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**KA SHUI INTERNATIONAL HOLDINGS LIMITED**

**嘉瑞國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 822)**

**ANNOUNCEMENT PURSUANT TO RULE 13.18  
OF THE LISTING RULES**

This announcement is made by Ka Shui International Holdings Limited (the “**Company**”) in compliance with the disclosure requirements under Rule 13.18 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

*Banking facilities entered into between Ka Shui Manufactory Co., Limited and a bank on 22 September 2017 (the “**First Facility Agreement**”)*

The board of directors (the “**Board**”) of the Company announces that on 22 September 2017, Ka Shui Manufactory Co., Limited (the “**Borrower**”), the indirect wholly owned subsidiary of the Company, entered into the First Facility Agreement with a bank comprising the following facilities up to an overall limit of HK\$160 million to the Borrower:

- (a) Trade related facility and revolving loan facility up to an aggregate maximum amount of HK\$80 million, with a sub-limit of (i) HK\$20 million for the revolving loan facility; and (ii) HK\$40 million for the aggregate outstanding amount for the utilization of import invoice financing by PRC value added tax invoices. The life of these facilities are not specified, but is subject to the bank’s overriding right of repayment on demand;
- (b) Term loan facility of HK\$40 million (the “**1<sup>st</sup> TL Facility**”). The Borrower had drawn down HK\$40 million since 7 May 2015 under the 1<sup>st</sup> TL Facility and the outstanding loan balance was approximately HK\$9 million as at 22 September 2017. The life of the 1<sup>st</sup> TL Facility is not specified, but is subject to the bank’s overriding right of repayment on demand; and

- (c) Term loan facility of HK\$40 million (the “**2<sup>nd</sup> TL Facility**”). The purpose of the 2<sup>nd</sup> TL Facility is to finance the Group’s working capital expenditures with a loan period of 36 months from the date of the 2<sup>nd</sup> TL Facility being made available.

The First Facility Agreement contains a specific performance obligation that Mr. Lee Yuen Fat (“**Mr. Lee**”), a controlling shareholder (as defined in the Listing Rules) and an executive director of the Company, shall remain as the single largest shareholder of the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the First Facility Agreement. If an event of default under the First Facility Agreement occurs, the bank may terminate the First Facility Agreement and liabilities payable under the First Facility Agreement and the relevant security documents shall become immediately due and payable.

*Term loan facility entered into between the Borrower and a bank on 2 January 2015 (the “**Second Facility Agreement**”)*

On 2 January 2015, the Borrower entered into the Second Facility Agreement with a bank to finance the Group’s capital expenditures for a term loan facility up to HK\$150 million consisting of two tranches, both repayable by sixteen equal quarterly instalments commencing the 15<sup>th</sup> month after the first utilization date. The Second Facility Agreement contains a specific performance obligation that Mr. Lee must at all times maintain substantial shareholdings (directly or indirectly) interest in the Borrower. A breach of the aforesaid specific performance obligation will constitute an event of default under the Second Facility Agreement. If an event of default under the Second Facility Agreement occurs, the bank may terminate the Second Facility Agreement and liabilities payable under the Second Facility Agreement and the relevant security documents shall become immediately due and payable.

*Term loan facility entered into between the Borrower and a bank on 9 November 2015 (the “**Third Facility Agreement**”)*

On 9 November 2015, the Borrower entered into the Third Facility Agreement with a bank to refinance its existing facilities for a term loan facility up to HK\$50 million repayable by eleven equal quarterly instalments commencing the 6<sup>th</sup> month after the first utilization date. The Third Facility Agreement contains a specific performance obligation that Mr. Lee must at all times maintain substantial shareholdings (directly or indirectly) interest in the Borrower. A breach of the aforesaid specific performance obligation will constitute an event of default under the Third Facility Agreement. If an event of default under the Third Facility Agreement occurs, the bank may terminate the Third Facility Agreement and liabilities payable under the Third Facility Agreement and the relevant security documents shall become immediately due and payable.

*Term loan facility entered into between the Borrower and a bank on 20 June 2017 (the “Fourth Facility Agreement”)*

On 20 June 2017, the Borrower entered into the Fourth Facility Agreement with a bank to finance its working capital for a term loan facility up to HK\$130 million repayable by 36 months after the first utilization date. The Fourth Facility Agreement contains a specific performance obligation that Mr. Lee (including shares under his family trust) must maintain as the major shareholder (with at least 50% shareholding) of the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the Fourth Facility Agreement. If an event of default under the Fourth Facility Agreement occurs, the bank may terminate the Fourth Facility Agreement and liabilities payable under the Fourth Facility Agreement and the relevant security documents shall become immediately due and payable.

With a view that the loan facilities under the Second Facility Agreement, the Third Facility Agreement and the Fourth Facility Agreement were entered into in the ordinary and usual course of business and on normal commercial terms, the Company did not previously disclose the specific performance obligations imposed on the controlling shareholder though they should have been disclosed under Rule 13.18 of the Listing Rules. After seeking legal advice, it was realized that such disclosure obligation may have arisen despite the circumstances mentioned above. In line with the Company’s policy to fully comply with the Listing Rules, it immediately took steps to prepare and publish this announcement in compliance with Rule 13.18 of the Listing Rules.

In accordance with the requirements under Rule 13.21 of the Listing Rules, disclosure will be included in the annual and interim reports of the Company for so long as circumstances giving rise to the disclosure obligation continue to exist.

By order of the Board  
**Ka Shui International Holdings Limited**  
**LEE YUEN FAT**  
*Chairman*

Hong Kong, 24 September 2017

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen and Dr. Wong Cheong Yiu, and four independent non-executive directors, namely Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP, Mr. Andrew Look and Mr. Kong Kai Chuen, Frankie.*