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KINGDOM
KINGDOM HOLDINGS LIMITED
金達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 528)

DISCLOSEABLE TRANSACTION
PURCHASE OF THE 2019 EQUIPMENT

On 28 January 2019, Zhejiang Jinyuan, an indirect wholly-owned subsidiary of the Company, entered into the 2019 Equipment Purchase Agreement with Zhejiang Golden Eagle, pursuant to which Zhejiang Jinyuan agreed to purchase and Zhejiang Golden Eagle agreed to sell the 2019 Equipment at a consideration of RMB24,470,000 for the Group's project in Ethiopia.

On 27 September 2018, Zhejiang Jinyuan entered into the 2018 Equipment Purchase Agreement with Zhejiang Golden Eagle for the purchase of various equipment at a consideration of RMB49,048,000 for the Group's project in Ethiopia. Given that the transaction contemplated under the 2019 Equipment Purchase Agreement is of the same nature and involves the same counterparty as the transaction under the 2018 Equipment Purchase Agreement, and the 2018 Equipment Purchase Agreement and the 2019 Equipment Purchase Agreement are completed within a 12-month period, the 2019 Equipment Purchase Agreement is required to be aggregated with the 2018 Equipment Purchase Agreement pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules are, on an aggregated basis, more than 5% but less than 25%, the transaction contemplated under the 2019 Equipment Purchase Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 28 January 2019, Zhejiang Jinyuan, an indirect wholly-owned subsidiary of the Company, entered into the 2019 Equipment Purchase Agreement with Zhejiang Golden Eagle, pursuant to which Zhejiang Jinyuan agreed to purchase and Zhejiang Golden Eagle agreed to sell the 2019 Equipment at a consideration of RMB24,470,000 for the Group's project in Ethiopia.

The principal terms of the 2019 Equipment Purchase Agreement are set out below.

2019 EQUIPMENT PURCHASE AGREEMENT

Date

28 January 2019

Parties involved

- (1) Zhejiang Jinyuan, an indirect wholly-owned subsidiary of the Company, as purchaser;
and
- (2) Zhejiang Golden Eagle as vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Zhejiang Golden Eagle and its ultimate beneficial owner are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

Subject matter

Pursuant to the 2019 Equipment Purchase Agreement, Zhejiang Jinyuan shall purchase the 2019 Equipment which consists of fibre-forming machines, drawing frames and spinning frames from Zhejiang Golden Eagle.

Consideration and payment terms of the 2019 Equipment Purchase Agreement

The total consideration for the 2019 Equipment Purchase Agreement is RMB24,470,000, which is payable by bank acceptance bills by Zhejiang Jinyuan to Zhejiang Golden Eagle in the following manner:

- (i) 15% of the Consideration shall be payable upon the execution of the 2019 Equipment Purchase Agreement;
- (ii) 55% of the Consideration shall be payable upon the ordered sets of the 2019 Equipment having been delivered to the designated sea port warehouse according to the delivery schedule; and
- (iii) 30% of the Consideration shall be payable after three months of completion and acceptance of the installation and commissioning of the 2019 Equipment in Ethiopia.

The Consideration under the 2019 Equipment Purchase Agreement was determined after arm's length negotiations between the parties based on normal commercial terms, taking into account the prevailing market price of equipment similar to 2019 Equipment. Accordingly, the Directors consider that the Consideration under the 2019 Equipment Purchase Agreement is fair and reasonable.

The consideration will be satisfied by the internal resources of the Group.

Delivery of the 2019 Equipment

Pursuant to the 2019 Equipment Purchase Agreement, Zhejiang Golden Eagle shall deliver to Zhejiang Jinyuan the 2019 Equipment in batches to the designated sea port warehouse in China commencing from February 2019. All 2019 Equipment shall be delivered by the end of April 2019. The 2019 Equipment will be used for the Group's production of linen yarn for the Ethiopia Project. The 2019 Equipment will be part of the capital contribution of Zhejiang Jinyuan to its directly-owned subsidiary, Kingdom (Ethiopia).

