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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)

- (1) LAPSE OF THE ORIGINAL CAPITAL REORGANISATION AND
THE ORIGINAL RIGHTS ISSUE;
(2) PROPOSED CAPITAL REORGANISATION;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD
ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(4) POSSIBLE ADJUSTMENT TO THE CONVERTIBLE BONDS**

LAPSE OF THE ORIGINAL CAPITAL REORGANISATION AND THE ORIGINAL RIGHTS ISSUE

The Board announces that as certain conditions in relation to the Original Capital Reorganisation have yet to be fulfilled up to the date of this announcement, the Board has, on 23 March 2022, resolved not to proceed with the Original Capital Reorganisation and therefore, the Original Capital Reorganisation will not become effective. As disclosed in the Previous Circular, the Original Rights Issue is conditional upon, among other things, the Original Capital Reorganisation having become effective. As the Original Capital Reorganisation has lapsed, the Original Rights Issue will not proceed. Accordingly, the prospectus documents in connection with the Original Rights Issue will not be despatched and the expected timetable for the Original Rights Issue, the associated trading arrangements and book closing arrangement as set out in the Previous Circular will not come into effect.

CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the following:

- (i) the Share Consolidation whereby every five (5) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.05 each (any fraction in the issued share capital of the Company which may arise from the Share Consolidation will be cancelled);
- (ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital to the extent of HK\$0.04 on each issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.05 to HK\$0.01;
- (iii) immediately following the Capital Reduction becoming effective, the Share Subdivision whereby each of the authorised but unissued Consolidated Shares of par value of HK\$0.05 each in the authorised share capital of the Company shall be subdivided into five (5) authorised but unissued Adjusted Shares of par value of HK\$0.01 each;
- (iv) the credit transfer whereby the credit arising from the Capital Reduction in the amount equal to the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.04 shall be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (v) the amount standing to the credit of the contributed surplus account be applied in full to set off the accumulated losses of the Company or be applied in any other manner as may be permitted under the Bye-Laws and all applicable laws of Bermuda.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation having become effective, to conduct the Rights Issue on the basis of three (3) Rights Shares for every one (1) Adjusted Share held as at the Record Date at the Subscription Price of HK\$0.205 per Rights Share, to raise up to approximately HK\$141.68 million before expenses by way of issuing up to 691,115,793 Rights Shares (having considered that no new Shares will be issued as a result of the Bond Holder's Undertaking and assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation).

The Company will provisionally allot to the Qualifying Shareholders three (3) Rights Shares in nil-paid form for every one (1) Adjusted Share in issue and held on the Record Date, which is currently expected to be on Monday, 23 May 2022. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

The estimated net proceeds of the Rights Issue will be approximately HK\$139.91 million (having considered that no new Shares will be issued as a result of the Bond Holder's Undertaking and assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation).

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing Shares is advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:00 p.m. on Friday, 24 June 2022, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (after taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

Mr. Zhang Qijun, Mr. Liu Mingqing and Ms. Lai Yee Man (all being executive Directors, and Mr. Zhang Qijun and Mr. Liu Mingqing were interested in 33,500 Shares and 5,600,000 Shares, respectively, as at the date of this announcement) and Mr. Cheng Ho On (being an independent non-executive Director and was interested in 8,500 Shares as at the date of this announcement), and their respective associates shall abstain from voting in respect of the resolution(s) relating to the Rights Issue at the SGM. Save as disclosed above, no other Shareholder is required to abstain from voting at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation and the Rights Issue as at the date of this announcement.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (except Mr. Cheng Ho On who was interested in 8,500 Shares as at the date of this announcement and was considered to have an interest in the Rights Issue), namely Mr. Wang Xiao Ning, Mr. Kong Chun Wing, Mr. Lai Chi Yin Samuel and Ms. Chen Yuxin, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

Sorrento Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder and the voting recommendation on the relevant resolution(s).

The Circular containing, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM is expected to be despatched to the Shareholders on or before Thursday, 14 April 2022.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE RIGHTS ISSUE AND THE PLACING ARE CONDITIONAL UPON, AMONG OTHERS, CONDITIONS SET OUT IN THE SECTIONS HEADED “PROPOSED RIGHTS ISSUE — CONDITIONS OF THE RIGHTS ISSUE” AND “PROPOSED RIGHTS ISSUE — CONDITIONS OF THE PLACING” IN THIS ANNOUNCEMENT, RESPECTIVELY. ACCORDINGLY, THE RIGHTS ISSUE AND/OR THE PLACING MAY OR MAY NOT PROCEED.

