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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)

DISCLOSEABLE TRANSACTION: ACQUISITION OF PROPERTY AND CAR PARKING SPACES

On 1 December 2014, the Group entered into the Agreement with the Vendor pursuant to which the Group has agreed to acquire the entire issued share capital of and the shareholder's loan due by the Target at the total cash consideration of HK\$71,060,050. The sole asset of the Target is the Property.

On 18 November 2014, the Group as purchaser also entered into the provisional agreements with Great Champ (Cayman) Limited as vendor for the sale and purchase of the Car Parking Spaces at the total cash consideration of HK\$5,600,000.

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition (together with the Car Park Acquisition) is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules.

THE AGREEMENT

Date: 1 December 2014

Parties:

(1) Purchaser:	Right Surplus Limited, a wholly-owned subsidiary of the Company
(2) Vendor:	Grandion International Holdings Limited
(3) Vendor's guarantor:	Cheung Yick Lun Alan, the sole director of the Vendor, who guarantees the obligation of the Vendor under the Agreement

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor is an investment holding company, and the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and any of its connected persons within the meaning of the Listing Rules.

Assets to be acquired

The entire issued share capital of and the shareholder's loan due by the Target.

Consideration

The consideration for the Acquisition is HK\$71,060,050, in which HK\$14,212,010 has been paid to the Vendor's solicitor as stakeholder as deposit and the remaining HK\$56,848,040 shall be paid on or before 1 December 2014, being the date of Completion.

It is also agreed that if the amount of the Net Tangible Asset as at the date of Completion is more (or less) than zero, the Group (or the Vendor) shall pay the difference (or the shortfall) on a dollar to dollar basis to the other party. In this regard, the Vendor shall deliver an audited accounts of the Target made up to the date of Completion to the Group within 45 days from the date of Completion. Settlement on difference (or the shortfall) between the parties shall be made within 14 days from the date of issue of the said audited accounts of the Target. Based on the financial information of the Target available to the Group, the unaudited Net Tangible Asset as at 30 November 2014 was about HK\$157,746.

The consideration was arrived at after arm's length negotiations between the parties to the Agreement through estate agent and has been satisfied by internal resources of the Group.

Conditions precedent

Completion is subject to the fulfilment of the following conditions precedent:

1. the Vendor having proved and showed title to the Property in accordance with the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong); and
2. the delivery of all title documents relating to the Property to the Group.

INFORMATION ON THE TARGET

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Target is an investment holding company with its sole asset being the Property. For the period from 25 October 2012 (being the date of incorporation) and up to 31 December 2012, the Target recorded an unaudited loss before and after taxation of approximately HK\$6,450. For the year ended 31 December 2013, the Target recorded an unaudited loss before and after taxation of approximately HK\$105,471. As at 30 November 2014, the unaudited net assets of the Target were approximately HK\$4,020,618. After Completion, the Target will become a wholly-owned subsidiary of the Company whose assets, liabilities and results will be consolidated into the books of the Company.

CAR PARK ACQUISITIONS

On 18 November 2014, each of Kam Hing Textile (International) Limited and Kam Hing Piece Works Limited, both being wholly-owned subsidiaries of the Company, entered into the provisional agreements with Great Champ (Cayman) Limited as vendor for the sale and purchase of the Car Parking Spaces at the total cash consideration of HK\$5,600,000 payable in the following manner:

- (i) HK\$280,000 has been paid upon signing of the provisional agreements on 18 November 2014;

- (ii) HK\$280,000 has been paid upon signing of the formal sale and purchase agreements on 26 November 2014; and
- (iii) the remaining HK\$5,040,000 shall be paid upon completion which shall take place on or before 5 January 2015.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Great Champ (Cayman) Limited is an investment holding company, and the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and any of its connected persons within the meaning of the Listing Rules.

The consideration was arrived at after arm's length negotiations between the parties to the Agreement through estate agent and has been/will be satisfied by internal resources of the Group.

REASONS FOR THE ACQUISITION AND THE CAR PARK ACQUISITION

The Group is principally engaged in the production and sale of knitted fabric, dyed yarn and provision of related services.

The Property is situated in an industrial building with a gross area of 1,168.4 square meters. After Completion, the Board intends to use the Property as its head office and principal place of business in Hong Kong and the existing head office in Hong Kong at Lucida Industrial Building will be sold or leased after removal in future. The Car Parking Spaces will be used by the Group for its ordinary business. To the best information, knowledge and belief of the Directors, the Property and the Car Parking Spaces have not been leased by the vendors before. The terms of the Agreement and the Car Park Acquisition were determined on normal commercial terms through arm's length negotiation with the parties. The Directors consider the terms of the Agreement and the Car Park Acquisition (including the consideration) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition (together with the Car Park Acquisition) is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capital of and the shareholder's loan due by the Target pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 1 December 2014 and entered into between, among other parties, the Group and the Vendor in relation to the Acquisition
“Board”	board of Directors

“Car Park Acquisition”	the proposed acquisition of the Car Parking Spaces pursuant to two provisional sale and purchase agreements entered into between the Group as purchaser and Great Champ (Cayman) Limited as vendor dated 18 November 2014
“Car Parking Spaces”	the two heavy goods vehicle parking spaces nos. HGV15 and HGV16 on the 1st Floor of TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
“Company”	Kam Hing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Tangible Asset”	all tangible assets convertible into or equivalent to cash (excluding the Property, any intangible assets, other fixed assets and deferred tax) less all liabilities (excluding the outstanding Property’s mortgage and the shareholder’s loan) and reserves of the Target as at the date of Completion
“Property”	Workshop A on 23rd Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Lunar Dragon Holdings Limited, a company incorporated in Hong Kong with limited liability and owned by the Vendor immediately before Completion
“Vendor”	Grandion International Holdings Limited, being the sole shareholder of the Target

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 1 December 2014

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, Mr. Chong Chau Lam and Mr. Wong Wai Kong, Elmen as executive Directors; and Mr. Chan Yuk Tong, Jimmy, Ms. Chu Hak Ha, Mimi and Mr. Ho Gilbert Chi Hang as independent non-executive Directors.