REASONS FOR ENTERING INTO THE 2019 EQUIPMENT PURCHASE AGREEMENT

The Company is an investment holding company. Its subsidiaries, including Zhejiang Jinyuan, are principally engaged in the manufacture and sale of linen yarn.

The Group is the leading exporter of linen yarn in the PRC and the Group intends to further expand its production capacity to meet the market demand for linen yarn in view of the current upward trend of the linen yarn industry. The 2019 Equipment Purchase Agreement was entered into as part of the ordinary course of business of the Group for increase of the Group's production capacity in Ethiopia. The Directors consider that the terms of the 2019 Equipment Purchase Agreement are fair and reasonable and the transaction contemplated thereunder is in the interest of the Company and the Shareholders as a whole.

GENERAL

Zhejiang Golden Eagle is a company established in the PRC whose A shares are listed on the Shanghai Stock Exchange (stock code: 600232) and is principally engaged in manufacturing of machinery and production and processing of textile and silk clothing, plastic machinery, die-casting machinery, food machinery, plastic pipe, real estate, catering services, etc.

LISTING RULES IMPLICATION

Given that the transaction contemplated under the 2019 Equipment Purchase Agreement is of the same nature and involves the same counterparty as the transaction under the 2018 Equipment Purchase Agreement, and the 2018 Equipment Purchase Agreement and the 2019 Equipment Purchase Agreement are completed within a 12-month period, the 2019 Equipment Purchase Agreement is required to be aggregated with the 2018 Equipment Purchase Agreement pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules are, on an aggregated basis, more than 5% but less than 25%, the transaction contemplated under the 2019 Equipment Purchase Agreement constitutes a discloseable transaction for the Company under Rule 14.06 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 shall have the following meanings unless the context requires otherwise:

“2018 Equipment Purchase Agreement”	the agreement dated 27 September 2018 entered into between Zhejiang Jinyuan and Zhejiang Golden Eagle in relation to the purchase of the various equipment at a consideration of RMB49,048,000
“2019 Equipment”	the equipment which consists of fibre-forming machines, drawing frames and spinning frames to be purchased by Zhejiang Jinyuan pursuant to the 2019 Equipment Purchase Agreement
“2019 Equipment Purchase Agreement”	the agreement dated 28 January 2019 entered into between Zhejiang Jinyuan and Zhejiang Golden Eagle in relation to the purchase of the 2019 Equipment at a consideration of RMB24,470,000
“Board”	The board of Directors
“Company”	Kingdom Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	shall have meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Equipment under the 2019 Equipment Purchase Agreement, being RMB24,470,000
“Directors”	the director(s) of the Company

“Ethiopia Project”	the facility to be constructed by the Group in Ethiopia for production of linen yarn
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Kingdom (Ethiopia)”	Kingdom (Ethiopia) Linen PLC, a company incorporated in Ethiopia. A direct subsidiary of Zhejiang Jinyuan and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	share(s) of HK\$0.01 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Golden Eagle”	Zhejiang Golden Eagle Co., Ltd.* (浙江金鷹股份有限公司), a company established in the PRC with limited liability whose A shares are listed on the Shanghai Stock Exchange (stock code: 600232)

“Zhejiang Jinyuan”

Zhejiang Jinyuan Flax Co., Ltd.* (浙江金元亞麻有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

By Order of the Board of
Kingdom Holdings Limited
Ren Weiming
Chairman

Zhejiang, 28 January 2019

As at the date of this announcement, the executive Directors are Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong; the non-executive Director is Mr. Ngan Kam Wai Albert; and the independent non-executive Directors are Mr. Lau Ying Kit, Mr. Lo Kwong Shun Wilson and Mr. Yan Jianmiao.

* *For illustration purpose only*