ANY DEALINGS IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE RIGHTS ISSUE AND THE PLACING ARE FULFILLED WILL BEAR THE RISK THAT THE RIGHTS ISSUE AND/OR THE PLACING MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

LAPSE OF THE ORIGINAL CAPITAL REORGANISATION AND THE ORIGINAL RIGHTS ISSUE

Reference is made to the Previous Circular in relation to, among other things, the Original Capital Reorganisation and Original Rights Issue and the announcements of the Company dated 25 October 2021 in relation to (i) the poll results of the special general meeting of the Company for the purpose of the Original Capital Reorganisation and the Original Rights Issue; and (ii) the delay in effective date of the Original Capital Reorganisation and the delay in despatch of the prospectus documents in connection with the Original Rights Issue. The Board announces that as certain conditions in relation to the Original Capital Reorganisation have yet to be fulfilled up to the date of this announcement, the Board has, on 23 March 2022, resolved not to proceed with the Original Capital Reorganisation and therefore, the Original Capital Reorganisation will not become effective. As disclosed in the Previous Circular, the Original Rights Issue is conditional upon, among other things, the Original Capital Reorganisation having become effective. As the Original Capital Reorganisation has lapsed, the Original Rights Issue will not proceed. Accordingly, the prospectus documents in connection with the Original Rights Issue will not be despatched and the expected timetable for the Original Rights Issue, the associated trading arrangements and book closing arrangement as set out in the Previous Circular will not come into effect.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the following:

- (i) the Share Consolidation whereby every five (5) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.05 each (any fraction in the issued share capital of the Company which may arise from the Share Consolidation will be cancelled);
- (ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital to the extent of HK\$0.04 on each issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.05 to HK\$0.01;
- (iii) immediately following the Capital Reduction becoming effective, the Share Subdivision whereby each of the authorised but unissued Consolidated Shares of par value of HK\$0.05 each in the authorised share capital of the Company shall be subdivided into five (5) authorised but unissued Adjusted Shares of par value of HK\$0.01 each;
- (iv) the credit transfer whereby the credit arising from the Capital Reduction in the amount equal to the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.04 shall be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and

- (v) the amount standing to the credit of the contributed surplus account be applied in full to set off the accumulated losses of the Company or be applied in any other manner as may be permitted under the Bye-Laws and all applicable laws of Bermuda.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,986,057,030.79 divided into 198,605,703,079 Existing Shares of par value of HK\$0.01 each, and there are 1,151,859,658 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the issued share capital of the Company will be HK\$11,518,596.55 divided into 230,371,931 Consolidated Shares of par value of HK\$0.05 each.

Any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled and will not be issued to the Shareholders.

Upon the Capital Reduction becoming effective, the par value of all the issued Consolidated Shares shall be reduced from HK\$0.05 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.04 per Consolidated Share in issue, and any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled.

Upon the Share Subdivision becoming effective, each of the authorised but unissued Consolidated Shares of par value of HK\$0.05 each shall be subdivided into five (5) authorised but unissued Adjusted Shares of par value of HK\$0.01 each.

The Adjusted Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws. The issued share capital will be reduced to HK\$2,303,719.31 divided into 230,371,931 Adjusted Shares of par value of HK\$0.01 each.

Based on 1,151,859,658 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$9,214,877.27 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act which, together with any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will be applied by the Board to set off the accumulated losses of the Company in full or be applied in any other manner as may be permitted under the Bye-Laws and all applicable laws of Bermuda.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management of financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following tables set out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation.

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.01 per Existing Share	HK\$0.01 per Adjusted Share
Authorised share capital	HK\$1,986,057,030.79 divided into 198,605,703,079 Existing Shares	HK\$1,986,057,030.79 divided into 198,605,703,079 Adjusted Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK\$11,518,596.58 divided into 1,151,859,658 Existing Shares	HK\$2,303,719.31 divided into 230,371,931 Adjusted Shares
Unissued share capital	HK\$1,974,538,434.21 divided into 197,453,843,421 Existing Shares	HK\$1,983,753,311.48 divided into 198,375,331,148 Adjusted Shares

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has outstanding Convertible Bonds which are convertible into 25,500,000 Existing Shares at the conversion price of HK\$2.00 per Existing Share (subject to adjustment mechanism in accordance with the terms and conditions of the Convertible Bonds). The Share Consolidation may lead to adjustments to the conversion price and/or the number of Shares to be issued upon exercise of the conversion right attached to the Convertible Bonds. The Company will notify the holders of the Convertible Bonds and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms and conditions of the Convertible Bonds.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation;

- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda, which include publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due, and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Application for listing

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Adjusted Shares will be identical in all respects and rank *pari passu* in all respects with each other. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Fractional Shares

Any fractional Consolidated Shares which may arise from the Share Consolidation will not be issued by the Company to the Shareholders and will be cancelled.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Thursday, 12 May 2022 until Monday, 20 June 2022 (both days inclusive), submit share certificates for the Existing Shares (in red colour) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Adjusted Shares (in blue colour) (on the basis of five Existing Shares for one Adjusted Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 16 June 2022 (or such other date which may be

announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the Adjusted Shares at any time in accordance with the foregoing.

