

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim and liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares.



KARRIE INTERNATIONAL HOLDINGS LIMITED

嘉利國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 1050)

DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF THE SALE SHARES INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

The Board announces that on 16 March 2012 (after trading hours), the Purchaser (being an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement pursuant to which the Vendor has conditionally agreed, as beneficial owner to sell and the Purchaser has agreed to purchase the Sale Shares and the Debt at the Consideration which will be satisfied by the Company by the allotment and issue of Consideration Shares to the Vendor or its nominees at the Issue Price upon Completion. Upon completion of the Acquisition, the Target Companies will become indirect wholly owned subsidiaries of the Company.

The Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders at the SGM, and will rank pari passu with the existing Shares upon Completion. The total number of 130,000,000 Consideration Shares represent: (i) approximately 14.98% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.02% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

As the applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is only subject to the reporting and announcement requirements under the Listing Rules. As the Acquisition involves the issue of Shares, the Acquisition also constitutes a share transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of the Agreement, Mr. Ho, the Chairman of the Board, an executive Director and is a substantial shareholder of the Company, is a substantial shareholder of the Vendor, which is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. Completion of the Acquisition involving the transactions contemplated under the Agreement and the issue of the Consideration Shares under the Specific Mandate is therefore subject to, reporting, announcement and, approval of the Independent Shareholders by way of poll at the SGM. The Vendor, Mr. Ho and their respective associates shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Agreement and the transaction contemplated thereunder.

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder. A circular will be despatched by the Company to the Shareholders on or before 11 April 2012, containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the SGM.

If any of the conditions precedent to the completion under the Agreement is not satisfied the Acquisition will lapse and will not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

THE ACQUISITION

The Board announces that on 16 March 2012 (after trading hours), the Purchaser (being an indirect wholly-owned subsidiary of the Company) and the Vendor, the Chairman of the Board, an executive Director and a substantial shareholder of the Company, entered into the Agreement pursuant to which the Vendor has conditionally agreed, as beneficial owner to sell and the Purchaser has agreed to purchase the Sale Shares and the Debt at the Consideration which will be satisfied by the Company by the allotment and issue of Consideration Shares to the Vendor or its nominees at the Issue Price upon Completion. Upon completion of the Acquisition, the Target Companies and their subsidiaries will become indirect wholly owned subsidiaries of the Company and the financial results of the Target Companies will be consolidated into the consolidated financial statements of the Company.

The Company and its subsidiaries are principally engaged in the manufacturing and sales of computer casings, office automation products, video cassette housings, moulds, plastic and metal parts and provision of electronic manufacturing services.

The Agreement:

Date: 16 March 2012 (after trading hours)

Parties:

Vendor: The Wedding City Company Limited, a company incorporated under the laws of Hong Kong with limited liability, of which Mr. Ho Cheuk Fai, the Chairman of the Board, an executive Director and a substantial shareholder of the Company is a substantial shareholder

Purchaser: Kar Yick Development Company Limited (嘉億發展有限公司), a company incorporated under the laws of Hong Kong with limited liability.

Asset to be acquired:

Pursuant to the Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares (being the entire issued share capital of the Target Companies) and the Debt.

Information of Target Companies:

Angel Love is principally engaged in wedding gown and photography businesses whereas One Travel is principally engaged in provisions of wedding related travel services. Angel Love also owns all the issued shares of both My Affection Limited and Dreamy Bridal Limited.

The Target Companies are wedding gown and photography company that provides comprehensive one-shop wedding services in Hong Kong. The Target Companies create a brand new and unique idea of wedding shore -“wedding supermarket” which offers nearly all of the commodities and services related to wedding from wedding dresses, jewelries, photography to live bands, car, flowers and gifts. The Target Companies aim to attract high to middle level customers by establishing the biggest selection of wedding dresses in Hong Kong.

The Target Companies rent dresses, shoes, head pieces and veils etc. For the bride and others if they so choose, the dresses can be purchased. However, most customers will be overjoyed with the option of renting these one time pieces of clothing. In addition to providing the wedding party will the ability to rent all the necessary clothing pieces and accessories, The Target Companies have established strategic partnerships with top-flight local wedding related service providers such as invitations, flowers, catering and photographers. Not only do these partnerships and alliances provide a one stop shopping option for customers where all preparations can be accomplished at the Target Companies, but the Target Companies will earn a share of profit or commission on the referrals creating an additional revenue source.

