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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)

MAJOR TRANSACTION ACQUISITION OF 51% EQUITY INTERESTS IN THE TARGET COMPANY INVOLVING ISSUE OF THE CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on 11 September 2019 (after trading hours of the Stock Exchange), the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Interests, representing 51% of the total equity interests in the Target Company, at the consideration of HK\$170 million which shall be satisfied by the issue of the Convertible Bonds by the Company to the Vendor (or its nominee) upon Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. The Sale and Purchase Agreement and the transactions contemplated thereunder (including the specific mandate to be sought for the allotment and issue of the Conversion Shares) are subject to the announcement and Shareholders' approval by way of poll at the EGM.

As no Shareholder has any material interest in the Acquisition which is different from other Shareholders, no Shareholder is required to abstain from voting at the EGM in respect of the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

In connection with the EGM, the Company will prepare a circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Company; (iii) the financial information of the Group; (iv) pro forma financial information of the Enlarged Group; and (v) a notice convening the EGM. Since additional time is required to prepare and finalise the information to be included in the circular, the circular is expected to be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board is pleased to announce that on 11 September 2019 (after trading hours of the Stock Exchange), the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Company has conditionally agreed to acquire from the Vendor, and the Vendor has conditionally agreed to sell the Sale Interests, representing 51% of the total equity interests in the Target Company.

Set out below are the principal terms of the Sale and Purchase Agreement:

THE SALE AND PURCHASE AGREEMENT

Date: 11 September 2019 (after trading hours of the Stock Exchange)

Parties: (i) Fujian Green Forest Agricultural Technology Co., Ltd.* (福建綠森農業科技有限公司), as the Purchaser

(ii) Sheen World International Holdings Limited, as the Vendor

(iii) Lin Wei (林烽) (as guarantor)

As at the date of this announcement, the Vendor is wholly-owned by Mr. Lin. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and Mr. Lin are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Interests. The Sale Interests, representing 51% of the entire equity interests in the Target Company.

Reorganisation

The Vendor and Mr. Lin shall undergo the Reorganisation. Completion of the Reorganisation is one of the conditions precedent to the Acquisition.

Consideration

The Consideration of the Sale Interests is HK\$170 million, which shall be satisfied by the issue of the Convertible Bonds by the Company to the Vendor (or its nominee) upon Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor taking into account, among others, (i) future business prospects of the Target Company and health product industry; and (ii) the preliminary valuation of the Target Company of RMB310 million (equivalent to approximately HK\$341 million) as at 31 July 2019 prepared by the Valuer adopting market approach.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Consideration is 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 the Shareholders as a whole.

The Convertible Bonds

The following summarises certain of the principal terms of the Convertible Bonds:

Principal amount:	HK\$170,000,000
Maturity Date:	the date of the third anniversary of the date of issue of the Convertible Bonds
Interest rate:	the Convertible Bonds do not bear any interest
Conversion period:	the period commencing on the date of issue of the Convertible Bonds and expiring on the maturity date.
Conversion price:	HK\$0.1 per Conversion Share, subject to adjustments by the adjustment provisions summarised below.

the Conversion Price represents:

- (a) a premium of approximately 316.67% to the closing price of HK\$0.024 per Share as quoted on Stock Exchange on the date of the Sale and Purchase Agreement; and
- (b) a premium of approximately 313.22% to the average closing price of approximately HK\$0.0242 per Share for the last five consecutive trading days as quoted on the Stock Exchange immediately preceding to the date of the Sale and Purchase Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Vendor with reference to the prevailing market price and recent trading performance of the Shares.