No change in board lot size

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the Adjusted Shares will continue to be traded in the board lot size of 10,000 Adjusted Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lot arrangement will be set out in the Company's circular to be despatched to the Shareholders in relation to, inter alia, the Capital Reorganisation and the Rights Issue.

REASONS FOR THE CAPITAL REORGANISATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the Shares had been traded below HK\$0.10 on average and the Shares were trading at under HK\$2,000 per board lot over the past four months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares and value per board lot. Based on the closing price of HK\$0.05 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of the Existing Shares is HK\$500 and the theoretical value of each board lot of the Adjusted Shares, assuming the Capital Reorganisation has become effective, would be HK\$2,500.

Meanwhile, the Capital Reorganisation also involves the Capital Reduction which will reduce the par value of the issued Consolidated Shares from HK\$0.05 per Consolidated Share to HK\$0.01 per Adjusted Share. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

The Board considers that (i) the Share Consolidation will reduce the overall transaction and handling costs of dealings in the Existing Share as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities transaction; (ii) the Capital Reduction will reduce the par value of the Consolidated Shares, which will provide the Company with greater flexibility in possible fundraisings in the future; and (iii) the credit in the contributed surplus account of the Company arising from the Capital Reduction, which will enable the Company to set off against its accumulated losses (if any) in full or by the amount of such credits and may facilitate or be applied in any future distribution to the Shareholders or be applied in any other manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws. As at the date of this announcement, the Company has no intention to carry out other corporate action in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

As such, the Board is of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation having become effective, to conduct the Rights Issue on the basis of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date. Set out below are the details of the Rights Issue statistics.

Rights Issue Statistics

Basis of the Rights Issue	: Three (3) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date
Subscription Price	: HK\$0.205 per Rights Share
Number of Existing Shares in issue as at the date of this announcement	: 1,151,859,658 Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	: 230,371,931 Adjusted Shares (having considered that no new Shares will be issued as a result of the Bond Holder's Undertaking and assuming there is no further issue or repurchase of Shares up to the effective date of the Capital Reorganisation)

Maximum number of Rights Shares : 691,115,793 Rights Shares (having considered that no new Shares will be issued as a result of the Bond Holder's Undertaking and assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation), representing (i) 300% of the total issued Adjusted Shares upon the Capital Reorganisation having become effective; and (ii) approximately 75% of the total number of issued Adjusted Shares as enlarged immediately upon completion of the Rights Issue

Gross proceeds to be raised from the Rights Issue : Approximately HK\$141.68 million

As at the date of this announcement, there are outstanding Convertible Bonds in the principal amount of HK\$51,000,000 which are convertible into a maximum of 25,500,000 Existing Shares upon full conversion of the Convertible Bonds based on the conversion price of HK\$2.00 (subject to adjustment mechanism in accordance with the terms and conditions of the Convertible Bonds). Save for the above, the Company has no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert or exchange into or subscribe for Shares as at the date of this announcement.

The Bond Holder's Undertaking

As at the date of this announcement, Sheen World International Holdings Limited, being holder of the Convertible Bonds, has signed the Bond Holder's Undertaking, pursuant to which it has unconditionally and irrevocably undertaken not to exercise the conversion rights attached to the Convertible Bonds from the date of the Bond Holder's Undertaking up to and including the Record Date.

The Subscription Price

The Subscription Price is HK\$0.205 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares. According to the relevant Bermuda laws, the Company shall not issue Shares at a price below its par value.

