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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 IN RELATION TO
THE ACQUISITION OF INTERESTS IN THE PLOT IN VIETNAM**

THE AGREEMENTS

On 5 January 2023 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor and Jindi Vietnam (on behalf of the Vendor) entered into the Agreements, pursuant to which the Vendor conditionally agreed to dispose of, and the Purchaser conditionally agreed to acquire, the Sale Interests, representing the entire equity interests in the Target Company, for the consideration of VND 75,200,860,000 (equivalent to approximately HK\$22,582,800) in cash. Following completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Company will indirectly obtain the land use right for the Plot through the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all other ratios are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Agreements are summarised as follows:

Date : 5 January 2023

Parties : (1) Kam Wang (Hong Kong) Garment Company Limited (錦弘(香港)制衣有限公司) as purchaser

(2) Mrs. Do Thi Hong as vendor, and Jindi Vietnam Shoes Co., Ltd.* (CÔNG TY TNHH GIÀY JINDI VIỆT NAM) on behalf of the Vendor

Subject matter

The Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Interests, representing the entire equity interests in the Target Company, which shall be granted the land use right for the Plot.

Consideration

The total consideration for the sale and purchase of the Sale Interests is VND75,200,860,000, equivalent to approximately HK\$22,582,800, which shall be settled in cash by the Purchaser to the Vendor in the following manner as set out in the Principle Agreement:

- (i) within 5 days after signing the Agreements, the Purchaser shall pay to the Vendor the Deposit, in the amount of VND5,000,000,000, equivalent to approximately HK\$1,501,500;
- (ii) within 10 days after the Target Company has obtained the relevant investment certificate under the Application, the Purchaser shall pay to the Vendor (or the shareholder(s) of the Target Company) first payment of VND67,680,774,000 (representing 90% of the total consideration), equivalent to approximately HK\$20,324,500; and

- (iii) within 5 days after the Target Company signs a land lease contract with the competent state agencies in Vietnam, the Purchaser shall pay to the Vendor (or the shareholder(s) of the Target Company) further payment of VND2,520,086,000 (representing the balance of the total consideration), equivalent to approximately HK\$756,800.

The consideration was determined after arm's length negotiations between the Vendor, Jindi Vietnam and the Purchaser with reference to the independent valuation of the Plot based on market approach. The Company intends to satisfy the consideration by the internal resources of the Group. The Directors consider 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 Acquisition is conditional upon the satisfaction of the following conditions precedent as set out in the Share Transfer Agreement:

- (a) the Target Company having been established and the Vendor having contributed 100% of the charter capital of the Target Company (the amount of which is equivalent to the total consideration);
- (b) the relevant approvals by the competent state agencies in Vietnam having been obtained by the Target Company pursuant to the Application;
- (c) for the company documents of the Target Company, and the document relating to the Plot, including but not limited to the relevant approvals and the draft master plan, the originals of which having been provided by the Vendor to the Purchaser for the Purchaser's inspection at the head office address of the Target Company, and the certified copies of which having been provided by the Vendor to the Purchaser;
- (d) a binding agreement having been entered into between Jindi Vietnam and the Target Company for the transfer of the land use right for the Plot, and the Target Company having been granted the relevant land use right certificate;
- (e) within twenty (20) business days from the date of the Share Transfer Agreement, the Purchaser having completed the registration procedure for the transfer of the Sale Interests at the competent state agency in Vietnam; and
- (f) immediately after the completion of the registration procedure referred to in (e) above, the Purchaser having fulfilled its financial obligations to the competent state agency in Vietnam to enable the issuance of the land use right certificate to the Target Company.

Completion

Completion of the Acquisition shall take place upon satisfaction of all the conditions precedent of the Share Transfer Agreement.

Following completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the books of the Company. The Company will indirectly obtain the land use right for the Plot through the Target Company.