- Conversion Shares: based on the Conversion Price of HK\$0.1, a maximum of 1,700,000,000 Conversion Shares will be issued, representing approximately 17.19% of the existing issued share capital of the Company as at the date of this announcement and approximately 14.67% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares.
- Conversion rights: subject to the terms and conditions of the Convertible Bonds, the holder(s) of the Convertible Bonds shall be entitled to convert, in whole or in part, the Convertible Bonds into Conversion Shares. Any conversion shall be made in amounts of not less than a whole multiple of HK\$100,000 on each conversion unless the amount of the outstanding Convertible Bonds is less than HK\$100,000 in which case the whole (but not part only) of that amount shall be convertible.
- Redemption at maturity: unless previously purchased or converted for the Conversion Shares, the Company shall on the maturity date redeem the outstanding principal amount of the Convertible Bonds plus any accrued and unpaid interest.
- Transfer restrictions: holder(s) of the Convertible Bonds may freely transfer the Convertible Bonds to the transferee other than to connected person(s) subject to compliance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations, and with the prior written consent of the Company. Any assignment or transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds and the Company shall facilitate any such assignment or transfer of the Convertible Bonds.
- Adjustments to the Conversion Price: the Conversion Price shall from time to time be adjusted upon the occurrence of the following:
- (a) consolidation or subdivision of the Shares;
 - (b) capitalisation of profits or reserves (other than in lieu of a cash dividend);
 - (c) capital distribution to the Shareholders or grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (d) offer new Shares to the Shareholders for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares by way of rights at a price which is less than 80% of the Market Price as at the date of the announcement of the terms of the offer or grant;

- (e) issue (otherwise than in (d) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than (d) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at less than 80% of the Market Price on the date of such issue or grant;
- (f) issue wholly for cash of any securities which are convertible into, exchangeable for or carry rights of subscription for new Shares at an effective price initially receivable which is less than 80% of the Market Price at the date of the announcement of the terms of issue of such securities; and
- (g) the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (d) to (f) are modified so that the effective price initially receivable which is less than 80% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription.

Events of default:

if any of the events specified below occurs, the Company shall on demand of a holder(s) of the Convertible Bonds forthwith redeem the Convertible Bonds in full in cash or the holder(s) of the Convertible Bonds may convert the Convertible Bonds into Conversion Shares:

- (a) the Company fails to pay the principal on the Convertible Bonds when due on the maturity date;
- (b) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Sale and Purchase Agreement which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the holder(s) of the Convertible Bonds remedied within 14 days after notice of such default shall have been given to the Company by the holder of the Convertible Bonds;
- (c) any present or future indebtedness of the Company for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Company, or is not paid when due or as the case may be, within any applicable grace period and the amount of such indebtedness exceeds the equivalent of HK\$10,000,000;

- (d) a security holder takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company;
- (e) the Company becomes insolvent or the Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 30 days;
- (f) an order of court is made or an effective resolution of shareholders is passed for the winding up of the Company or the Company ceases or threatens to cease carrying on all or substantially all or a material part of its business or operations;
- (g) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency seizes, compulsorily purchases, expropriates or nationalizes all or a substantial part of the assets of the Company;
- (h) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Company and is not discharged or stayed within 45 days;
- (i) proceedings shall have been initiated (that is, issued and served) against the Company under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 60 days;
- (j) any warranty is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, or there is a material breach by the Company of any warranty or obligation under the Sale and Purchase Agreement;

- (k) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Convertible Bonds admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done by the requisite time or, if in the opinion of the holder of the Convertible Bonds such situation is capable of remedy, within 30 days of the time when the Company becomes (or ought reasonably to have become) aware of the same; or
- (l) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Convertible Bonds.

Application for listing: no application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Ranking: the Conversion Shares shall rank *pari passu* with all other Shares in issue as at the date on which the conversion rights to be attached to the Convertible Bonds are exercised and be entitled to all dividends and other distributions the record date of which falls on a date on or after the such conversion date.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Consideration is 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 the Shareholders as a whole.