The Subscription Price represents:

- (i) a discount of approximately 18.00% to the adjusted closing price of HK\$0.250 per Adjusted Share (based on the closing price of HK\$0.05 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a discount of approximately 17.00% to the adjusted average closing price of HK\$0.247 per Adjusted Share (based on the average closing price of HK\$0.0494 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 14.58% to the adjusted average closing price of HK\$0.24 per Adjusted Share (based on the average closing price of approximately HK\$0.048 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iv) a discount of approximately 5.09% to the theoretical ex-rights price of HK\$0.216 per Adjusted Share (based on the closing price of HK\$0.05 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares and adjusted for the effect of the Capital Reorganisation);
- (v) a cumulative theoretical dilution effect (the aggregation of the issue of new Shares for 2 debt capitalisations under specific mandate of the Company announced on 3 November 2020 and 22 January 2021 respectively and completed on 24 May 2021 and the Rights Issue) of approximately 13.43% represented by the cumulative theoretical diluted price of approximately HK\$1.16 to the benchmarked price of HK\$1.34 per Adjusted Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of HK\$0.250 per Existing Share on 3 November 2020 and the average closing price of the Existing Shares as quoted on the Stock Exchange for the five consecutive trading days prior to 3 November 2020 of HK\$0.268 per Existing Share and adjusted for the effect of the Capital Reorganisation); and
- (vi) a discount of approximately 88.67% to the adjusted consolidated net asset value per Adjusted Share attributable to the Shareholders as at 30 June 2021 of approximately HK\$1.81 per Adjusted Share calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$417,309,000 as at 30 June 2021 as set out in the interim report of the Company for the six months ended 30 June 2021 and 230,371,931 Existing Shares in issue as at the date of this announcement after adjusted for the effect of the Capital Reorganisation.

The Subscription Price was determined with reference to (i) the prevailing market conditions; (ii) the prevailing market prices of the Shares; (iii) the current financial position of the Group; and (iv) the amount of funds the Company intends to raise under the Rights Issue.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price (taking into account the effect of the Capital Reorganisation) will encourage them to participate in the Rights Issue.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Each Rights Share has a par value of HK\$0.01. The aggregate par value of the maximum number of Rights Shares will be HK\$6,911,157.93.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Untaken Shares together with the NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Untaken Shares and/or NQS Unsold Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares and the Convertible Bonds under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the Capital Reorganisation having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the issue by the Stock Exchange of a certificate authorising the registration of, and the registration with the Registrar of Companies in Hong Kong, respectively, of one copy of each of the Prospectus Documents not later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (v) the grant by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked; and
- (vi) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and Bermuda.

The conditions are incapable of being waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein or 4:00 p.m. on Friday, 24 June 2022 (as the case may be), the Rights Issue will not proceed.

Status of the Rights Shares

The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

Qualifying Shareholders and Non-Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order for the transferees to be registered as members of the Company on the Record Date, all transfers of Adjusted Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Monday, 16 May 2022.

Closure of register of members of the Company

The register of members of the Company will be closed from Tuesday, 17 May 2022 to Monday, 23 May 2022 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every one (1) Adjusted Share held by the Qualifying Shareholders as at 5:00 p.m. on the Record Date. There will be no excess application arrangements in relation to the Rights Issue.

Fractional entitlements to the Rights Shares

On the basis of the provisional allotment of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue. No odd lot matching services will be provided by the Company in respect of the Rights Shares.

Application for all or any part of a Qualifying Shareholder's provisional allotment of Rights Shares should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar at or before the Latest Time for Acceptance (i.e. 4:00 p.m. on Wednesday, 8 June 2022).

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. The Board will make enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus.

To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send PALs to them. The Non-Qualifying Shareholders will not be entitled to any provisional allotment under the Rights Issue.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any NQS Unsold Shares will be placed by the Placing Agent at the price not less than the Subscription Price under the Placing together with the Untaken Shares. The proceeds of the sale as described above, less expenses and in the case of being sold by the Placing Agent, also less the Subscription Price and the Placing Agent's commission, will be paid (without interest and rounded down to the nearest cent) in Hong Kong dollars pro-rata to the relevant Non-Qualifying Shareholders' and the No Action Shareholders' shareholdings held on the Record Date on the basis of all NQS Unsold Shares and Untaken Shares. Any Untaken Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Company. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Share certificates and refund cheques for the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Monday, 4 July 2022 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques are expected to be posted on or before Monday, 4 July 2022 by ordinary post to the respective applicants, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before Monday, 4 July 2022 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing and dealing arrangements of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. The nil-paid and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Procedures in respect of the Untaken Shares and the NQS Unsold Shares and the Placing

