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LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 255)

Website: <http://www.irasia.com/listco/hk/lkm>

DISCLOSEABLE TRANSACTION DISPOSAL OF LAND USE RIGHT AND RELATED ASSETS

The Board hereby announces that on 4 July 2016, the Vendor entered into the Agreement with the Purchaser for the disposal of the land use right of the Land and the Related Assets at the Consideration of RMB90,000,000 (equivalent to approximately HK\$104,913,000).

As one of the applicable percentage ratios of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE DISPOSAL

The Board hereby announces that on 4 July 2016, the Vendor entered into the Agreement with the Purchaser for the disposal of the land use right of the Land and the Related Assets at the Consideration of RMB90,000,000 (equivalent to approximately HK\$104,913,000).

THE AGREEMENT

On 4 July 2016, the Vendor entered into the Agreement with the Purchaser in respect of the Disposal.

SUMMARY OF TERMS OF THE AGREEMENT

Date:

4 July 2016

Parties:

Vendor: 上海龍記金屬製品有限公司 Shanghai Lung Kee Metal Products Co., Ltd., a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company.

Purchaser: 北京聯東金泰投資有限公司, a company incorporated in the PRC, which operates the businesses of property development and property management in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Land use right and Related Assets to be disposed of:

Pursuant to the Agreement, the Purchaser shall acquire from the Vendor the land use right of the Land situated at No. 1698 Min Yi Road, Songjiang District, Shanghai, the PRC of approximately 46,226 square meters and the Related Assets covering all premises with a total gross floor area of approximately 19,504 square meters, erected on the Land.

The Consideration:

The Consideration is RMB90,000,000 (equivalent to approximately HK\$104,913,000) and shall be settled by the Purchaser in the following manner:-

- (1) a first payment of RMB9,000,000 (equivalent to approximately HK\$10,491,000), being the deposit, shall be paid by the Purchaser to the Vendor in cash within 5 days upon signing of the Agreement;
- (2) a second payment of RMB21,000,000 (equivalent to approximately HK\$24,480,000) shall be paid by the Purchaser to the Vendor in cash within 3 business days after Shanghai Real Estate Trading Center (上海市房地產交易中心) and the relevant tax authorities in the PRC have confirmed all the information jointly prepared by the Vendor and the Purchaser for transfer of ownership of the Land and the Related Assets are correct. Within 3 business days after the Vendor's acknowledgement of receipt of the second payment, the parties shall jointly attend Shanghai Real Estate Trading Center for submission of all information for such transfer and payments of the assessed tax amount payable by the relevant parties respectively in accordance with the relevant PRC laws and regulations;
- (3) a third payment of RMB51,000,000 (equivalent to approximately HK\$59,451,000) shall be paid by the Purchaser to the Vendor in cash within 7 days upon the Purchaser's receipt of the Shanghai Certificate of Real Estate Ownership in respect of the Land and the Related Assets; and
- (4) the balance of the Consideration, being RMB9,000,000 (equivalent to approximately HK\$10,491,000) shall be paid by the Purchaser to the Vendor in cash within 120 days upon the Purchaser's receipt of the Shanghai Certificate of Real Estate Ownership in respect of the Land and the Related Assets. The Vendor will issue and deliver the relevant value-added tax invoice to the Purchaser within 7 days upon the Vendor's receipt of all payments of the Consideration.

The parties' right to terminate the Agreement:

If the Purchaser fails to perform its obligations under the Agreement, the Vendor shall be entitled to terminate or continue to perform the Agreement. In the event that the Vendor decides to terminate the Agreement, (I) the deposit made by the Purchaser shall be forfeited by the Vendor; (II) the Purchaser shall pay to the Vendor a default fee in an amount equal to 20% of the Consideration; and (III) the Purchaser shall be responsible for all reasonable expenses actually incurred by the Vendor as a result of the Purchaser's default.

If the Vendor fails to perform its obligations under the Agreement, the Purchaser shall be entitled to terminate or continue to perform the Agreement. In the event that the Purchaser decides to terminate the Agreement, (A) all payments (including the deposit) made by the Purchaser shall be returned by the Vendor; (B) the Vendor shall compensate the Purchaser with a sum equivalent to the amount of the deposit made by the Purchaser together with an amount equal to 20% of the Consideration; and (C) the Vendor shall be responsible for all reasonable expenses actually incurred by the Purchaser as a result of the Vendor's default.

If the Purchaser fails to pay the Consideration within the time limits as set out in the Agreement, the Purchaser shall pay to the Vendor a default fee for delay of payment calculated on a daily basis and at the rate of 0.1% on the overdue amount of Consideration the Purchaser will have then paid. In the event that the Purchaser fails to pay the Consideration for more than 10 days from the relevant due date, the Vendor shall be entitled to (i) terminate the Agreement; (ii) to forfeit the deposit made by the Purchaser; (iii) to demand the Purchaser to pay a default fee in an amount equal to 20% of the Consideration; and (iv) all reasonable expenses actually incurred by the Vendor as a result of the Purchaser's default.

