

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **KA SHUI INTERNATIONAL HOLDINGS LIMITED**

**嘉瑞國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 822)**

### **CONNECTED TRANSACTION — ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE ACQUISITION**

On 19 December 2022 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire the entire issued share capital of the Target Company at a consideration of HK\$7,534,000. The Target Company is the sole legal and beneficial owner of the Properties.

#### **IMPLICATION UNDER THE LISTING RULES**

As the Vendors are Mr. Lee (being the chairman of the Board, an executive Director and controlling shareholder) and Ms. Chan (being the executive Director), the Vendors are connected persons of the Company and the Acquisition constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios in respect of the Acquisition under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the Acquisition is subject to reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 19 December 2022 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire the entire issued share capital of the Target Company at a consideration of HK\$7,534,000. The principal terms of the Sale and Purchase Agreement are set out as follows:

### **Date of the Sale and Purchase Agreement**

19 December 2022 (after trading hours)

### **Parties**

(1) the Vendors, comprising

- (a) Mr. Lee (holding 99.99% of equity interest of the Target Company)
- (b) Ms. Chan (holding 0.01% of equity interest of the Target Company) *(Note)*

(2) the Purchaser

*Note:* Ms. Chan held this interest on trust for and on behalf of Mr. Lee since 21 December 1999.

### **Subject matter**

The Vendors have agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of the Target Company.

### **Consideration**

The consideration for the Acquisition is HK\$7,534,000, which shall be payable by the Purchaser by way of electronic funds transfer to the designated bank account on the completion date of the Sale and Purchase Agreement.

The consideration was determined after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to the appraised value of the Properties as at 6 December 2022, based on a valuation carried out by an independent firm of professional valuer, Shenzhen City Real Estate Land Appraisal Co., Ltd.\* (深圳市城市房地產土地資產評估有限公司), adopting the market comparison method, being RMB6,721,120 (equivalent to approximately HK\$7,534,000) and the Target Company's sole asset being the Properties. The consideration will be financed by the Group's internal resources. Both the Vendors and the Purchaser shall bear their respective transaction costs (including stamp duties payable for the Acquisition) in equal shares.

## **Representations and warranties**

Each of the Vendors warrants and undertakes to the Purchaser that, among others, the following warranties are true, accurate and not misleading as at the date of the Sale and Purchase Agreement and continue to be so up to and including the time of completion or any time as agreed by the parties in writing (whichever is later):

- (i) the Target Company is a duly incorporated limited liability company validly existing under the laws of Hong Kong and has the corporate powers and authorities to carry on its business. So far as the Vendors are aware, the Target Company has complied with the provisions of all applicable laws, regulations (and all orders notices and directions made thereunder) and all applicable codes or practices in all material aspects;
- (ii) there are no outstanding indebtedness or other liability (actual or contingent) owing by the Target Company;
- (iii) save for the amounts due to the director, with such amounts having been fully waived, the Target Company is not indebted to any of its directors, shareholders or any of their respective affiliates; and
- (iv) the Target Company has good and valid title to its assets, including the Properties, free and clear of encumbrances.

## **Completion**

Subject to the compliance by the Company of all its obligations under the application laws and regulations, the completion of the Acquisition shall take place at or before 5:00 p.m. (Hong Kong time) on 21 December 2022 at the office of the Purchaser or such other place and time as shall be mutually agreed by the parties in writing.

## **The Properties**

The Properties are located at Room 403 and 404, Block A, Guanlan Garden, Golf Avenue, Guanlan Town, Baoan District, Shenzhen, the PRC\* (中國深圳市寶安區觀瀾鎮高爾夫大道觀瀾豪園A棟403、404) and are residential properties with an aggregate gross floor area of approximately 197.68 square meter.

As at 6 December 2022, the appraised value of the Properties was RMB6,721,120 (equivalent to approximately HK\$7,534,000). The original acquisition cost of the Properties by the Vendors, through the Target Company, in December 2001 was approximately RMB1.9 million (equivalent to approximately HK\$1.8 million at the then prevailing exchange rate).

## REASONS FOR AND BENEFITS OF THE ACQUISITION

It is intended that the Acquisition shall allow the Properties for use by the Group, through offering its use to visiting customers and such other potential uses as the Board determines to be beneficial to the business of the Group from time to time, and the Company may also consider selling the Properties in case there is capital appreciation in the future.

## INFORMATION OF THE GROUP

The Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 822), and the Group is principally engaged in the manufacture and sale of zinc, magnesium, aluminium alloy, plastic products and components, trading of lighting products, production of smart home products and provision of new energy vehicle power systems.

The Purchaser is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

## INFORMATION OF THE VENDORS AND THE TARGET COMPANY

The Vendors are Mr. Lee (being the chairman of the Board, an executive Director and controlling shareholder) and Ms. Chan (being the executive Director).

The Target Company is a company incorporated in Hong Kong with limited liability, the shares of which are legally owned as to 99.99% by Mr. Lee and 0.01% by Ms. Chan, and beneficially wholly owned by Mr. Lee. It is principally engaged in investment holding, with the Properties as its sole assets with no liabilities as at the date of this announcement.

The unaudited financial results of the Target Company are set out as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<i>(HK\$)</i>	<i>(HK\$)</i>
Net loss before tax	(45,273)	(45,273)
Net loss after tax	(45,273)	(45,273)

As at 19 December 2022, the unaudited net asset value of the Target Company was HK\$7,534,000, comprising the appraised value of the Properties.

## **IMPLICATION UNDER THE LISTING RULES**

As the Vendors are Mr. Lee (being the chairman of the Board, an executive Director and controlling shareholder) and Ms. Chan (being the executive Director), the Vendors are connected persons of the Company and the Acquisition constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios in respect of the Acquisition under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the Acquisition is subject to reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval under Chapter 14A of the Listing Rules.

Both Mr. Lee and Ms. Chan, being the Vendors, have a material interest in the Acquisition and have abstained from voting on the relevant board resolutions approving the Acquisition. Save as aforesaid, none of the other Directors has or is deemed to have a material interest in the Acquisition or are required to abstain from voting on the resolutions of the Board approving the same.

The Directors (including the independent non-executive Directors) have considered the Sale and Purchase Agreement and have determined that the terms of which are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Ka Shui International Holdings Limited (嘉瑞國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 822)
“connected person”	has the meaning ascribed to it under the Listing Rules
“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 PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Yuen Fat (李遠發), the chairman of the Board, an executive Director and a controlling shareholder
“Ms. Chan”	Ms. Chan So Wah (陳素華), an executive Director
“Properties”	Room 403 and 404, Block A, Guanlan Garden, Golf Avenue, Guanlan Town, Baoan District, Shenzhen, the PRC* (中國深圳市寶安區觀瀾鎮高爾夫大道觀瀾豪園A棟403、404)
“Purchaser”	Good Hero Development Limited (佳濠發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 December 2022 entered between the Vendors and the Purchaser in relation to the Acquisition
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.1each
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Bestgrand Enterprises Limited (百亨企業有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are legally owned as to 99.99% by Mr. Lee and 0.01% by Ms. Chan, and beneficially wholly owned by Mr. Lee
“Vendors”	Mr. Lee and Ms. Chan
“%”	per cent.

By the order of the Board  
**Ka Shui International Holdings Limited**  
**LEE YUEN FAT**  
*Chairman*

Hong Kong, 19 December 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen, Mr. Chu Weiman and Ms. Chan So Wah, and four independent non-executive Directors, namely Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok GBS, MH, JP, Mr. Andrew Look and Mr. Kong Kai Chuen, Frankie.*