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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)**

### **CONNECTED TRANSACTION MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

#### **THE MOU**

The Board is pleased to announce that on 10 March 2021 (after trading hours of the Stock Exchange), the Company entered into the MOU with the Vendors in relation to the Possible Acquisition.

#### **GENERAL**

In the event that the Possible Acquisition materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated. Shareholders of the Company and potential investors should note that the Possible Acquisition is subject to, among other things, the entering into of a formal agreement, major terms and conditions of which are yet to be agreed. The Possible Acquisition may or may not proceed and the final structure and terms of the Possible Acquisition, which are still subject to the result of Assets Restructuring and upon further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Kiu Hung International Holdings Limited (the “**Company**”, together with its subsidiaries and associates referred as the “**Group**”) in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 10 March 2021 (after trading hours of the Stock Exchange), the Company entered into a memorandum of understanding (the “**MOU**”) with Ms. Zhao Jing, Mr. Hou Yunde, Mr. Li Zhengjun and Mr. Ge Jigan (collectively referred as the “**Vendors**”) in relation to a mutual intention on a possible acquisition by the Company (or its wholly-owned subsidiary) of some equity interest in Beijing Jindike Biotech Institute Limited\* (北京金迪克生物技術研究所) (the “**Target Company**”) from the Vendors (the “**Possible Acquisition**”). Details of the MOU are set out below:

## **THE MOU**

Date: 10 March 2021 (after trading hours of the Stock Exchange)

Parties: (1) Ms. Zhao Jing, Mr. Hou Yunde, Mr. Li Zhengjun and Mr. Ge Jigan as the Vendors; and

(2) Kiu Hung International Holdings Limited as the Buyer.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Vendors and their ultimate beneficial owners are independent third parties of and not connected with the Company and its connected persons (with the meanings ascribed in the Listing Rules).

## **Assets intended to be acquired**

Pursuant to the MOU, the Vendors intend to sell and the Company (or its wholly owned subsidiary) intends to acquire certain equity interest of the Target Company.

As at the date of this announcement, the Vendors own the 61% equity interest in the Target Company.

## **Consideration**

The amount of the equity interest under the Possible Acquisition and the payment terms of the Consideration will be subject to further negotiation between the parties to the MOU, while the consideration for the Possible Acquisition will not exceed HK\$22,000,000.

## **Exclusivity**

Pursuant to the MOU, during the period commencing from the date of the MOU and ending on the earlier of (i) ninety (90) days after signing of the MOU; or (ii) the written confirmation by both parties that negotiation on the Possible Acquisition shall discontinue; or (iii) the breach of the confidentiality obligations as contained in the MOU by either party (or its subsidiaries and affiliates, or their representatives) (the “**Exclusivity Period**”), the Vendors shall not enter into any agreement, arrangement or understanding with the Buyer (or its wholly owned subsidiary) and any other party in relation to the sale and purchase of interest in the Target Company; and (ii) the parties shall negotiate in good faith in respect of the Possible Acquisition to the exclusion of all other parties.

## **Due diligence**

After signing of the MOU and during the Exclusivity Period, the Company (and its advisers and/or agents) shall be entitled to conduct due diligence review on the conditions, legal ownership, legal, and other affairs of the Target Company. The Vendors shall provide assistance to the Company (and its advisers and/or agents) in this respect.

## **Formal agreement**

The parties to the MOU shall negotiate in good faith in ensuring the formal agreement shall be entered into as soon as possible and in any event, within ninety (90) days from the date of signing the MOU, or such later date as the parties to the MOU may agree in writing.

## **Legal effect**

The MOU does not create legally binding obligations on the parties on the substantive terms in relation to the Possible Acquisition (including the issue price, the Consideration, and the capital commitment) but is legally binding as to some miscellaneous and general terms relating to confidentiality, the Exclusivity Period, the due diligence review, expenses, termination, and governing laws contained therein.

## **INFORMATION ON THE VENDORS AND THE TARGET COMPANY**

Ms. Zhao Jing is a merchant. As advised by Ms. Zhao Jing, she is principally engaged in the production and sales of medical equipment, sales of medicines, distribution of healthcare products, and related technical consultations in the PRC.

Mr. Hou Yunde is a merchant. As advised by Mr. Hou Yunde, he is principally engaged in disease research, medical technology development, medicine and vaccine research, and technical consultation on medical treatment in the PRC.

The Target Company is a company incorporated in the PRC with limited liability. As advised by the Vendors, the Target Company is engaged in the technical development and transfer of biomedicines, vaccines, and diagnostic agents, and provides technical consultation services to various medical centers in the PRC.

The Target Company has been a component of the National Engineering Research Center of Virus Biotechnology, which technically relied on the National Institute for Viral Disease Control and Prevention, China CDC. Academician Hou Yunde, a well-known molecular pathologist and former deputy president of the Chinese Academy of Engineering, is the founder of the Target Company. Academician Hou Yunde served as the director of the National Engineering Research Center of Virus Biotechnology and the chairman of Beijing Jindike Bio-technology Research Institute. The Target Company currently has more than 20 technical personnel, four of whom hold doctoral degree in the field of medical biology, with others holding college degree or above.

The Target Company is mainly engaged in technical development, technical transfer, technical consultation and technical services of biomedicines, vaccines and diagnostic agents. It currently possesses four major platform technologies:

- I New Vaccine Research and Development Platform Technology
- II New Gene Drug Research and Development Platform Technology
- III Pathogen Gene and Protein Chip Platform Technology
- IV New Rolling Circle Amplification Technology Platform

The Target Company currently has the following patents:

	<b>Patent Information</b>	<b>Patent Number</b>	<b>Announcement Date</b>
I	A formula for a novel and safe JY immunity adjuvant system and the application	CN101347616B	18 May 2011
II	A compound vaccine composite, compound vaccine cunct spraying agent for curing papillomavirus infection and the application thereof	CN101181636B	15 September 2010
III	Nasal cavity spraying inactivated influenza virus vaccine and its prepn process	CN100425288C	15 October 2008

## **REASONS FOR AND BENEFIT OF THE POSSIBLE 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, Chinese yellow rice wine, leisure and culture.

In line with the worldwide spread of the COVID-19 pandemic, local demands for medical treatment surges significantly, indicating a current shortage and insufficiency for medical treatment services in various regions, while the public awareness of personal health is increasingly heightened. In view of these, it is believed that the medical treatment industry will represent a major social and economic development force in the future.

The Board considers that the Possible Acquisition will be in line with the Group's investment strategy to seek business opportunities and intend to acquire high quality business with good potential for the expansion of the Group's business. The Possible Acquisition would provide an opportunity for the Company to diversify the Group's income stream and enhance Shareholders' value.

## LISTING RULES IMPLICATIONS

As Mr. Hou Yunde (being a director of the Company) owns 25% equity interest in the Target Company, the Target Company is therefore considered as an associate of Mr. Hou Yunde, and the Acquisition constitutes a connected transaction of the Company under the Listing Rules. Mr. Hou Yunde has already abstained from casting a vote at the meeting of the Board in respect of approval of the MOU.

Save as disclosed above, no other director attending the meeting of the Board has material interest in the Purchase and Sales Agreement.

In accordance with Chapter 14 of the Listing Rules, the proposed acquisition, if materialised, may constitute a discloseable transaction of the Company. The Company will comply with the relevant requirements of the Listing Rules as and when appropriate. As the proposed acquisition may or may not proceed, the Shareholders of the Company and potential investors 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, 10 March 2021

*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. Hou Yunde, Mr. Wang Xiao Ning, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Lai Chi Yin, Samuel and Ms. Chen Yuxin.*