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K & P INTERNATIONAL HOLDINGS LIMITED

堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 675)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 2 January 2013 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Agreement**”) with the Vendors for the acquisition of the entire issued share capital of each of Sun Ngai and Hunpex (HK). Pursuant to the Agreement, the Purchaser will, among other things, pay additional sums to the Vendors for the Prepayments, and, at the Purchaser’s discretion, certain Inventories.

Since certain of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Transactions exceed 5% (but none of them exceeds 25%), the Transactions constitute a discloseable transaction of the Company and is subject to the announcement requirement but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

A. INTRODUCTION

The Board is pleased to announce that on 2 January 2013 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Agreement**”) with the Vendors for the acquisition (the “**Acquisition**”) of entire issued share capital of each of Sun Ngai and Hunpex (HK). Pursuant to the Agreement, the Purchaser will, among other things, pay additional sums to the Vendors for the Prepayments, and certain Inventories (in the case where the Purchaser decides that Hunpex (SZ) should retain any of the Inventories) (the aforesaid transactions, together with the Acquisition, shall be referred to as the “**Transactions**”).

B. THE TRANSACTIONS

1. The Agreement

Date: 2 January 2013

** For identification purposes only*

Parties: (1) The Purchaser (as purchaser);
(2) The Sun Ngai Vendors (as vendors); and
(3) The Hunpex Vendor (as vendor)
(the Sun Ngai Vendors and the Hunpex Vendor shall together be referred to as the “**Vendors**”).

The Purchaser is principally engaged in investment holding and is a wholly owned subsidiary of the Company. The Vendors, through the Target Group, are principally engaged in trading and manufacturing of double injection plastic mould and products.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are third parties independent of the Company as they are not the Company's connected persons.

2. Principal assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire the Target Sale Shares, representing the entire issued share capital of each of Sun Ngai and Hunpex (HK). Hunpex (HK) is the beneficial owner of the entire registered capital in Hunpex (SZ).

3. Consideration

The aggregate consideration (the “**Purchase Consideration**”) for the sale and purchase of the Target Sale Shares shall be HK\$7,000,000, comprising, (a) HK\$3,500,000 as consideration for the sale and purchase of the entire issued share capital of Sun Ngai, and (b) HK\$3,500,000 as consideration for the sale and purchase of the entire issued share capital of Hunpex (HK). The Purchase Consideration shall be paid by the Purchaser in cash in the following manner:

- (i) a sum of HK\$1,750,000 shall be paid to the Sun Ngai Vendors (which amount shall be divided between them based on their respective shareholdings in Sun Ngai);
- (ii) a sum of HK\$1,750,000 shall be paid to the Hunpex Vendor; and
- (iii) the balance of HK\$3,500,000 (“**Security Money**”), representing the remainder of the Purchase Consideration, shall be paid and applied in accordance with the paragraph entitled “Certain receivables and payables of the Target Group” in the sub-section entitled “5. Other terms of the Agreement” below.

The Purchase Consideration was arrived at after arm's length negotiation between the parties and after having regard to the value of the net assets of the Target Group, but without taking into account the value of the Prepayments or the Inventories or the accounts receivables and payables of the Target Group as referred to below.

4. Completion

Pursuant to the Agreement, Completion shall take place immediately after the execution of the Agreement, and, accordingly has taken place on the date hereof.

5. *Other terms of the Agreement*

- *Prepayments*

Pursuant to the terms of the Agreement, subject to and after Completion, the Purchaser shall within ten (10) Business Days (after the Vendors producing to the Purchaser evidence of payment of all of the Prepayments), pay (a) to the Sun Ngai Vendors a sum equal to the relevant Prepayments in respect of Sun Ngai (to be divided between the Sun Ngai Vendors based on their respective shareholdings in Sun Ngai), and (b) to the Hunpex Vendor a sum equal to the relevant Prepayments in respect of Hunpex (HK) and Hunpex (SZ). The aggregate of the Prepayments will not exceed HK\$400,000.

- *Inventories*

Subject to and after Completion, the Purchaser shall decide whether Hunpex (SZ) would retain any of the Inventories, and, to the extent that the Purchaser decides that Hunpex (SZ) should retain any of the Inventories, the Purchaser shall pay an additional amount to the Hunpex Vendor for such Inventories, such amount to be determined with regard to the relevant purchase unit cost, the cost of production and/or the selling price of the relevant Inventories. It is estimated that the maximum additional amount to be paid by the Purchaser in respect of the Inventories (assuming that the Purchaser decides that all the Inventories should be retained by Hunpex (SZ)) will not exceed HK\$10,000,000.