Angel Love was incorporated on 18 March 2010. My Affection Limited was incorporated on 27 January 2011 and is principally engaged in wedding planning business and is the wholly-owned subsidiary of Angel Love. Dreamy Bridal Limited was incorporated on 15 October 2010 and is principally engaged in wedding photography business and is the wholly-owned subsidiary of Angel Love. One Travel was incorporated on 7 December 2009.

Set out below is the combined key financial information, as provided by the Vendor, on the Target Companies based on its unaudited consolidated financial statements for the two financial years ended 31 December 2011:

	Year ended 31 December	
	2011	2010
	HK\$	HK\$
	(unaudited)	(unaudited)
Revenue	4,498,664	1,428,195
Loss before taxation and extraordinary items	3,399,805	3,990,100
Loss after taxation and extraordinary items	3,399,805	3,990,100

According to the audited financial statements of the Target Companies as at 31 December 2011, the combined net liabilities of the Target Companies was approximately HK\$6,640,000.

Consideration:

The Consideration is the aggregate of the Equity Consideration and the Debt Consideration, being HK\$45,000,000 and will be satisfied by the Company by way of allotment and issue of 130,000,000 Consideration Shares to the Vendor or its nominees at the Issue Price of HK\$0.346 per Share upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser by reference to the further business and growth potential of the Target Companies in the attractive sector of economy.

Having considered the factors described in the paragraph headed "reasons for and benefits of the acquisition" below, the Directors (other than the independent non-executive Directors who will form an opinion after taken the recommendation from the independent financial advisor) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares:

A total of 130,000,000 Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders at the SGM, by the Company to the Vendor or its nominees upon Completion pursuant to the Agreement. Assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion, the Consideration Shares represents:

- (a) approximately 14.98% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 13.02% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares upon Completion.

The Consideration Shares will, upon issue and credited as fully paid, rank pari passu in all respect with all the existing Shares then in issue. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Issue Price:

The Issue Price of the Consideration Shares at HK\$0.346 per Share was determined based on arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares, and represents:

- (a) a premium of approximately 0.29% to the closing price of HK\$0.345 per Share as quoted on the Hong Kong Stock Exchange on 16 March 2012, being the last trading day of the Shares prior to the date of the Agreement; and
- (b) a premium of approximately 0.87% over the average closing price of approximately HK\$0.343 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 16 March 2012, being the last trading day of the Shares prior to the date of the Agreement; and
- (c) a premium of approximately 1.47% over the average closing price of approximately HK\$0.341 per Share as quoted on the Stock Exchange for the 20 consecutive trading days up to and including 16 March 2012, being the last trading day of the Shares prior to the date of the Agreement.

As advised by the Vendor, the original acquisition cost incurred for and the amount of working capital of the Target Companies financed by the Vendor was approximately HK\$10,400,000.

The Directors (other than the independent non-executive Directors who will form an opinion after taken the recommendation from the independent financial advisor) are of the view that the Consideration including the Issue Price for the Consideration Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent:

Completion of the Acquisition is conditional upon each of the following conditions being satisfied (or, where applicable, waived by the Purchaser except for conditions (b) and (h)):

- (a) the Vendor has a good title to the Sale Shares and the Debt free from Encumbrances on Completion and is the sole beneficial owner of the Sale Shares and the Debt on Completion.;
- (b) Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Consideration Shares;
- (c) the board of directors and the member(s) of the Target Companies have respectively duly approved (i) the entry into of the Agreement; and (ii) the transactions contemplated under the Agreement in accordance with the constitutional documents, the applicable law and the Purchaser (as the case may be) has received the certified copy of the relevant resolutions;
- (d) the passing of the resolution(s) by the independent shareholders, as defined in the Listing Rules, of the Company at a special general meeting to approve the Agreement and the transactions contemplated thereby, including but not limited to, the allotment and issue of the Consideration Shares to the Vendor or its nominees;

- (e) the Purchaser having been satisfied with the results of the due diligence conducted by the Purchaser on the Target Companies;
- (f) no event having occurred since the date hereof to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Companies;
- (g) no material breach of the warranties and the warranties remaining true and accurate in all respects and not misleading at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion, and the Vendor having complied with all of its obligations under the Agreement; and
- (h) The Bermuda Monetary Authority granting consent to the issue and allotment of the Consideration Shares (if required).

