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Karrie International Holdings Limited

嘉利國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1050)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF KRP DEVELOPMENT HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

THE PROPOSED SPIN-OFF

Reference is made to the announcement of the Company dated 20 April 2021. The Company proposes to spin-off and separately list the shares of KRP Development, a subsidiary of the Company, on the Main Board of the Stock Exchange by way of the Distribution and introduction of the new KRP Development Shares. The separate listing of the KRP Development Shares on the Main Board of the Stock Exchange constitutes a spin-off of KRP Development by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. As both Kar Info International Property Limited and Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司) will become part of the Spin-off Group, the Proposed Spin off is subject to the completion of the acquisitions of both Kar Info International Property Limited and Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司), details of which are set out in the Company's announcement dated 28 January 2022 and the Company's circular dated 31 January 2022.

Upon completion of the Proposed Spin-off and Listing, the Company will not retain any interest in the issued share capital of KRP Development and KRP Development will no longer be a subsidiary of the Company.

The Spin-off Group is principally engaged in the real estate business in the PRC.

LISTING RULES IMPLICATIONS

As the Company's disposal of its shareholding interests in KRP Development is by way of the Distribution with no offering of new Shares or any other securities, there will be no dilution of the indirect attributable interest of the Qualifying Shareholders in KRP Development, and the Proposed Spin-off will not constitute a transaction under Chapter 14 and 14A of the Listing Rules. Accordingly, no shareholder approval is required in respect of the Distribution or the Proposed Spin-off under the Listing Rules.

GENERAL

KRP Development is in the course of preparing the listing application to the Stock Exchange to apply for the listing of, and permission to deal in, the KRP Development Shares on the Main Board of the Stock Exchange. Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will keep its shareholders and potential investors informed by making further announcement(s) in connection with the Proposed Spin-off as and when appropriate in compliance with the Listing Rules.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of KRP Development, market conditions and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcement of the Company dated 20 April 2021. The Company proposes to spin-off and separately list the shares of KRP Development, a subsidiary of the Company, on the Main Board of the Stock Exchange by way of the Distribution and introduction of the new KRP Development Shares. The separate listing of the KRP Development Shares on the Main Board of the Stock Exchange constitutes a spin-off of KRP Development by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. As both Kar Info International Property Limited and Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司) will become part of the Spin-off Group, the Proposed Spin off is subject to the completion of the acquisitions of both Kar Info International Property Limited and Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司), details of which are set out in the Company's announcement dated 28 January 2022 and the Company's circular dated 31 January 2022.

THE PROPOSED SPIN-OFF

The Proposed Spin-off involves the Proposed Spin-off and separate listing of the KRP Development Shares on the Main Board of the Stock Exchange to be effected by way of the Distribution and introduction of the new KRP Development Shares. The record date for the Distribution and the details of the introduction have yet to be fixed. The Board intends to declare a special interim dividend to be satisfied by way of the Distribution to the Qualifying Shareholders. The Company will make further announcement(s) in relation to the Distribution as and when appropriate.

As at the date of this announcement, the Company directly holds the entire issued share capital of KRP Development. Upon completion of the Proposed Spin-off and Listing, the Company will not retain any interest in the issued share capital of KRP Development and KRP Development will no longer be a subsidiary of the Company.

THE SPIN-OFF GROUP

KRP Development was incorporated in the Cayman Islands on 2 September 2020. The Spin-off Group is principally engaged in the real estate business in the PRC.

RATIONALE AND BENEFITS OF THE PROPOSED SPIN-OFF

Our Directors and the directors of KRP Development believe that the Proposed Spin-off is in the interests of the Remaining Group and the Spin-off Group and will position each of the Remaining Group and the Spin-off Group better for growth in their respective businesses and deliver clear benefits to both by the following:-

- (a) *More defined business focus and efficient resource allocation:* The separate listing of KRP Development creates a more defined business focus for the Remaining Group, which will focus on the metal and plastic business and electronic manufacturing services business, and the Spin-off Group, which will focus on the real estate business. The Proposed Spin-off will also separate the strategies for each of the Remaining Group and the Spin-off Group and allow the respective management of the Remaining Group and the Spin-off Group to more efficiently allocate their resources on their separate businesses.

