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林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號1041

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

MAJOR TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
IN NEW WINNING

THE DISPOSAL

On 9 July 2019, after trading hours, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital in New Winning (an indirect wholly-owned subsidiary of the Company), at a consideration of HK\$50,000,000.

Upon Completion, the Company will cease to have any shareholding interest in New Winning, and the financial results of New Winning will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. A circular containing, amongst other things, further details of the Disposal and the notice of the EGM is expected to be despatched to Shareholders on or before 30 July 2019 in compliance with the Listing Rules.

The Board is pleased to announce that, on 9 July 2019, after trading hours, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital in New Winning (an indirect wholly-owned subsidiary of the Company) at a consideration of HK\$50,000,000. Set out below are the principal terms of the Sale and Purchase Agreement.

SALE AND PURCHASE AGREEMENT

Date

9 July 2019, after trading hours

Parties involved

- (1) Prominent Fortune Investments Limited (卓富投資有限公司) (a direct wholly-owned subsidiary of the Company) as Vendor; and
- (2) China Poly Asset Management Limited as Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital in New Winning (an indirect wholly-owned subsidiary of the Company), at a consideration of HK\$50,000,000.

Upon Completion, the Company will cease to have any shareholding interest in New Winning, and the financial results of New Winning will no longer be consolidated into the consolidated financial statements of the Group.

Consideration

The consideration for the sale and purchase of the Sale Shares shall be HK\$50,000,000, which shall be payable by the Purchaser to the Vendor and/or any other party designated by the Vendor in cash upon Completion.

The consideration of HK\$50,000,000 was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account (i) the net asset value of New Winning as at 2 July 2019 of approximately HK\$62,701,948; and (ii) the prospect of loan financing business, details of which are set out in the section headed "Reasons for the Disposal" below.

Conditions precedent

Completion is conditional upon the fulfilment or waiver (where applicable) of the conditions precedent as stated in the Sale and Purchase Agreement which include, amongst others, the following:

- (a) the Purchaser having conducted a due diligence investigation in respect of New Winning including but not limited to the affairs, business, assets and financing structure of the New Winning and the Purchaser being satisfied with the results of such due diligence investigation in its absolute discretion;
- (b) no event having occurred since the date of signing of the Sale and Purchase Agreement up till the Completion Date, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of New Winning and such material adverse effect not having been caused as at Completion;
- (c) the warranties given by the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respects at the date of the Sale and Purchase Agreement and up to and including the Completion Date; and
- (d) the approval of the Shareholders in a general meeting of the Company (or any adjournment thereof) in relation to the Disposal pursuant to the Listing Rules.

The Purchaser may in its absolute discretion waive any conditions precedent or any part of a condition precedent (other than the condition precedent referred to in (d) above which cannot be waived). If not all of the conditions precedent are fulfilled (or waived by the Purchaser, as the case may be) by the Long Stop Date, the Sale and Purchase Agreement shall cease to have any effect and neither party shall have any obligations and liabilities towards each other thereunder subject to the terms and conditions of the Sale and Purchase Agreement.

Completion

Upon the fulfilment or waiver (as the case may be) of the conditions precedent, Completion shall take place on the Completion Date.

Post Completion Undertakings

The Purchaser has further undertaken to the Vendor that from the Completion Date until the full repayment of the Loan, which shall not be later than the Repayment Date in any event, save with the prior written consent of the Vendor, the Purchaser shall not and shall not procure New Winning to, amongst other things:

- (i) declare, pay or make any dividend or distribution; or
- (ii) provide any financial assistance to the Purchaser or its associates.

The Purchaser has further undertaken to use its best endeavours to procure New Winning to repay the Loan (together with all interests accrued) on or before the Repayment Date. The interest payable on the Loan shall be 6% per annum. The Purchaser has also undertaken to charge in favour of the Vendor by way of floating charge over the loan books of New Winning up to the Repayment Date and execute a charge in a form acceptable to the Vendor and register the same at the Companies Registry of Hong Kong (if applicable) within five (5) Business Days after Completion.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business is investments holding/asset management. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF NEW WINNING

New Winning is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, New Winning is owned as to 100% by the Vendor and is therefore an indirect wholly-owned subsidiary of the Company. The principal business of New Winning is the provision of loan financing services.

Set out below is the audited financial statements of New Winning for the two years ended 31 December 2018 respectively prepared in accordance with Hong Kong Financial Reporting Standards:

| | For the year ended 31 December 2017 (HK\$'000) | For the year ended 31 December 2018 (HK\$'000) |
|-------------------|---|---|
| Profit before tax | 21,029 | 32,551 |
| Profit after tax | 17,579 | 27,376 |

REASONS FOR THE DISPOSAL

The Group is principally engaged in securities trading and investment, securities brokerage and provision of securities margin finance, property investment, hotel operation, loan financing services, and trading and manufacturing of electronic products business.

