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King's Flair International (Holdings) Limited

科勁國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6822)

**DISCLOSEABLE TRANSACTION
PURCHASE OF EQUIPMENT**

The Board wishes to announce that on 15 October 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equipment Sales Agreement with the Vendor in relation to the purchase of Equipment at the Consideration of EUR6,318,905 (or approximately HK\$57,186,090).

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Equipment Sales Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Equipment Sales Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 15 October 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equipment Sales Agreement with the Vendor in relation to the purchase of Equipment at the Consideration of EUR6,318,905 (or approximately HK\$57,186,090).

THE EQUIPMENT SALES AGREEMENT

Date

15 October 2018 (after trading hours)

Parties

Vendor: ELMARCO s.r.o., a company incorporated in the Czech Republic with limited liability

Purchaser: Nanoshields Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Four (4) independent, separately operated production lines, each of which consists of standard version of the Nanospider™ eight-electrode solvent optimized 1600 mm width with an upward spinning configuration (“NS 8S1600U”) Nanospider technology including peripheries, allowing in-line production on one (1) spinning unit NS 8S1600U (the “**Equipment**”).

Consideration and payment terms

The Consideration payable under the terms of the Equipment Sales Agreement is EUR6,318,905 (or approximately HK\$57,186,090), which was determined after arm's length negotiation between the Vendor and the Purchaser based on normal commercial terms with reference to the standard unit price of a single production line of the Equipment and the specifications and technology of the Equipment.

The Consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (i) as to EUR1,895,672 (or approximately HK\$17,155,832), within 14 days after the signing of the Equipment Sales Agreement;
- (ii) as to EUR947,836 (or approximately HK\$8,577,916), within 10 days after PAT of the 1st line or six months after readiness for shipment if delay caused by the Purchaser, whichever is earlier;
- (iii) as to EUR1,579,726 (or approximately HK\$14,296,520), within 10 days after PAT of the 2nd and 3rd line or six months after readiness for shipment if delay caused by the Purchaser, whichever is earlier;

- (iv) as to EUR1,263,781 (or approximately HK\$11,437,218), within 10 days after PAT of the 4th line or six months after readiness for shipment if delay caused by the Purchaser, whichever is earlier; and
- (v) as to the remaining EUR631,890 (or approximately HK\$5,718,604), within 14 days after the FAT of the 4th delivered line or by 1 July 2022, whichever is earlier.

The Consideration will be satisfied by the internal resources of the Group without recourse to the net proceeds from the Company's share offer completed in January 2015.

Expected delivery dates

The Equipment is expected to be delivered according to the following schedule:

(i) 1st line

Construction of 1st line will be ready for PAT in 26 weeks from receiving the first down payment and will be ready for shipment in 29 weeks from receiving the first down payment.

(ii) 2nd and 3rd line

Construction of 2nd and 3rd line will be ready for PAT in 26 weeks from PAT of 1st line but not later than 31 October 2019 and will be ready for shipment in 29 weeks from PAT of 1st line.

(iii) 4th line

The Purchaser must inform the Vendor about details for installation of the 4th line at least 13 months before readiness for delivery.

INFORMATION ABOUT THE GROUP AND THE VENDOR

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are trading, retail, wholesale and distribution of kitchenware and household products and trading of raw materials. The Purchaser is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company set up for the purpose of holding the Equipment.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Vendor is a company incorporated in the Czech Republic with limited liability whose product/service range includes Nanotechnology (specialized in nanofiber-research and development of nanofiber applications; commercialization of nanofiber products; project implementation; mass production equipment; lab equipment) and is the industry's first supplier of industrial scale electrospinning equipment and whose needle-free Nanospider™ technology is designed for effective production of the highest quality nanofibers.

REASONS FOR AND BENEFITS OF THE PURCHASE

As part of its growth strategy the Group has been working closely on raw material development and application and product technology innovation to upgrade its existing product design portfolio. The Equipment is the leading commercial-ready equipment to produce solvent electrospun nanofibers and uses Nanospider™ technology which is a versatile technology easily adapted to a variety of process parameters for the optimization of the specific properties of the produced nanofibers.

The Equipment will upgrade the Group's supply chain production capability for the production of components for the Group's products. As the Group currently outsources the entire production process to independent third party production factories, the Group intends to select one or more appropriate production factories for the installation of the Equipment. The Group will take into account factors such as factory scale, management skills, financial stability and location in the selection process. As operation of the Equipment is not labour intensive, the Group may also explore the potential of operating the Equipment itself should it be in the best interest of the Group.

Accordingly, the Board believes that the Purchase is conducted in the ordinary course of business of the Group on normal commercial terms which are fair and reasonable, and are in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Equipment Sales Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Equipment Sales Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	King's Flair International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Consideration”	the consideration payable by the Purchaser to the Vendor under the terms of the Equipment Sale Agreement, being EUR6,318,905 (or approximately HK\$57,186,090)
“Director(s)”	the director(s) of the Company

“Equipment”	has the same meaning ascribed to it under the section headed “The Equipment Sales Agreement – Subject matter” in this announcement
“Equipment Sales Agreement”	the equipment sales agreement dated 15 October 2018 entered into between the Vendor and the Purchaser relating to the Purchase
“EUR”	Euro, the single currency of the European Union as constituted by the Treaty on European Union
“FAT”	Final Acceptance Test
“Group”	the Company and its subsidiaries from time to time
“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(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PAT”	Preliminary Acceptance Test
“percentage ratios”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“Purchase”	the purchase of the Equipment by the Purchaser pursuant to the terms of the Equipment Sales Agreement
“Purchaser”	Nanoshields Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”

ELMARCO s.r.o., a company incorporated in the Czech Republic with limited liability and an Independent Third Party

“%”

per cent.

In this announcement, amounts in EUR are converted into HK\$ at the exchange rate of EUR1.00 to HK\$9.05. Such exchange rate has been used, where applicable, for illustrative purpose only and does not constitute a representation that any amounts where or may have been exchanged at such rate or any other rates.

By order of the Board
King’s Flair International (Holdings) Limited
Wong Siu Wah
Chairman and Executive Director

Hong Kong, 15 October 2018

As at the date of this announcement, the board of directors of the Company comprised two executive directors, namely, Mr. Wong Siu Wah and Ms. Wong Fook Chi; and three independent non-executive directors, namely, Dr. Lau Kin Tak, Mr. Anthony Graeme Michaels and Ms. Leung Wai Ling, Wylie.