Completion:

Completion shall take place not later than fifth Business Day after the Agreement has become unconditional being a date not later than the long stop date on 31 May 2012.

If the Conditions have not been fulfilled by the Vendor (other than the clauses waived by the Purchaser on or before 31 May 2012 (or such other date as the parties may agree)), the Agreement shall lapse and have no further effect, and the parties shall be released from all obligations under it.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing and sales of industrial products and provision of manufacturing services. It was expected that growth of the Group in the manufacturing sector will not be very substantial in the medium term.

The Company aims to tap into the currently favorable consumer market and the increase in personal spending of consumer-related business in Hong Kong which with statistics offering significant future growth in Greater China Region. It is the Company's strategy to ride on this favourable industry which fundamentally scales new heights via organic and acquisition growths. Wedding photography and wedding event planning are now becoming a necessity instead of a luxury consumption and are highly emphasized constitute of the whole wedding celebration process. Thus, it stimulates the diversified development of the industry. The Board believes that, through the Acquisition, such entering into the consumer industry (wedding) will strengthen its customer and earning base, without going through start-up from scratch. Upon Completion, being a leading provider of wedding related services, the Company is well-positioned to capture growth opportunity on the industry in the Greater China market.

Accordingly, the Company welcomed every investment opportunities which are beneficial to its long term development, with an aim to generate the best return from investments and generate the best returns to the investors of the Company. The Board believes that the Acquisition is a good opportunity for the Company to achieve long term stable income with great growth potential.

Based on the above, the Board (other than the independent non-executive Directors who will form an opinion after taken the recommendation from the independent financial advisor) agreed that the terms of the Acquisition are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

Assuming there is no change in the issued share capital of, and the shareholding in, the Company from the date of this announcement and up to the Completion pursuant to the Agreement, the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after Completion and including issue of the Consideration Shares will be as follows:

Name of Shareholders	As at the date of this announcement		Immediately after Completion (inclusive of the Consideration Shares, assuming the Consideration Shares are issued to Mr. Ho)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Ho Cheuk Fai (“Mr. Ho”) <i>(Notes 1 and 2)</i>	604,160,000	69.60	734,160,000	73.56
Other Directors:				
Mr. Lee Shu Ki <i>(Note 3)</i>	3,500,000	0.40	3,500,000	0.35
Ms. Chan Ming Mui, Silvia <i>(Note 4)</i>	1,200,000	0.14	1,200,000	0.12
Public Shareholders:	<u>259,237,600</u>	<u>29.86</u>	<u>259,237,600</u>	<u>25.97</u>
Total	<u>868,097,600</u>	<u>100.00</u>	<u>998,097,600</u>	<u>100.00</u>

Notes:

1. The personal interests of Mr. Ho comprise 139,356,000 Shares. Mr. Ho is deemed to be interested in (a) 56,000,000 Shares held by his spouse, Ms. Ho Po Chu, as beneficial owner and (b) 408,804,000 Shares in which his children under 18 are interested. Such 408,804,000 Shares in which his children under 18 are interested duplicate with his interests as founder of The Ho Family Trust in the same block of Shares referred to in Note 2 below.
2. The 408,804,000 Shares comprised (i) 243,804,000 Shares held by New Sense Enterprises Limited (“New Sense”), and (ii) 165,000,000 Shares held by Castfast Properties Development Co., Ltd. (“Castfast Properties”), 87% of the issued share capital of which is beneficially owned by Honford Investments Limited (“Honford Investments”), which in turn is wholly-owned by Equity Trust (BVI) Limited (“Equity Trust”) as trustee for a discretionary trust, The Ho Family Trust. Mr. Ho is deemed to be interested in these 408,804,000 Shares as founder of The Ho Family Trust. Ms. Ho Po Chu, Mr. Ho Cheuk Ming and Mr. Ho’s children under 18 are the discretionary objects of The Ho Family Trust and are thus deemed to be interested in the 408,804,000 Shares held under The Ho Family Trust. Therefore, the interests of Mr. Ho, Ms. Ho Po Chu and Mr. Ho Cheuk Ming in the 408,804,000 Shares duplicate with each other.
3. The personal interests of Mr. Lee Shu Ki comprise 1,400,000 ordinary shares and 2,100,000 outstanding share options.
4. The personal interests of Ms. Chan Ming Mui, Silvia are 1,200,000 outstanding share options.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is