Currently, the Group issues unsecured loans to individual and institutional borrowers in Hong Kong and the PRC through New Winning, being the major operating arm of the loan financing services business of the Group. Upon Completion, the Group shall cease its operations of the loan financing services business. The Directors consider that the recent unstable relationship between the United States and the PRC, the economic and political instabilities in Hong Kong, and the tightening regulatory environment of loan financing industry shall continue to impose uncertainties on the development of the Group's loan financing services business in the near future. In addition, market competition has been growing rapidly with the total number of licensed money lenders in Hong Kong having increased at a cumulative annual growth rate of approximately 13.3% during the five years ended 31 December 2018. Accordingly, considering the nature of the loan portfolio of the Group's loan financing services business, which consist solely of unsecured loans, and the current market conditions, the Directors are of the view that provision of loan financing services may be subject to a relatively high degree of risk in generating a return comparable with its investment activities. On the other hand, the Purchaser is beneficially owned by an investor with previous investment experience in the PRC. The Directors are of the view that the consideration and interest income on the Loan contemplated under the Disposal would provide the Group with relatively lower-risk cash for its investments in the future including the Lamtex Opportunity Fund SPC, an investment fund expected to be launched in August 2019 under the securities brokerage business segment of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

As a result of the Disposal, the Group is expected to record an unaudited loss of approximately HK\$12,701,948 based on the consideration and the net asset value of New Winning as at 2 July 2019. Upon Completion, New Winning will cease to be a subsidiary of the Company, and the profits and loss as well as assets and liabilities of New Winning will no longer be consolidated into the consolidated financial statements of the Group.

USE OF PROCEEDS FROM THE DISPOSAL

The Group intends to apply the net proceeds of approximately HK\$48.5 million from the Disposal (1) as to approximately HK\$33.95 million for new investment opportunities in the Lamtex Opportunity Fund SPC; and (2) as to the remaining balance of approximately HK\$14.55 million for general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. A circular containing, amongst other things, further details of the Disposal and the notice of the EGM is expected to be despatched to Shareholders on or before 30 July 2019 in compliance with the Listing Rules.

DEFINITIONS

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

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| “Board” | board of Directors; |
| “Business Day(s)” | a day (other than a Saturday) on which banks both in the People's Republic of China and Hong Kong are generally opened for business; |
| “Company” | Lamtex Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1041); |
| “Completion” | completion of the Disposal; |
| “Completion Date” | within 3 Business Days after the conditions precedent have been fulfilled or waived (as the case may be) (or such other date as the Vendor and the Purchaser may agree in writing); |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly; |
| “Director(s)” | the director(s) of the Company; |

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| “Disposal” | the proposed disposal of the entire issued share capital of New Winning pursuant to the terms and conditions of the Sale and Purchase Agreement; |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | The Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Independent Third Party(ies)” | any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Loan” | a loan in the amount of HK\$336,942,301.12 owed by New Winning to the Vendor as at the date of this announcement; |
| “Long Stop Date” | 31 December 2019, or such other date as may be agreed between the Vendor and the Purchaser in writing; |
| “New Winning” | New Winning Finance Company Limited (新滙銀財務有限公司), a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Vendor as at the date of this announcement; |
| “PRC” | The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan; |
| “Purchaser” | China Poly Asset Management Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party, and the purchaser under the Disposal; |
| “Repayment Date” | second anniversary of the Completion Date; |
| “Sale and Purchase Agreement” | a sale and purchase agreement dated 9 July 2019 entered into between the Purchaser and Vendor in relation to the Disposal; |

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| “Sale Shares” | the entire issued share capital of New Winning, being HK\$10; |
| “Share(s)” | ordinary share(s) of US\$0.005 each in the share capital of the Company; |
| “Shareholder(s)” | holder(s) of Shares; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Vendor” | Prominent Fortune Investments Limited (卓富投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company, and the vendor under the Disposal; and |
| “%” | per cent. |

By order of the Board
Lamtex Holdings Limited
Tse Ping
Chairman

Hong Kong, 9 July 2019

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Tse Ping (Chairman), Mr. Wu Xiaolin and Mr. Pan Xian; three Non-Executive Directors, namely Ms. Zang Yanxia, Mr. Liu Zhanqing and Mr. Xiao Shen; and three Independent Non-Executive Directors, namely Mr. Zeng Zhaolin, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Tse Long.