

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **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)**

### **MAJOR TRANSACTION PROPOSED ISSUE OF NEW SHARE UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION**

#### **THE DEBT CAPITALISATION**

On 3 November 2020 (after trading hours), the Company entered into the Subscription Agreement with the Creditors, pursuant to which the Company has conditionally agreed to allot and issue to the Creditors (or their designated nominee), and the Creditors have conditionally agreed to subscribe for an aggregate of 306,659,459 Subscription Shares at the Subscription Price of HK\$0.267 per Subscription Share. The Subscription amount payable by the Creditors under the Subscription Agreement shall be satisfied by capitalizing the Indebted Amount due from the Company.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion, the 306,659,459 Subscription Shares represent approximately 50.16% of the existing issued share capital of the Company as at the date of this announcement and approximately 33.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

#### **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the debt capitalization is more than 25% but all applicable percentage ratios are less than 100% under the Listing Rules, the Subscription constitutes a major transaction of the Company and is therefore subject to reporting, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM and the Subscription is conditional upon, among others, (i) the Stock Exchange having granted the listing of, and the permission to deal in the Subscription Shares; and (ii) the Shareholders having approved the Subscription and the Specific Mandate at the SGM.

A circular containing details of the Subscription Agreement and a notice convening the SGM are expected to be despatched to the Shareholders as soon as practicable.

## **THE SUBSCRIPTION AGREEMENT**

On 3 November 2020 (after trading hours), the Company entered into the Subscription Agreement with the Creditors, pursuant to which the Company has conditionally agreed to allot and issue to the Creditors (or their designated nominee), and the Creditors have conditionally agreed to subscribe for an aggregate of 306,659,459 Subscription Shares at the Subscription Price of HK\$0.267 per Subscription Share. The Subscription amount payable by the Creditors under the Subscription Agreement shall be satisfied by capitalizing the Indebted Amount due from the Company. Details of the terms of the Subscription Agreement are summarized below:

### **Date**

3 November 2020 (after trading hours)

### **Parties**

Issuer/debtor: The Company

Creditors: the following Creditors as creditors:

1. 3 Former Directors Creditors who had ceased their respective directorship with the Company for more than 12 months prior to the date of the Subscription Agreement, and who, otherwise than their previous employment relationship with the Group, are Independent Third Parties;
2. an Employee Creditor, who, otherwise than his employment relationship with the Group, is Independent Third Party;
3. 3 Consultant Creditors, who, otherwise than their service provider relationship with the Group, are Independent Third Parties; and
4. 5 Lender Creditors, who, otherwise than their lender-and-borrower relationship with the Group, are Independent Third Parties

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

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue to the Creditors (or their designated nominee), and the Creditors have conditionally agreed to subscribe for an aggregate of 306,659,459 Subscription Shares at the Subscription Price of HK\$0.267 per Subscription Share. The Subscription amount payable by the Creditors under the Subscription Agreement shall be satisfied by capitalizing the Indebted Amount due from the Company.

As at the date of this announcement, the Company has 611,419,079 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 306,659,459 Subscription Shares represent approximately 50.16% of the existing issued share capital of the Company as at the date of this announcement and approximately 33.4% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the 306,659,459 Subscription Shares is HK\$3,066,594.59.

### **Subscription Price**

The Subscription Price of HK\$0.267 represents:

- (i) a premium of approximately 6.80% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 0.37% to the average closing price per Share of approximately HK\$0.268 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Subscription 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 Creditors. The Directors consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Ranking of the Subscription Shares**

The Subscription 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 Subscription Shares.

### **Specific Mandate**

All the Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

## **Subscription Condition**

Completion of the Subscription is conditional upon the satisfaction of the following conditions:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Subscription Shares;
- (ii) the passing of the ordinary resolutions by the Shareholders at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate); and
- (iii) if so required, each party to the Subscription Agreement having obtained all consents, licences, authorisations, orders, grants, confirmations, permissions, registrations, filings and other approvals necessary or desirable in connection with the implementation of the Subscription Agreement from appropriate governments, governmental, supranational or trade agencies, courts, other regulatory bodies, banks, financial institutions or other third parties on terms satisfactory to the parties to the Subscription Agreement and such consents, licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect.