- *Certain receivables and payables of the Target Group*

It is agreed between the Vendors and the Purchaser that, since the Purchase Consideration does not take into account the accounts receivables and payables of the Target Group, during the Collection Period, the receivables (incurred prior to the date of the Agreement) of the Target Group shall be collected, which, together with the bank balances of the Target Group, shall belong to the Vendors, after the same have been applied to settle the payables (incurred prior to the date of the Agreement) of the Target Group, and:

- (i) in the event that the abovementioned receivables and bank balances is greater than the abovementioned payables (the amount of the relevant receivables and bank balances in excess shall be referred to as the “**Excess**”), the Excess shall be paid by the Purchaser (a) with respect to 50% of the Excess, to the Sun Ngai Vendors (to be divided between the Sun Ngai Vendors based on their respective shareholdings in Sun Ngai) and (b) with respect to 50% of the Excess, to the Hunpex Vendors. At the end of the Collection Period, 50% of the Security Money shall be released to the Sun Ngai Vendors (to be divided between the Sun Ngai Vendors based on their respective shareholdings in Sun Ngai) and the other 50% to the Hunpex Vendor; and
- (ii) in the event that the abovementioned receivables and bank balances is less than the abovementioned payables (the amount of the relevant receivables and bank balances in deficit shall be referred to as the “**Shortfall**”), then the Vendors shall pay the Purchaser, a sum representing the Shortfall which shall be settled at the end of the Collection Period in either of the following manner: (a) if the Shortfall is less than the amount of the Security Money, by deducting the Shortfall from the Security Money and releasing 50% of the balance of the Security Money to the Sun Ngai Vendors (to be divided between the Sun Ngai Vendors based on their respective shareholdings in

Sun Ngai) and 50% of the balance of the Security Money to the Hunpex Vendor, or, (b) if the Shortfall is greater than the amount of the Security Money, by releasing the Security Money to the Purchaser and the Vendors undertaking to pay the Purchaser forthwith on demand an amount representing the difference between the Shortfall and the Security Money.

It is estimated that the maximum amount of the Excess (assuming all relevant accounts receivable of the Target Group shall have been collected) to be paid by the Purchaser will not exceed HK\$9,500,000.

C. INFORMATION ON TARGET GROUP

The Company understands that the Target Group is principally engaged in the manufacturing, sale and trading of double injection plastic mould, double injection plastic parts, and plastic products and comprise of a trading office operating in Hong Kong and a manufacturing plant situated in the PRC.

The audited net loss before and after taxation and extraordinary items of Sun Ngai (prepared based on HKGAAP) for the year ended 31 December 2010 were HK\$48,530 and HK\$48,530, respectively. The audited net loss before and after taxation and extraordinary items of Hunpex (SZ) (prepared based on PRC GAAP) were RMB1,533,332 and RMB1,582,299, respectively (equivalent to approximately HK\$1,763,332 and HK\$1,819,644, respectively).

The audited net loss before and after taxation and extraordinary items of Sun Ngai (prepared based on HKGAAP) for the year ended 31 December 2011 were HK\$669,128 and HK\$669,128, respectively. The audited net loss before and after taxation and extraordinary items of Hunpex (SZ) (prepared based on PRC GAAP) for the year ended 31 December 2011 were RMB308,305 and RMB346,682, respectively (equivalent to approximately HK\$369,966 and HK\$416,019, respectively).

Hunpex (HK) was incorporated in August 2010 and did not have audited accounts for the year ended 31 December 2010, and the audited net loss before and after taxation and extraordinary items of Hunpex (HK) (prepared based on HKGAAP) from the date of its incorporation to 31 December 2011 were HK\$1,541,686 and HK\$1,541,686, respectively.

The unaudited net loss before and after taxation and extraordinary items of Sun Ngai (prepared based on HKGAAP) for the ten months ended 31 October 2012 were HK\$2,944,446 and HK\$2,944,446, respectively. The unaudited net loss before and after taxation and extraordinary items of Hunpex (HK) (prepared based on HKGAAP) for the ten months ended 31 October 2012 were HK\$2,079,471 and HK\$2,079,471, respectively. The unaudited net profit before and after taxation and extraordinary items of Hunpex (SZ) (prepared based on PRC GAAP) for the ten months ended 31 October 2012 were RMB1,910,346 and RMB1,888,472, respectively (equivalent to approximately HK\$2,349,726 and HK\$2,322,821 respectively).

As at 31 December 2011, the audited net asset value of Sun Ngai (prepared based on HKGAAP), Hunpex (HK) (prepared based on HKGAAP) and Hunpex (SZ) (prepared based on PRC GAAP) were HK\$2,684,102, HK\$(1,531,686) and RMB3,338,059 (equivalent to approximately HK\$4,072,432), respectively.