Conditions Precedent

Completion of the Acquisition is conditional upon the fulfillment of the following Conditions on or before the Long Stop Date:

- (a) the Purchaser being satisfied with the result of the due diligence review of the Target Company;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby have been obtained and remain in full force and effect;

- (c) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby have been obtained and remain in full force and effect;
- (d) the representations, warranties and undertakings given by the Vendor have remained true and accurate in all respects and not misleading;
- (e) the Purchaser having obtained a PRC legal opinion (in the form and substance to the reasonable satisfaction of the Purchaser) from a qualified PRC lawyer appointed by the Purchaser in respect of the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the due incorporation and subsistence of the Target Company, the legality and validity of the sale of the Sales Shares contemplated under the Sale and Purchase Agreement;
- (f) the Purchaser having obtained a valuation report (in the form and substance satisfactory to the Purchaser) from an independent professional valuer appointed by the Purchaser with the valuation of the Target Company of not less than HK\$334 million;
- (g) the passing by the Shareholders at the EGM to be convened and held of the necessary ordinary resolution(s) to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares under the Specific Mandate);
- (h) the Purchaser being reasonably satisfied that there has not been any material adverse change on the Target Company since the date of the Sale and Purchase Agreement;
- (i) the Stock Exchange granting or agreeing to grant the approval for the listing of and permission to deal in the Conversion Shares; and
- (j) having completed the Reorganisation pursuant to the Sale and Purchase Agreement and all government approvals, filing and licenses relevant to the Reorganisation having been obtained and/or completed.

The Purchaser may in its absolute discretion at any time waive any of the Conditions (a), (d) and (h), by notice in writing to the Vendor. All other Conditions are incapable of being waived by either the Purchaser or the Vendor.

If any of the above conditions have not been fulfilled or waived (as the case may be) by the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and thereafter neither party to the Sale and Purchase Agreement shall have any obligations and liabilities thereunder.

Completion

Subject to the fulfilment or waiver (as the case maybe) of the Conditions (a) to (j) set out above, Completion shall take place on the Completion Date (i.e. the third Business Day after the Conditions (a) to (j) have been fulfilled or waived (or such other date as the parties may agree)).

Upon completion of the Acquisition, the Company will hold a total of 51% equity interests in the Target Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

INFORMATION OF THE VENDOR, THE GUARANTOR AND THE TARGET COMPANY

Vendor is a company incorporated in BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Vendor is wholly-owned by Mr. Lin.

Mr. Lin graduated from Xiamen Huatian Foreign Studies College. After graduation, Mr. Lin worked as a researcher in a pharmaceutical technology development company and the deputy director of the project technology department in a Chinese herbal medicine company in Sichuan. Mr. Lin established the Target Company in 2014, and has been focusing on R&D, planting, product processing and sales of rare medicinal plants such as anoectochilus.

The Target Company is a company established under the laws of the PRC with limited liability on 24 September 2014 with registered capital of RMB30,000,000. As at the date of this announcement, it is owned as to (i) 51% by Mr. Lin; and (ii) 49% by an Independent Third Party. The Target Company is principally engaged in the development of seeding cultivation and plantation technology of Chinese herbs as well as processing and sale of Chinese herbs products.

Production base of the Target Company is situated at Zhushan County, Shiyan City, Hubei Province with forest lands with an aggregate total area of 8,757 mu with production plants and equipment constructed nearby.

Since commencement of business in 2015 to the year ended 31 December 2018, product of the Target Company was solely anoectochilus formosanus (金線蓮). Due to the biological characteristics of anoectochilus formosanus, anoectochilus formosanus is only suitable for plantation from spring to summer while harvesting and sale from autumn.

In order to broaden product mix of the Target Company and mitigate business risk of over reliance on single product while with an aim to assist the PRC local government of Zhushan County to drive the local economy and employment, the Target Company has been cooperating with the PRC local government of Zhushan County and professional agricultural cooperatives and Chinese herbs companies in development of plantation techniques of other species of Chinese herbs as well as to expand and standardize Chinese herbs market since 2017. As a result of the cooperation with the PRC local government of Zhushan County and other professional agricultural organizations, the Target Company has successfully developed plantation techniques of honeysuckle (金銀花), a Chinese herbs suitable to cultivate and plant in autumn and winter, in 2018 and has secured sale of honeysuckle products and other species of Chinese herbs with 國藥控股湖南有限公司 with a total contract sum of over RMB70 million. The Target Company expected delivery of these products can gradually take place from last quarter of 2019 which can contribute further income stream to the Target Company.