In the event the above condition is not fulfilled by the Long Stop Date, all rights, obligations and liabilities of the parties to the Subscription 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 Subscription Agreement prior to such termination.

## **Completion**

The Subscription 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 Subscription Agreement in writing).

## **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 Subscription Shares.

## **FUND RAISING DURING THE PAST TWELVE MONTHS**

During the past twelve months immediately preceding the date of this announcement, the Company has conducted the following equity fund raising activity.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
22 September 2020	Placing of new Shares under general mandate	HK\$20million	Approximately HK\$16 million for the repayment of the outstanding promissory notes and other payables, and approximately HK\$4 million for the general working capital of the Group	Used as intended

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION 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 Directors (including the independent non-executive Directors) consider that the Subscription will allow the Company to settle the Indebted Amount without utilizing existing financial resources of the Company in order to alleviate the repayment pressure of the Group and to reduce cash outflow from the Company.

The Directors also consider that the Subscription will broaden the Company's capital base and shareholders base without any interest burden while reducing the gearing level of the Group thereby strengthening the financial position for the future development of the Group.

The Directors consider that the terms of the Subscription Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms. Accordingly, the Directors consider that the Subscription 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 (assuming that there is no change in the number of issued Shares between the date of this announcement and the Completion):

	As at the date of this announcement		Immediately after Completion	
	Approximate		Approximate	
	No. of Shares	%	No. of Shares	%
Mr. Zhang Qijun ( <i>Note 1</i> )	33,500	0.006	33,500	0.004
Mr. Cheng Ho On ( <i>Note 2</i> )	8,500	0.001	8,500	0.001
Creditors ( <i>Note 3</i> )	—	—	306,659,459	33.402
Public Shareholders	<u>611,377,079</u>	<u>99.993</u>	<u>611,377,079</u>	<u>66.593</u>
Total	<u>611,419,079</u>	<u>100.00</u>	<u>918,078,538</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.
3. It is expected that none of the Creditors will become a substantial Shareholder immediately after Completion.

## LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the debt capitalization is more than 25% but all applicable percentage ratios are less than 100% under the Listing Rules, the Subscription constitutes a major transaction of the Company and is therefore subject to reporting, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM and the Subscription is conditional upon, among others, (i) the Stock Exchange having granted the listing of, and the permission to deal in the Subscription Shares; and (ii) the Shareholders having approved the Specific Mandate and the Subscription at the SGM.

A circular containing details of the Subscription Agreement and a notice convening the SGM are 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 following meanings when used herein:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“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 Subscription in accordance with the terms and condition set out in the Subscription Agreement
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Consultant Creditors”	consultants of the Group who are Creditors
“Creditor”	has the meaning ascribed thereto under the section headed “THE SUBSCRIPTION AGREEMENT” in this announcement and the term “Creditors” shall construed accordingly
“Directors”	the directors of the Company
“Employee Creditor”	employee of the Group who is Creditor
“Former Director Creditors”	former directors of the Group who are Creditors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Indebted Amount”	the amount owing by the Company to the Creditors in an aggregate amount of HK\$81,878,075.5 as at the date of the Subscription Agreement
“Independent Third Party(ies)”	any person or company and their respective 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”	2 November 2020, being the last trading day for the Shares prior to the date of the Subscription Agreement
“Lender Creditors”	lenders of the Group who are Creditors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on the date failing on the 21st day after the date of SGM or such other date as the Creditors and the Company may agree in writing
“SGM”	the special general meeting of the Company to be held and convened to consider and, if though fit, to approve the Subscription and the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the issued Shares
“Specific Mandate”	the mandate to be granted to the Directors to allot and issue the Subscription Shares at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Creditors on and subject to the terms and condition set out in the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 3 November 2020 entered into between the Company and the Creditors
“Subscription Price”	HK\$0.267 per Subscription Share
“Subscription Share(s)”	306,659,459 new Shares to be subscribed by the Creditors pursuant to the Subscription Agreement
“%”	per cent.

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

Hong Kong, 3 November 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 six independent non-executive Directors, Mr. Wang Xiao Ning, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Lai Chi Yin, Samuel, Ms. Chen Yuxin and Mr. Hou Yunde.*