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KINGDOM
KINGDOM HOLDINGS LIMITED
金達控股有限公司

(Incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as “Kingdom (Cayman) Limited”)

(Stock Code: 528)

CONNECTED TRANSACTION
ACQUISITION OF PROPERTY IN ZHEJIANG

THE SALE AND PURCHASE AGREEMENT

On 29 November 2019, Zhejiang Jinyuan, an indirectly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Kingdom Creative, pursuant to which Zhejiang Jinyuan agreed to acquire and Kingdom Creative agreed to sell the Property at a consideration of RMB50,000,000 (equivalent to approximately HK\$55,029,716).

LISTING RULES’ IMPLICATIONS

As at the date of this announcement, Kingdom Creative is owned as to 71.64% by Mr. Ren Weiming, the chairman of the Board and an executive Director. Kingdom Creative is therefore a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but all are less than 5%, the Acquisition will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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The Property

The Property comprises the land use rights of the Land and the Buildings located at No. 192, Xinqiao North Road, Wuyuan Town, Haiyan County, Zhejiang Province, the PRC (中國浙江省海鹽縣武原鎮新橋北路192號). The term of the land use rights of the Land is 50 years until the year of 2047 and its permitted usage is for industrial use. The total area of the Land is approximately 15,700 sq.m. As at the date of this announcement, two staff quarters and five other buildings are erected on the Land with an aggregate area of approximately 10,000 sq.m. The market value of the Property is RMB50,160,000 (equivalent to approximately HK\$55,205,811) as at 20 November 2019 as appraised by an independent property valuer. The original acquisition cost and construction cost of the Property incurred by Kingdom Creative was approximately RMB16,244,000 (equivalent to approximately HK\$17,878,000).

Consideration and payment terms

The consideration for the Acquisition is RMB50,000,000 (equivalent to approximately HK\$55,029,716), of which RMB48,000,000 (equivalent to approximately HK\$52,828,527) is payable upon the signing of the Sale and Purchase Agreement and the remaining balance of RMB2,000,000 (equivalent to approximately HK\$2,201,189) is payable within one month from the date of completion of the transfer of title of the Property from Kingdom Creative to Zhejiang Jinyuan. The Group intends to fund the Acquisition by internal resources.

The consideration for the Acquisition was determined after arm's length negotiations between the parties with reference to the market value of the Property as at 20 November 2019 as appraised by an independent property valuer.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The current production facilities of Zhejiang Jinyuan have been in use for over 15 years. The Group is in need of additional space to cope with its business development and expansion. In addition, the Group is contemplating to relocate its research and development centre to Wuyuan Town, Haiyan County, Zhejiang Province, the PRC. It is planned that the Property will be used as workshop for maintenance of production facilities, warehouse, research and development centre and staff quarters. Having considered the location and investment value of the Property, the Group's business expansion plan in the long run and available financial resources, the Directors are of the view that the Acquisition will be beneficial to the Group's business development.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement was entered on normal commercial terms and that the transaction contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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INFORMATION OF THE GROUP

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

INFORMATION OF KINGDOM CREATIVE

Kingdom Creative is a joint stock company established in the PRC with limited liability. It has a diversified investment portfolio including retail business, banking, finance leasing and biotechnology companies. It is owned as to 71.64% by Mr. Ren Weiming, the chairman of the Board and an executive Director. The executive Directors of the Company, namely Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, are directors of Kingdom Creative.

GENERAL

Each of Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder by virtue of their directorships in Kingdom Creative. Save for Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Property by Zhejiang Jinyuan from Kingdom Creative in accordance with the terms of the Sale and Purchase Agreement
“Board”	the board of Directors
“Buildings”	the buildings erected on the Land comprising two staff quarters and five other buildings with an aggregate area of approximately 10,000 sq.m.

“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”	shall have meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Kingdom Creative”	Zhejiang Kingdom Creative Co., Ltd.* (浙江金達創業有限公司), a joint stock company established in the PRC with limited liability and owned as to 71.64% by Mr. Ren Weiming, the chairman of the Board and an executive Director
“Land ”	a parcel of land located at No. 192, Xinqiao North Road, Wuyuan Town, Haiyan County, Zhejiang Province, the PRC (中國浙江省海鹽縣武原鎮新橋北路192號) with a total area of approximately 15,700 sq.m.
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	the Land and the Buildings
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the agreement dated 29 November 2019 entered into between Zhejiang Jinyuan and Kingdom Creative in relation to the Acquisition
“Share(s)”	share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square metre;
“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
“%”	per cent

* For identification purpose only

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.9086.

By order of the Board
Kingdom Holdings Limited
Ren Weiming
Chairman

Zhejiang, 29 November 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.