Set out below are certain key financial figures of the Target Company for each of the years ended 31 December 2017 and 31 December 2018 and the seven months ended 31 July 2019, which were prepared in accordance with the PRC GAAP:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the seven months ended 31 July 2019
	<i>Approx. RMB'000</i>	<i>Approx. RMB'000</i>	<i>Approx. RMB'000</i>
	(Audited)	(Audited)	(Unaudited)
Revenue	26,454	19,600	5,364
Net profit before taxation	4,930	3,429	265
Net profit after taxation (<i>Note 1</i>)	4,930	3,429	265

Note(s):

1. According to the information on the website of the Hubei Provincial Electronic Taxation Bureau of the State Administration of Taxation and the legal opinion issued by a PRC legal adviser, the existing business of the Target Company is exempted and not subject to any tax in PRC.
2. The decrease in profit before and after tax for the year ended 31 December 2018 and seven months ended 31 July 2019 were primarily attributable to, amongst other factors,
 - i. Since late 2017, Target Company started to develop plantation techniques of honeysuckle and had incurred certain expenditures in 2018 when compared with 2017;
 - ii. Due to the biological characteristics of *anoectochilus formosanus*, *anoectochilus formosanus* is only suitable for plantation from spring to summer while harvesting and sale from autumn. As such, majority of the sales occurred throughout the last quarter each year;
 - iii. Upon commencement of co-operation with 國藥控股湖南有限公司 in late 2017, management of the Target Company re-formulated its business direction by scaling down its production scale in *anoectochilus formosanus* and re-allocated more land and other resources to prepare for the diversification of product mix, which affected the total supply of *anoectochilus formosanus* as well as revenue of the Target Company throughout year 2018.
 - iv. with the successful development of plantation techniques of honeysuckle, the Target Company expected delivery of honeysuckle products and other products can gradually take place from last quarter of 2019 which can contribute further income stream to the Target Company while can improve seasonal effect of *anoectochilus formosanus* to the business performance of the Target Company.

As at 31 July 2019, the unaudited net asset value of the Target Company was approximately RMB44.83) million (equivalent to approximately HK\$49.31 million) based on the management accounts of Target Company. The Company has engaged the Reporting Accountant to review the management accounts of the Target Company for the seven months ended 31 July 2019.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) manufacturing and trading of toys and gifts; (ii) exploration of natural resources; and (iii) investment in various potential businesses including fruit plantation, leisure and culture. The Purchaser is a wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

The Group always aims at strengthen its business and increase the Shareholders' values. Having considered the shift and increasing emphasis on the healthy life style trend in China and the prospect of the Target Company, the Company is of the view that the Acquisition is an attractive opportunity for the Group to enhance the business portfolio and enable the Group to benefit from the positive earnings contribution brought by the Target Company.

Having considered the above, the Directors believe that entering into of the Sale and Purchase Agreement will provide a great opportunity to the Group to provide a sustainable growth to the Company, thus potentially greater return for the Shareholders.

The Directors further consider that the entering into of the Sale and Purchase Agreement will not change the nature of the Group's principal business but will enhance the Group's business portfolio. In view of the above, the Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing and enlarged shareholding structure of the Company immediately before and after the allotment and issuance of the maximum Conversion Shares upon full exercise of the conversion right attaching to the Convertible Bonds are set out below:

Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds	
	Number of Shares	%	Number of Shares	%
Mr. Zhang Qijun (<i>Note 1</i>)	670,000	0.01	670,000	0.01
Vendor (or its nominee)	—	—	1,700,000,000	14.67
Public Shareholder	<u>9,889,711,596</u>	<u>99.99</u>	<u>9,889,711,596</u>	<u>85.32</u>
Total	<u>9,890,381,596</u>	<u>100</u>	<u>11,590,381,596</u>	<u>100</u>

Note:

1. Being the chairman of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules.

The Sale and Purchase Agreement and the transactions contemplated thereunder (including the Specific Mandate to be sought for the allotment and issue of the Conversion Shares) are subject to the announcement and Shareholders' approval by way of poll at the EGM.

