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Kiu Hung International Holdings Limited

僑雄國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00381)

UPDATES ON BUSINESS DEVELOPMENT IN RELATION TO THE BUSINESS OPERATION IN SAMOA

This announcement is made by Kiu Hung International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) on a voluntary basis to provide the shareholders and potential investors of the Company with updates in relation to the business operation of the Group in Samoa.

Reference is made to the announcement of the Company dated 5 October 2015 in relation to the acquisition by the Company of the 19% equity interest in USO Management & Holding Co Ltd (“Associate”) on 5 October 2015. Further reference is made to the announcement dated 23 January 2019 in relation to the further acquisition by the Company of the 28% equity interest in USO Management & Holding Co Ltd on 23 January 2019, as well as the voluntary announcements dated 21 August 2019, 11 September 2019, and 3 October 2019.

FURTHER UPDATES ON BUSINESS DEVELOPMENT

The Board announced that on 6 December 2019, the Associate entered into the Development Cooperation Agreement with Plantation Construction & Development Co Ltd (the “Development Company”), pursuant to which the Associate and the Development Company will jointly develop the Leased Properties. It is expected that the Leased Properties will be mainly developed for commercial purposes such as residential properties and hotels with an estimated gross floor area of approximately 300,000 square meters, which is comprised of, among others, 1,000 residential villas, high-end hotel and casino, and ancillary public amenities. Each residential villa has an area of approximately 300 square meters, the local prevailing property price of which is approximately HK\$21,000 per square meters (sourced from <http://www.samoarealty.net/residential.htm>). Upon completion of the 1,000 residential villas, the total consideration will be approximately HK\$6 billion. The luxury hotel and casino, as well as the first 100 residential villas, is expected to be completed by March 2021, in which case, the Associate and the Development Company will attract an international gaming operator to collaborate on the operation of the luxury hotel and casino.

MAJOR TERMS OF DEVELOPMENT COOPERATION AGREEMENT

Set out below is a summary of major terms and conditions under the Development Cooperation Agreement:

- Purpose:** For the purposes of developing the Target Land, the Associate will provide the Leased Properties, while the Development Company will be responsible for all construction projects.
- Capital Requirements:** The land consideration (equivalent to the amount of rent) with respect to the Leased Properties is expected to be paid by the Associate. Save as disclosed above, all other capital requirements shall be mainly arranged by the Development Company at its own discretion.
- In case that the Development Company fails to raise the required capital by external financing, the Associate may provide funding by granting loans or offering other financing means.
- Where the Development Company is required to provide any security over external financing in the future, the Associate may agree to provide guarantees and/or security over the aforesaid financing.
- Profit Distribution:** Any net profit after taxation shall be distributed to the Associate and the Development Company on a 50/50 basis in accordance with all applicable laws, rules, and regulations.
- Management and Operation:** The general manager, who shall be nominated by the Development Company and appointed by the board of the Associate, shall be responsible for daily management and operation of the Project.
- Miscellaneous:** The proposed project in operation under the Development Cooperation Agreement shall be in compliance with the requirements of the Listing Rules and the relevant applicable laws and regulations.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board considers that the joint development of the Leased Properties under the Development Cooperation Agreement will broaden the asset and profit bases of the Company. Furthermore, in light of the Company's management and operation experiences, as well as the Development Company being a seasoned property developer, their strategic cooperation will deliver complementary results in their jointly developing the Leased Properties, further promoting mutual benefits. The Board considers that the terms of the Development Cooperation Agreement are on normal commercial terms over the usual and general course of business of the Group, which is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Development Company is a family owned construction company. They have a total of four qualified Engineers, who have all attained their qualifications abroad in New Zealand and Australia. The Development Company has a reputation for its ability to apply itself to many different classes of civil works, ranging from structural buildings, bridges, roads, drainage and hire equipment. They specialise in the areas such as structural building construction, road and civil construction, supply of construction materials and design and supervision.

The Company will make further announcements in relation to the latest updates on the said business in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when applicable.

The shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kiu Hung International Holdings Limited
Zhang Qijun
Chairman

Hong Kong, 9 December 2019

As at the date of this announcement, the Board comprises two executive Directors, Mr. Zhang Qijun and Mr. Chen Jian and three independent non-executive Directors, Mr. Cheng Ho On, Mr. Kong Chun Wing and Mr. Wang Xiao Ning.