If the Vendor fails to handover the Land and the Related Assets to the Purchaser or fails to provide any documents required for transfer the land use right of the Land and the Related Assets pursuant to the Agreement, the Purchaser shall demand the Vendor to pay a default fee for delay in performance calculated on a daily basis and at the rate of 0.1% on the payments made by the Purchaser. In the event that the delay lasts for more than 10 days, the Purchaser shall be entitled to (a) terminate the Agreement; (b) the return of all payments made by the Purchaser; (c) the compensation from the Vendor for a sum equivalent to the amount of the deposit made by the Purchaser together with an amount equal to 20% of the Consideration; and (d) all reasonable expenses actually incurred by the Purchaser as a result of the Vendor's default.

Other provisions:

The Land and the Related Assets shall be delivered to the Purchaser within 7 days after the third payment has been received by the Vendor.

Pursuant to the Agreement, the Purchaser shall have the right to nominate its subsidiary to be the registered owner of the Land and the Related Assets under the Shanghai Certificate of Real Estate Ownership. In the event that the Purchaser nominates its subsidiary as the registered owner of the Land and the Related Assets, it is agreed that the Purchaser will provide a guarantee to perform the Nominee's obligations under the Standard Contract to be entered into by the Vendor with the Nominee and to indemnify the Vendor for any losses, liabilities or expenses, directly incurred by the Vendor, arising from, as a result of or based on the Nominee's non-compliance of any provision of the Standard Contract.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Land and the Related Assets were the previous workshop of the Vendor, in which the Group's Shanghai plant was located. The Group's Shanghai plant stopped operation in January 2013 and its production lines and equipment had been merged into the Group's Hangzhou plant. The Land and the Related Assets had been left idle by the Vendor since 2013. The Group has continued to develop and enhance its production plants located both in the Southern and Eastern regions of China in order to pursue its long-term development goal.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser and by reference to the market value of similar land and properties in similar locations. The carrying value of the Land and the Related Assets as at 31 December 2015 was approximately RMB15,205,000 (equivalent to approximately HK\$17,724,000) as set out in the audited financial statements of Vendor for the year ended 31 December 2015. The gain (subject to audit, and before land appreciation tax, profit tax, value-added tax, stamp duty and other related tax in according to the PRC tax law and deduction of the necessary costs and expenses in relation to the Disposal) to be accrued by the Vendor as a result of the Disposal is expected to be approximately RMB74,795,000 (equivalent to approximately HK\$87,189,000) and such gain is calculated on the basis of the difference between the carrying value of the Land and the Related Assets as at 31 December 2015 and the Consideration.

According to the current PRC tax law, land appreciation tax is charged at four level progressive rates of 30%, 40%, 50%, 60% of the appreciated value, after deducting the purchase cost, expense according to the tax law and related tax from the Consideration, depending on different ratios of appreciation value and deductible items based on some detailed calculation as regulated by the PRC tax law. The profit tax is charged at 25% of the net gain after deducting the relevant expenses and taxes from the Consideration. The final net gain on the Disposal, if all the Consideration is received, will be calculated based on the difference between the carrying value of the Land and the Related Assets as at the date of transfer of ownership of the Land and the Related Assets and the Consideration, after paying all the relevant taxes and the necessary costs and expenses in relation to the Disposal, and accordingly, the final net gain on the Disposal is expected to be significantly different from the expected gain as disclosed above.

The proceeds from the Disposal shall be applied towards the Group's working capital.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement including the Consideration are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Group is principally engaged in the manufacturing and marketing of mould bases and related products.

The Purchaser operates the businesses of property development and property management in PRC.

As one of the applicable percentage ratios of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is

exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the same meanings as set out below:

“Agreement”	an asset transfer agreement dated 4 July 2016 entered into between the Vendor and the Purchaser for the Disposal
“Board”	the board of Directors
“Company”	Lung Kee (Bermuda) Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange
“Consideration”	the total sum of RMB90,000,000 (equivalent to approximately HK\$104,913,000) for the Disposal pursuant to the Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the land use right of the Land and the Related Assets by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	party(ies) who is/are third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Land”	the land situated at No. 1698 Min Yi Road, Songjiang District, Shanghai, the PRC of approximately 46,226 square meters
“Nominee”	a subsidiary of the Purchaser, nominated by the Purchaser pursuant to the Agreement to be the registered owner of the Land and the Related Assets
“PRC”	The People's Republic of China and, for the purpose of this announcement, excluding Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan
“Purchaser”	北京聯東金泰投資有限公司, a company incorporated in the PRC, which operates the businesses of property development and property management in PRC. To the best of the Directors' knowledge,

information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties

“Related Assets”	all premises with a total gross floor area of approximately 19,504 square meters, erected on the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Standard Contract”	a Shanghai Municipal real estate sale and purchase contract (上海市房地產買賣合同) in a standard form issued by Shanghai Municipal Housing, Land and Resources Administration (上海市房屋土地資源管理局) and Shanghai Municipal Administration of Industry and Commerce (上海市工商行政管理局) for registration of any transfer of real estate in the relevant government authority in PRC
“Vendor”	上海龍記金屬製品有限公司 Shanghai Lung Kee Metal Products Co., Ltd. (English translation is for identification purpose only), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Wai Lung Shing
Director and Company Secretary

Hong Kong, 4 July 2016

Unless otherwise specified, translations of RMB into HK\$ in this announcement are based on an exchange rate of RMB1.00 to HK\$1.1657. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.

As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Mak Koon Chi, Mr. Wai Lung Shing and Mr. Ting Chung Ho; and the independent non-executive directors of the Company are Mr. Liu Wing Ting, Stephen, Dr. Lee Tat Yee and Mr. Lee Joo Hai.