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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 and continued in Bermuda with limited liability)

(Stock Code: 00381)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 22 September 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis of not less than six Placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe for up to a maximum of 101,900,000 Placing Shares at the Placing Price of HK\$0.2 per Placing Share.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion, the 101,900,000 Placing Shares represent approximately 19.999% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.666% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$20,380,000. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$20,034,300. It is currently intended that approximately 80% of the net proceeds of the Placing, or approximately HK\$16,028,000 will be used to repay part of the outstanding promissory notes. The remaining 20% of the net proceeds of the Placing, or approximately HK\$4,006,300 will be used as the general working capital of the Group.

The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval. The Placing is conditional upon the Stock Exchange granting the Company the approval for the listing of, and the permission to deal in the Placing Shares.

Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfillment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

22 September 2020 (after trading hours)

Parties

Issuer: The Company

Placing Agent: CNI Securities Group Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing commission

The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent for and on behalf of the Company in pursuance of its obligations under the Placing Agreement.

The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder immediately after Completion.

Placing Shares

As at the date of this announcement, the Company has 509,519,079 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and Completion, the 101,900,000 Placing Shares represent approximately 19.999% of the existing issued share capital of the Company as at the date of this

announcement and approximately 16.666% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the 101,900,000 Placing Shares is HK\$1,019,000.

Placing Price

The Placing Price of HK\$0.2 represents:

- (i) a premium of approximately 70.94% to the closing price of HK\$0.117 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 28.70% to the average closing price per Share of approximately HK\$0.155 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 June 2020. Under the General Mandate, the Company is authorised to allot and issue new shares of the Company not exceeding 20% of the total number of issued shares of the Company as at the date of passing the relevant resolution approving the General Mandate until the revocation, variation or expiration of the General Mandate. As a result of the Capital Reorganisation which became effective on 17 September 2020, such number of Shares that is authorized to allot and issue under the General Mandate has been adjusted to not exceeding 101,903,815 Shares. As at the date of this announcement, none of the Shares has been issued under the General Mandate. The 101,900,000 Placing Shares to be allotted and issued will utilise approximately 99.996% of the General Mandate.

Placing Condition

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the Company the approval for the listing of, and permission to deal in, the Placing Shares. In the event the above condition is not fulfilled on or before 13 October 2020 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

The Placing shall complete on the day no later than the fourth Business Day immediately following the day on which the condition set out above is satisfied (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Termination

The Placing Agent shall be entitled by notice to the Company during the period from the date of the Placing Agreement up to 8:00 a.m. on the date of Completion to forthwith terminate the Placing Agreement if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (d) any statement contained in the Placing Agreement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

FUND RAISING DURING THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

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, Chinese yellow rice wine, leisure and culture.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$20,380,000. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$20,034,300, representing a net issue price of approximately HK\$0.197 per Placing Share. It is currently intended that approximately 80% of the net proceeds of the Placing, or approximately HK\$16,028,000 will be used to repay part of the outstanding promissory notes. The remaining 20% of the net proceeds of the Placing, or approximately HK\$4,006,300 will be used as the general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the Placing will broaden the Company's capital base and shareholders base without any interest burden. Moreover, the net proceeds will strengthen the Group's financial position for future development of the Group. The terms of the Placing Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms. Accordingly, the Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion are as follows:

	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Zhang Qijun (<i>Note 1</i>)	33,500	0.007	33,500	0.006
Mr. Cheng Ho On (<i>Note 2</i>)	8,500	0.002	8,500	0.001
Placees	—	—	101,900,000	16.666
Public Shareholders	<u>509,477,079</u>	<u>99.99</u>	<u>509,477,079</u>	<u>83.32</u>
Total	<u>509,519,079</u>	<u>100.00</u>	<u>611,419,079</u>	<u>100.00</u>

Notes:

1. Being the executive director and the chairman of the Company.
2. Being the independent non-executive director of the Company.

GENERAL

The Placing is not subject to Shareholders' approval as the placing Shares will be issued under the General Mandate.

Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfillment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Capital Reorganisation”	the reorganization of the share capital of the Company which became effective on 17 September 2020, further particulars of which are set out in the circular of the Company dated 18 March 2020 and the announcement of the Company dated 7 May 2020 and 18 August 2020
“Company”	Kiu Hung International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to a resolution passed at the annual general meeting of the Company held on 30 June 2020 to allot, issue and deal with new Shares, subject to an aggregate nominal amount of up to 20% of the aggregate nominal amount of the issued Shares as at 30 June 2020 and being adjusted after the Capital Reorganisation became effective on 17 September 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Last Trading Day”	21 September 2020, being the last trading day for the Shares prior to the date of the Placing Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 22 September 2020 entered into between the Company and the Placing Agent
“Placing Price”	HK\$0.2 per Placing Share (exclusive of any brokerage, transaction levy of the Securities and Futures Commission of Hong Kong and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of up to a maximum of 101,900,000 new Shares to be placed pursuant to the Placing Agreement
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 22 September 2020

As at the date of this announcement, the Board comprises three executive Directors, Mr. Zhang Qijun, Mr. Chen Jian and Mr. Liu Mingqing and five independent non-executive Directors, Mr. Wang Xiao Ning, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Lai Chi Yin, Samuel and Ms. Chen Yuxin.