D. REASONS FOR THE TRANSACTIONS AND BENEFITS TO THE COMPANY

The Group is principally engaged in the manufacture and sale of precision parts and components (comprising keypads, synthetic rubber and plastic components and parts), and the design, manufacture and sale of consumer electronic products (comprising time, weather forecasting and other radio frequencies products).

As the principal assets of the Target Group are the plant and machineries and the sale network for the manufacture and sale of double injection plastic moulds, double injection plastic parts and plastic products, the Board is of the view that the business of the Target Group is complementary to and a natural extension of the Group's business.

Taking into account the above, the Directors (including the independent non-executive Directors) consider that the Transactions are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

E. LISTING RULES IMPLICATIONS

Since certain of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Transactions exceed 5% (but none of them exceeds 25%), the Transactions constitute a discloseable transaction of the Company and is subject to the announcement requirement but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

F. DEFINED TERMS USED IN THIS ANNOUNCEMENT

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

“Acquisition”	has the meaning ascribed to it in the section headed “A. Introduction” in this announcement
“Agreement”	the sale and purchase agreement dated 2 January 2013 between the Vendors and the Purchaser in relation to the sale and purchase of the Target Sale Shares
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted at any time between 9:00 a.m. and 5:00 p.m. or on which a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business
“Board”	the board of Directors
“Collection Period”	a period of six (6) calendar months following the Completion Date

“Company”	K & P International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Target Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion, being the date of the Agreement
“Director(s)”	director(s) (including, for the avoidance of doubt, the independent non-executive director(s)) of the Company
“Excess”	has the meaning ascribed to it in the paragraph headed “Certain receivables and payables of the Target Group” in the sub-section headed “5. Other terms of the Agreement” in the section headed “B. The Transactions” in this announcement
“Group”	the Company and its subsidiaries
“HKGAAP”	the generally accepted accounting principles, standards and practices in Hong Kong (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations, and the Small and Medium-sized Entity Financial Reporting Standard issued from time to time by the Hong Kong Institute of Certified Public Accountants)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunpex (HK)”	Hunpex Limited (銀柏達有限公司), a company established in Hong Kong. Hunpex (HK) is a Sale Company
“Hunpex (SZ)”	銀柏達科技(深圳)有限公司, a company established in the PRC and is a wholly owned subsidiary of Hunpex (HK). Hunpex (SZ) is a Sale Company
“Hunpex Vendor”	Mr. Lee
“Inventories”	the inventories (including the finished goods, semi-finished goods and raw materials) of Hunpex (SZ) as at the date of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the

Stock Exchange

“Mr. Chan”	Chan Wing Dat (陳永達), the legal and beneficial owner of 70% interest in Sun Ngai
“Mr. Fok”	Fok Chin To (霍展圖), the legal and beneficial owner of 30% interest in Sun Ngai
“Mr. Lee”	Lee Chi Yin (李子賢), the legal and beneficial owner of the entire issued share capital of Hunpex (HK)
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, unless otherwise specified, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the accounting system for Business Enterprises (企業會計制度) issued by the Ministry of Finance of the PRC (中華人民共和國財政部)
“Prepayments”	the rental and utility deposits of the Target Group up to and including the date of the Agreement
“Purchase Consideration”	the aggregate consideration for the sale and purchase of the Target Sale Shares
“Purchaser”	Hi-Tech Investment Holdings Limited, a company established in the British Virgin Islands and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Security Money”	has the meaning ascribed to it in the sub-section headed “3. Consideration” in the section headed “B. The Transactions” in this announcement
“Sale Companies”	(i) Sun Ngai, (ii) Hunpex (HK) and (iii) Hunpex (SZ), and a “Sale Company” means any one of them
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shortfall”	has the meaning ascribed to it in the paragraph headed “Receivables and payables of the Target Group” in the sub-section headed “5. Other terms of the Agreement” in the section headed “B. The Transactions” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

"Sun Ngai"	Sun Ngai Plastic Products Factory Limited (新藝塑膠製品廠有限公司), a company incorporated in Hong Kong. Sun Ngai is a Sale Company
"Sun Ngai Vendors"	Mr. Chan and Mr. Fok
"Target Group"	the Sale Companies together
"Target Sale Shares"	the entire share capital of Sun Ngai and Hunpex (HK)
"Transactions"	has the meaning ascribed to it in the section headed "A. Introduction" in this announcement
"Vendors"	the Sun Ngai Vendors and the Hunpex Vendor
"%"	per cent.

By Order of the Board
K & P International Holdings Limited
Lai Pei Wor
Chairman

Hong Kong, 2 January 2013

As at the date of this announcement, the Board comprises Messrs. Lai Pei Wor and Chan Yau Wah (being executive directors) and Messrs. Kung Fan Cheong, Leung Man Kay and Li Yuen Kwan, Joseph (being independent non-executive directors).