Compensation

Where the Vendor fails to complete the Application, the parties shall be obliged to do the following as set out in the Principle Agreement:

- (a) provided that the Vendor is at fault, the Vendor shall return the Deposit to the Purchaser in full as compensation; and
- (b) provided that the Purchaser is at fault (for the reasons including but not limited to, the invalidity of the legal documents of the Purchaser, the oversupply of production capacity, the failure to meet the requirements for production process and the failure to meet the environmental requirements), the Purchaser shall not demand the Vendor to return the Deposit;

INFORMATION ON THE VENDOR AND JINDI VIETNAM

To the best knowledge, information and belief of the Directors, Jindi Vietnam is a company established in Vietnam and principally engaged in subcontracting leather, footwear and related accessories. Immediately prior to the Completion, the Plot was owned by Jindi Vietnam.

Jindi Vietnam is owned as to 100% by Mr. Pham Van Chung. The Vendor is the niece-in-law of Mr. Pham Van Chung. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Vendor, Jindi Vietnam and its ultimate beneficial owner is an Independent Third Party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in Vietnam and its principal activity is manufacturing of garment products. As at the date of this announcement, the Target Company has not commenced any business and hence no financial information is available. Upon the assignment from Jindi Vietnam, the sole asset of the Target Company will be the Plot, which consists of land plot of about 56,542 sq.m. at No. 509, map No. 3, Quy Nhat Town, Nghia Hung District, Nam Dinh Province, Vietnam. The actual area of the Plot will be reflected in the land use right certificate to be issued which is not expected to be more than 56,542 sq.m.. The Plot shall be used as factories and warehouses of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holdings. The Group is principally engaged in manufacture and trading of knitted fabrics, dyed fabrics and yarns 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 include the provision of sewage treatment service, the provision of air and ocean freight handling services, mining and property development.

As mentioned in the 2021 Annual Report and the 2022 Interim Report, in view of the robust development of the textile and garment industry in Southeast Asian countries, the Group is looking to provide one-stop solution to its customers through its new integrated textile manufacturing base together with garment factories in Vietnam. The Acquisition can provide the Group with a long term production base in Vietnam for its garment business and operation. The Board believes that the Acquisition will greatly enhance its flexibility, create synergy with the Group's core fabric knitting facilities in Nansha and Enping, and allow the Group to provide comprehensive textile and garment manufacturing total solutions with multinational production bases.

The Board believes that the Acquisition is on normal commercial terms or better, and the terms of the Agreements 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 under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all other ratios are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“2021 Annual Report”	the annual report for the year ended 31 December 2021 of the Company
“2022 Interim Report”	the interim report for the six months ended 30 June 2022 of the Company
“Acquisition”	the acquisition of the Sale Interests by the Purchaser pursuant to the terms and conditions of the Agreements
“Agreements”	collectively, the Principle Agreement and the Share Transfer Agreement
“Application”	the application by the Target Company for the relevant approval(s) to operate the investments for the purpose of garment manufacturing from the competent state agencies in Vietnam
“Board”	the board of Directors
“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)

“Deposit”	the deposit in the amount of VND5,000,000,000 (equivalent to approximately HK\$1,501,500) to be paid by the Purchaser to the Vendor within 5 days after signing the Agreements
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Jindi Vietnam”	Jindi Vietnam Shoes Co., Ltd.* (CÔNG TY TNHH GIÀY JINDI VIỆT NAM), a company established in Vietnam with limited liability and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plot”	land plot of about 56,542 sq.m. at No. 509, map No. 3, Quy Nhat Town, Nghia Hung District, Nam Dinh Province, Vietnam
“Principle Agreement”	the agreement in principle dated 5 January 2023 and entered into between the Purchaser and Jindi Vietnam (on behalf of the Vendor) in relation to the Acquisition
“Purchaser”	Kam Wang (Hong Kong) Garment Company Limited (錦弘(香港)制衣有限公司), a company established in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Sale Interests”	the entire equity interests in the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 5 January 2023 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Great Garment Vietnam Company Limited, a company incorporated in Vietnam which will become an indirect wholly-owned subsidiary of the Purchaser upon completion of the Acquisition
“Vendor”	Mrs. Do Thi Hong, an Independent Third Party
“Vietnam”	the Socialist Republic of Vietnam
“VND”	Vietnamese dong, the lawful currency of Vietnam
“sq.m.”	square metre
“%”	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 VND have been converted into HK\$ at the rate of VND10,000 to HK\$3.33. 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, 5 January 2023

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.