares of the Target Company
“Share(s)”	the issued share(s) in the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S&P Agreement”	the sale and purchase agreement dated 27 January 2025 entered into among the Vendors, the Purchaser and the Target Company in relation to, among other matters, the Acquisition
“Target Company”	Korea Textile & Dyeing Support Joint Stock Company, a joint stock company duly established and operating in accordance with the laws of Vietnam and owned as to approximately 19.02% by Vendor A, approximately 11.42% by Vendor B, approximately 52.14% by Vendor C and approximately 17.42% by Vendor D as at the date of this announcement
“Vendor A”	Ms. Phan Le Diem Trang, being one of the Vendors and an Independent Third Party
“Vendor B”	Mr. Namkung Chul Woong, being one of the Vendors and an Independent Third Party
“Vendor C”	Gloucester Co., Ltd., a company incorporated in Samoa, being one of the Vendors and an Independent Third Party
“Vendor D”	Yee Chain International Co., Ltd., a company incorporated in Taiwan, China, being one of the Vendors and an Independent Third Party

“Vendors”	collectively, Vendor A, Vendor B, Vendor C and Vendor D
“Vietnam”	the Socialist Republic of Vietnam
“sq.m.”	square metre
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of United States
“VND”	Vietnamese dong, the lawful currency of Vietnam
“%”	per cent.

In this announcement, for illustration purposes only and unless otherwise stated, all amounts denominated in VND have been translated into US\$ using the exchange rate of VND25,000: US\$1, and all amounts denominated in US\$ have been translated into HK\$ using the exchange rate of US\$1.00:HK\$7.80. Such translations shall not be construed as a representation that any amount in VND can be or could have been converted into US\$, or US\$ can be or could have been converted into HK\$ at the above rate or at all.

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

Hong Kong, 27 January 2025

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