only subject to the reporting and announcement requirements under the Listing Rules. As the Acquisition involves the issue of Shares, the Acquisition also constitutes a share transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of the Agreement, Mr. Ho is the Chairman of the Board, an executive Director and is a substantial shareholder of the Company, is a substantial shareholder of the Vendor, which is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. Completion of the Acquisition involving the transactions contemplated under the Agreement and the issue of the Consideration Shares under the Specific Mandate is therefore subject to, reporting, announcement and, approval of the Independent Shareholders by way of poll at the SGM. The Vendor, Mr. Ho and their respective associates shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Agreement and the transaction contemplated thereunder.

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder. A circular will be despatched by the Company to the Shareholders on or before 11 April 2012, containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the SGM.

If any of the conditions precedent to the completion under the Agreement is not satisfied the Acquisition will lapse and will not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement, including its amendments or replacement, entered into between the Company, Purchaser and Vendor in relation to the Acquisition
“Angel Love”	Angel Love Studio (HK) Company Limited, whose entire issued share capital is beneficially owned by the Vendor;
“Angel Love Share(s)”	100 fully paid up shares of HK\$1 par value in the capital of Angel Love beneficially owned by the Vendor and which comprise the entire issued share capital of Angel Love

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (not being a Saturday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at 10:00 a.m.) on which banks are generally open for general banking business in Hong Kong
“Company”	Karrie International Holdings Limited (stock code: 1050), a company incorporated in the Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules, and “connected” shall be construed accordingly
“Consideration”	the aggregate of the Equity Consideration and Debt Consideration
“Consideration Shares”	130,000,000 shares of HK\$0.1 par value in the capital of the Company for full and final settlement of the Consideration
“Debt”	all amounts (whether principal, interest or otherwise) which Angel Love owes to the Vendor as at the Date of Completion
“Debt Consideration”	the consideration payable for the Debt, being HK\$10,000,000
“Director(s)”	the director(s) of the Company
“Equity Consideration”	the consideration payable for the Sale Shares, being HK\$35,000,000
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders other than the Vendor and his associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rule

“Issue Price”	HK\$0.346 per Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“One Travel”	The One Travel Co., Limited, a company incorporated under the laws of Hong Kong, whose entire issued share capital is legally and beneficially owned by the Vendor
“One Travel Share(s)”	750,000 fully paid up shares of HK\$1 par value in the capital of One Travel beneficially owned by the Vendor and which comprise the entire issued share capital of One Travel
“Purchaser”	Kar Yick Development Company Limited (嘉億發展有限公司), a company incorporated under the laws of Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Sale Share(s)”	collectively the Angel Love Shares and One Travel Shares
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the issued share capital of the Company
“Shareholders”	shareholders of the Company
“SGM”	the special general meeting of the Shareholder to be convened by the Company to consider and approve, inter alia, the Agreement and issue of Consideration Shares
“Specific Mandate”	the issue mandate to be granted to the Directors to allot and issue the Consideration Shares at the special general meeting of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	One Travel, Angel Love and its subsidiaries
“Vendor”	The Wedding City Company Limited, a company incorporated under the laws of Hong Kong with limited liability, of which Mr. Ho Cheuk Fai (“Mr. Ho”), the Chairman of the Board, an executive Director and a substantial shareholder of the Company is a substantial shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board of
KARRIE INTERNATIONAL HOLDINGS LIMITED
Lee Shu Ki
Executive Director

Hong Kong, 16 March 2012

As at the date of this announcement, the executive Directors are Mr. Ho Cheuk Fai, Mr. Lee Shu Ki and Ms. Chan Ming Mui, Silvia; the non-executive Director is Mr. Ho Cheuk Ming; the independent non-executive Directors are Mr. So Wai Chun, Mr. Chan Sui Sum, Raymond and Mr. Fong Hoi Shing.

** For identification purposes only*