As no Shareholder has any material interest in the Acquisition which is different from other Shareholders, no Shareholder is required to abstain from voting at the EGM in respect of the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

In connection with the EGM, the Company will prepare a circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Company; (iii) the financial information of the Group; (iv) pro forma financial information of the Enlarged Group; and (v) a notice convening the EGM. Since additional time is required to prepare and finalise the information to be included in the circular, the circular is expected to be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Acquisition”	the acquisition of the Sale Interests pursuant to the terms and conditions of the Sale and Purchase Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“BVI”	British Virgin Islands;
“Company”	Kiu Hung International Holdings Limited (Stock Code: 381), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement;

“Completion Date”	the third Business Day immediately following the date that the Conditions (a) to (g) having been fulfilled or waived (as the case may be) but not later than the Long Stop Date;
“Condition(s)”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration payable by the Purchaser to the Vendor (or its nominee) for the Sale Interests, being HK\$170 million;
“Conversion Price”	the conversion price of HK\$0.1 per Conversion Share of the Convertible Bonds (subject to adjustment as set out and in accordance with the terms and conditions of the Convertible Bonds);
“Conversion Shares”	a maximum of 1,700,000,000 new Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds at the Conversion Price;
“Convertible Bonds”	the convertible bonds in the principal amount of to HK\$170,000,000 to be issued by the Company at the Conversion Price to the Vendor for satisfying the Consideration, with nil interest for a conversion period of three years from the date of issue;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Acquisition, the Specific Mandate and the transactions contemplated thereunder;
“Enlarged Group”	the Group as enlarged by the Target Group upon Completion;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Long Stop Date”	31 December 2019 or such later date as the parties to the Sale and Purchase Agreement may agree in writing;
“Mr. Lin”	Mr. Lin Wei (林烽先生);
“mu”	Chinese Mu, one of which equals approximately 667 square meters;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“PRC GAAP”	Generally accepted accounting principles in PRC;
“Purchaser”	Fujian Green Forest Agricultural Technology Co., Ltd.* (福建綠森農業科技有限公司), a company incorporated in PRC with limited liability;
“Reorganisation”	Mr. Lin to transfer his 51% equity interests in the Target Company to the Vendor, and upon completion of such reorganisation, the Vendor will hold a 51% equity interests in the Target Company;
“Reporting Accountant”	Prism CPA Limited, independent Certified Public Accountants;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 11 September 2019, entered into among the Vendor, and the Purchaser in relation to the Acquisition;
“Sale Interests”	51% equity interests in the Target Company;
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company;
“Shareholders”	the holders of Shares;
“Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to satisfy the allotment and issue of the Consideration Shares upon the Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”	Hubei Jincaotang Pharmaceutical Co., Ltd.* (湖北金草堂藥業有限公司), a company incorporated in PRC with limited liability;
“Valuer”	an independent professional valuation firm namely LCH (Asia-Pacific) Surveyors Limited;
“Vendor”	Sheen World International Holdings Limited, a company incorporated in BVI with limited liability;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	percent.

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

Hong Kong, 11 September 2019

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

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ are calculated at the approximate exchange rate of RMB1.00 to HK\$1.1. This exchange rate is for purpose of illustration only and do not constitute a representation that any amount have been, could have been, or may be, exchanged at this or another rate.

If there is any inconsistency in this announcement between the Chinese and English versions and the English version shall prevail.

* *For identification purpose only*