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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)

INSIDE INFORMATION UPDATES ON THE POSSIBLE ACQUISITION

This announcement is made by Kiu Hung International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis to provide the shareholders (the “Shareholders”) and prospective investors of the Company with updates on the possible acquisition under the memorandum of understanding.

UPDATES ON THE POSSIBLE ACQUISITION UNDER THE MEMORANDUM OF UNDERSTANDING

Reference is made to the announcement of Kiu Hung International Holdings Limited (the “Company”) dated 16 October 2019 in relation to the mutual intention on the possible acquisition under the memorandum of understanding (the “Announcement”). Unless the context otherwise requires, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

As mentioned in the Announcement, the Vendor intended to sell and the Company (or its wholly owned subsidiary) intended to acquire certain equity interests of the Target Company.

UPDATES ON THE ASSETS TO BE ACQUIRED

The Target Company has obtained and completed the approvals and relevant formalities for the commencement of construction and production for its main mine. The mine has a proved gold reserve of 7.1 tons and an actual mining capacity of 500,000 tons. Containing a wide variety of minerals, including silver, copper, and antimony, the mining site is particularly abundant in calcium. Given the huge demand for calcium powder in the steel-making industry and chemical industry, the Target Company has reached cooperation with Kunming Steel Group Company (昆明鋼鐵集團公司), Yunnan Phosphate Group (雲南磷肥集團) and Shuicheng Steel (水城鋼鐵) through negotiations.

The Target Company will introduce strategic investors for the construction of the integrated metallurgical plant. As one of the advanced mineral deep-processing project in the PRC supported by the government, the integrated metallurgical plant will enable the comprehensive utilisation of underground resources and extraction of various mineral components by the Target Company, with matured equipment and technologies available from China Daye Non-Ferrous Metals Mining Limited and Shangdong Gold Group Co., Ltd.. The manufacturers of equipment used in the integrated metallurgical plant will provide equipment and technical maintenance. As for the method of payment, the gradual profit-sharing model will be adopted. Upon approval of the project, an application for county-wide expansion of boundary for metal ores could be made. Upon completion of the project, the project will become a key enterprise in Guizhou Province. It is expected that an annual profit of RMB300 million will be generated upon completion of the integrated metallurgical plant.

Further announcement(s) will be made by the Company to inform the Shareholders and potential investors of any material development of the relevant project.

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

Hong Kong, 8 January 2020

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.