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**KIN YAT HOLDINGS LIMITED**  
**建溢集團有限公司**

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

**VOLUNTARY ANNOUNCEMENT**

**FRAMEWORK AGREEMENT IN RESPECT OF  
THE POTENTIAL DISPOSAL OF THE FACTORY  
LAND AND BUILDINGS IN SHAOGUAN CITY**

This announcement is made by Kin Yat Holdings Limited (the “**Company**”, and together with its subsidiaries, collectively, the “**Group**”) on a voluntary basis.

**THE POTENTIAL DISPOSAL**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that on 11 May 2021, the Company, through its subsidiaries, entered into the Framework Agreement for the Buyback of State-owned Construction Land Use Right (國有建設用地使用權收回框架協議) (the “**Framework Agreement**”) with the Shaoguan Municipal People’s Government (韶關市人民政府) represented by the relevant Land Reserve Centre (土地儲備中心) (the “**Land Reserve Centre**”) in Shaoguan City, Guangdong Province, the People’s Republic of China (the “**PRC**”) pursuant to which the Land Reserve Centre intends to buyback, and the Company intends to dispose of the land together with the buildings erected thereon and the associated facilities owned by the Group and located at the industrial hub of the Group in Shaoguan City, the PRC (the “**Potential Disposal**”). The subject land and the buildings erected thereon and the associated facilities (the “**Target Assets**”) comprise mainly of four parcels of adjacent land for industrial use with a total area of approximately 147,000 square metres and buildings (including factory premises, staff quarters and warehousing facilities) with a total floor area of approximately 150,000 square metres.

Pursuant to the Framework Agreement, qualified asset valuation companies will be retained by the Land Reserve Centre in accordance with the relevant established procedures promulgated for the buyback of state-owned construction land use right in the PRC to assess the value of the Target Assets (the “**Assessed Valuation**”). The Group shall then negotiate with the Land Reserve Centre with reference to the Assessed Valuation, which will be set as the maximum value of the amount of compensation to be

received by the Company under the Potential Disposal, to agree on the amount of compensation and other terms in relation to the Potential Disposal. Should the Company not be satisfied with the amount of compensation and other terms of the Potential Disposal, the Company will cease the negotiation with the Land Reserve Centre with respect to the Potential Disposal without incurring any liabilities except that the Company will be liable to the related professional fees to the aforesaid asset valuation companies.

## **REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL**

The majority part of the Target Assets is idle and currently not being used by the Group. Given that the assets to be disposed of are not critical to the operations of the Group's business, the Directors are of the opinion that the Potential Disposal, if materialised would not have any material impact on the overall business operations of the Group and believe that it would not only enhance the financial position of the Group but also facilitate the optimal strategic allocation of resources to its business needs.

## **GENERAL**

The Potential Disposal if materialised, may constitute a notifiable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As at the date of this announcement, no material terms concerning the Potential Disposal have been agreed and the Group has not entered into any binding sale and purchase agreement in relation to the Potential Disposal. The Board will make further announcement as and when necessary in compliance with the Listing Rules and applicable laws.

**The Potential Disposal may or may not materialise. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Kin Yat Holdings Limited**  
**Cheng Chor Kit**  
*Chairman and Chief Executive Officer*

Hong Kong, 12 May 2021

*As at the date of this announcement, the Board comprises (a) five executive Directors, namely Mr. CHENG Chor Kit, Mr. LIU Tat Luen, Mr. CHENG Tsz To, Mr. CHENG Tsz Hang and Mr. LEE Kim Wa, Winston; (b) one non-executive Director, Dr. FUNG Wah Cheong, Vincent; and (c) four independent non-executive Directors, namely Mr. WONG Chi Wai, Dr. SUN Kwai Yu, Vivian, Mr. CHENG Kwok Kin, Paul and Mr. CHEUNG Wang Ip.*