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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

On 6 July 2013, the Vendor entered into the Agreement with the Purchaser for the disposal of the land use right of the Land and Related Assets at the Consideration of RMB109,000,000 (equivalent to approximately HK\$137,792,000).

As the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE AGREEMENT

On 6 July 2013, the Vendor entered into the Agreement with the Purchaser in respect of the Disposal.

SUMMARY OF TERMS OF THE AGREEMENT

Date:

6 July 2013

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: 上海中醬酒業有限公司, a company incorporated in the PRC, which operates the Chinese wine business under the trade names of “醕樽匯” and “中國酒文化會館”.

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. 68 Min Yi Road, Songjiang District, Shanghai, the PRC of approximately 46,226 square meters.

Under the Agreement, the Purchaser shall also acquire from the Vendor the Related Assets covering all premises with a total gross floor area of approximately 19,504 square meters, erected on the Land and the complementary facilities, including but not limited to the green belt, the paths and the electrical power system.

The Consideration:

The Consideration is RMB109,000,000 (equivalent to approximately HK\$137,792,000) and shall be settled by the Purchaser in the following manner:-

- (1) a first payment of RMB5,000,000 (equivalent to approximately HK\$6,321,000) shall be paid by the Purchaser to the Vendor on or before 20 July 2013.
- (2) within 45 days from the payment of the first payment referred to in (1) above, a second payment of RMB65,850,000 (equivalent to approximately HK\$83,244,000) shall be paid by the Purchaser to the Vendor within 7 business days after both parties having completed the process of settlement of their respective taxes and duties arising from the Disposal.
- (3) a third payment of RMB32,700,000 (equivalent to approximately HK\$41,338,000) shall be paid by the Purchaser to the Vendor upon the date for attending the procedure in relation to the transfer of the land use right of the Land and Related Assets to the Purchaser.
- (4) within 7 business days upon receipt of the Certificate of Real Estate Ownership by the Purchaser, the balance of the Consideration, being RMB5,450,000 (equivalent to approximately HK\$6,889,000) shall be paid to the Vendor within 3 business days upon the completion of the procedure for the change of registered user of the public utilities.

The parties' right to terminate the Agreement :

If the Vendor fails to transfer the land use right of the Land and the Related Assets to the Purchaser in accordance with the timing as set out in the Agreement, the Vendor shall pay to the Purchaser a default fee at the bank lending rates on the amount of Consideration the Vendor will have then received. In the event that the aforesaid delay is more than one month, the Purchaser shall be entitled to terminate the Agreement and to demand the Vendor to pay a default fee in an amount equal to 10% of the Consideration.

If the Purchaser performs its obligations under the Agreement but the Vendor fails to transfer the Related Assets to the Purchaser or transfer them to any third party causing the transaction under

the Agreement unable to complete, the Vendor shall return to the Purchaser all the Consideration the Purchaser will then have paid and in such event, the Vendor shall pay to the Purchaser a default fee in an amount equal to 10% of the Consideration.

If the Purchaser fails to pay the Consideration in accordance with the terms of the Agreement, it shall pay to the Vendor a default fee calculated with reference to the bank lending rates on the amount of Consideration overdue. In the event that the Purchaser fails to pay the Consideration for more than one month from the relevant due date, the Vendor shall be entitled to terminate the Agreement and to demand the Purchaser to pay a default fee in an amount equal to 10% of the Consideration.

Other provisions:

Pursuant to the Agreement, the parties shall complete all the preliminary preparatory procedure in relation to the transfer of the land use right of the Land and the Related Assets within 15 business days after the payment of the second payment of RMB65,850,000 (equivalent to approximately HK\$83,244,000) mentioned above and shall agree on a date to attend the Land and Property Exchange Centre for the transfer procedure of the Disposal.

After the Purchaser having paid the relevant consideration, within one week after the parties having completed the transfer procedure, the Vendor shall deliver the Land and Related Assets to the Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Land and Related Assets were the previous workshop of the Vendor, in which the Group's Shanghai plant was located. The Land and Related Assets had been left idle by the Vendor for some time. As stated in the final results announcement of the Company dated 22 March 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 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 Group's Hangzhou plant will be responsible for extending the Group's market share in both Eastern, Central and Northern regions of China.

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 net book value of the Land and Related Assets as at 31 December 2012 was approximately RMB21,880,000 (equivalent to approximately HK\$27,659,000) as set out in the audited financial statements of Vendor for the year ended 31 December 2012. The gain (before land appreciation tax, profit tax, business tax, stamp duty and other related tax in according to the PRC tax law and deduction of the necessary expenses in relation to the Disposal) to accrue to the Vendor as a result of the Disposal is expected to be approximately RMB87,120,000 (equivalent to approximately HK\$110,133,000) and this gain is calculated on the basis of the difference between the carrying value of the Land and Related Assets as at 31 December 2012 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. Accordingly, after paying all the relevant taxes, the final net gain on this transaction is expected to be significantly different from the above disclosed figure.

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.

As the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting 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”	the agreement dated 6 July 2013 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 RMB109,000,000 (equivalent to approximately HK\$137,792,000) 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 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 connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Land”	the land situated at No. 68 Min Yi Road, Songjiang District, Shanghai, the PRC of approximately 46,226 square meters
“PRC”	The People’s Republic of China
“Purchaser”	上海中醬酒業有限公司, a company incorporated in the PRC, which operates the Chinese wine business under the trade names of “酌樽匯” and “中國酒文化會館”. 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 and the complementary facilities, including but not limited to the green belt, the paths and the electrical power system as set forth in the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“%”	per cent

In this announcement, an exchange rate of RMB1.00 to HK\$1.26415 as at 6 July 2013, is applied.

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

Hong Kong, 8 July 2013

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, Mr. Fung Wai Hing 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.