- (b) *Clarifies the equity story and creates or unlocks value for shareholders by better identifying and establishing the value of the Spin-off Group:* The nature of the real estate business for the Spin-off Group is fundamentally different from the nature of the manufacturing business for the Remaining Group. Each business has a distinct risk and returns profile and the real estate sector and manufacturing sector attracts different investor profiles. Separation of the real estate business from the manufacturing business will allow the real estate business to be valued on a stand-alone basis and investors will be provided with more details of the operating performance of each of the Remaining Group and the Spin-off Group so that they can better analyse both as more tightly focused companies where risk issues are identified and understood.
- (c) *Enhances access to capital markets for the Spin-off Group and increases financing flexibility:* as a result of the Proposed Spin-off, the Remaining Group and the Spin-off Group will have separate fundraising platforms in the equity and debt capital markets, which will increase financing flexibility for both entities. There will also be greater transparency for financial institutions that wish to extend credit or financing to the Spin-off Group by virtue of our separate listed status, which will allow us to independently raise further capital in the future.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board intends to fulfill the assured entitlement requirement in PN15 of the Listing Rules by declaring a conditional special interim dividend in accordance with the bye-laws of the Company and all relevant laws and regulations and satisfying the payment of such dividend by effecting the Distribution. As the Proposed Spin-off will be implemented by way of the Distribution only, there will not be any offering of new KRP Development Shares to the public under the Proposed Spin-off.

INFORMATION ON THE GROUP

The Group is principally engaged in metal and plastic business, electronic, manufacturing services business and real estate business.

LISTING RULES IMPLICATIONS

As the Company's disposal of its shareholding interests in KRP Development is by way of the Distribution with no offering of new Shares or any other securities, there will be no dilution of the indirect attributable interest of the Qualifying Shareholders in KRP Development, and the Proposed Spin-off will not constitute a transaction under Chapter 14 and 14A of the Listing Rules. Accordingly, no shareholder approval is required in respect of the Distribution or the Proposed Spin-off under the Listing Rules.

GENERAL

KRP Development is in the course of preparing the listing application to the Stock Exchange to apply for the listing of, and permission to deal in, the KRP Development Shares on the Main Board of the Stock Exchange. Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will keep its shareholders and potential investors informed by making further announcement(s) in connection with the Proposed Spin-off as and when appropriate in compliance with the Listing Rules.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of KRP Development, market conditions and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Karrie International Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
“Directors”	directors of the Company;
“Distribution”	a distribution in specie of the entire issued share capital of KRP Development owned by the Company to the Qualifying Shareholders;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KRP Development”	KRP Development Holdings Limited (嘉創房地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 2 September 2020;
“KRP Development Shares”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of KRP Development;

“Listing”	the listing of the KRP Development Shares on the Main Board of the Stock Exchange;
“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Non-Qualifying Shareholders”	Shareholders on the Record Date with registered addresses in, or who are otherwise known by the Company to be residents of, any of the jurisdictions, which the Company and KRP Development consider it necessary or expedient to exclude from receiving KRP Development Shares pursuant to the Distribution on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdictions;
“PN15”	Practice Note 15 to the Listing Rules;
“PRC”	the People’s Republic of China;
“Proposed Spin-off”	the proposed spin-off and separate listing of the KRP Development Shares on the Main Board of the Stock Exchange;
“Qualifying Shareholders”	Shareholders whose names appear in the register of members of the Company on the Record Date, other than Non-Qualifying Shareholders;
“Record Date”	the record date for ascertaining the Qualifying Shareholders who shall be entitled to assured entitlements;
“Remaining Group”	the Company and its subsidiaries, excluding the Spin-off Group;
“Share(s)”	ordinary shares of the Company of HK\$0.10 each;
“Shareholder(s)”	shareholders of the Company;

“Spin-off Group”	KRP Development and its subsidiaries (inclusive of Kar Info International Property Limited and Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司));
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	percentage.

By order of the Board
Karrie International Holdings Limited
Tang Wing Fai
Company Secretary

Hong Kong, 4 February 2022

As at the date of this announcement, the executive Directors are Mr. Ho Cheuk Fai, Ms. Chan Ming Mui, Silvia, Mr. Zhao Kai and Mr. Chan Raymond; the non-executive Directors are Mr. Ho Cheuk Ming and Mr. Ho Kai Man; the independent non-executive Directors are Mr. Fong Hoi Shing, Mr. Yam Chung Shing and Dr. Lau Kin Wah.

* *For identification purpose only*