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Untaken Shares and the NQS Unsold Shares by offering the Untaken Shares and the NQS Unsold Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Untaken Shares and the NQS Unsold Shares to independent placees on a best effort basis after the number of the Untaken Shares and the NQS Unsold Shares that are subject to the Placing Arrangement has been announced. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any related commission and any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non- Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m., on the Placing End Date, acquirers for all (or as many as possible) of those Untaken Shares and the NQS Unsold Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Untaken Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Net Gain (if any) will be paid (without interest and

rounded down to the nearest cent) in Hong Kong dollars on a pro-rata basis (on the basis of all Untaken Shares and NQS Unsold Shares) to the No Action Shareholders and the Non-Qualifying Shareholders. It is proposed that Net Gain to any of the No Action Shareholder(s) or the Non-Qualifying Shareholders of HK\$100 or more will be paid to them in Hong Kong dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

The Placing

On 23 March 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, placees to subscribe for the Placing Shares (i.e. the Untaken Shares and/or the NQS Unsold Shares) on the terms and subject to the conditions set out in the Placing Agreement. Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue through valid applications by PAL(s), the Placing will not proceed.

The Placing Agreement

The principal terms of the Placing Agreement are summarised below:

- | | |
|---------------------------------|--|
| Placing Agent | : Yuet Sheung International Securities Limited |
| | The Placing Agent confirms that it and its ultimate beneficial owner(s) are Independent Third Parties. |
| Placing commission and expenses | : 0.5% of the gross proceeds from the subscription of the Placing Shares successfully placed by the Placing Agent under the Placing Agreement and reimbursed for the expenses in relation to the Placing (including but not limited to all out-of-pocket expenses reasonably incurred by the Placing Agent for placing the Placing Shares), which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company on completion. |
| Placing price | : The placing price of each of the Untaken Shares and/or the NQS Unsold Shares (as the case maybe) shall be not less than the Subscription Price. The final price determination is depended on the demand and market conditions of the Untaken Shares and the NQS Unsold Shares during the process of Placing. |

- Placing Period : The Placing Period shall commence on Thursday, 16 June 2022, and end at 6:00 p.m. on the Placing End Date (i.e. Thursday, 23 June 2022) or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.
- Placees : The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Parties; (ii) such that no placee shall become a substantial shareholder of the Company immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no placee and/or Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
- Ranking : The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the grant by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (ii) approval of the Rights Issue by Independent Shareholders at the SGM;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof on or before the Placing Long Stop Date.

None of the above conditions precedent of the Placing Agreement is capable of being waived in whole or in part by the Placing Agent or the Company.

The timetable of the Placing is driven by the timetable of the Rights Issue. Under the terms of the Placing Agreement, the Placing Period shall commence on Thursday, 16 June 2022, or such other date as the Company may announce. The Placing Period shall end at 6:00 p.m. on Thursday, 23 June 2022, or such other date as the Company may announce.

The long stop date for the fulfilment of conditions precedent of the Placing Agreement shall be 4:00 p.m. on Friday, 24 June 2022 (being the next Business Day after the Placing End Date) or such later date as may be announced by the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and if the said conditions are not fulfilled on or before the Placing Long Stop Date, all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Placing Agreement.

If all the Rights Shares are already fully taken up in the Rights Issue through valid applications by PAL(s), the Placing will not proceed.

Termination

The Placing Agreement can only be terminated by mutual written confirmations by the Company and the Placing Agent.

Completion of the Placing

Subject to the fulfilment of conditions of the Placing as set out in the section headed “The Placing — Conditions of the Placing” of this announcement, the completion of the Placing is expected to take place on the third business day after the Placing Long Stop Date (or such later date as the Company may announce).

The appointment of the Placing Agent by the Company for the placing of the Untaken Shares and the NQS Unsold Shares was determined after arm’s length negotiation between the Placing Agent and the Company and is on normal commercial terms. In particular, the Directors, taking into account the range of placing commission for recent rights issues conducted by issuers listed on the Stock Exchange, consider that the terms of the Placing Agreement, including the placing commission, are normal commercial terms. Given that the Placing would provide (i) a distribution channel of the Untaken Shares and the NQS Unsold Shares; and (ii) a compensatory mechanism for the No Action Shareholders and Non-Qualifying Shareholders, the Directors considers that the Placing Agreement is fair and reasonable and in the interest of the Company and its shareholders as a whole.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing Shares is advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:00 p.m. on Friday, 24 June 2022, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE 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.

As disclosed in the Company's interim report for the six months ended 30 June 2021, the Company recorded net current liabilities of approximately HK\$193.24 million as at 30 June 2021. As at 30 November 2021, the Company had current liabilities of approximately HK\$487.7 million comprising (i) promissory notes and accrued interests in an aggregate amount of approximately HK\$246.6 million; (ii) bank and other short-term borrowings in an aggregate amount of approximately HK\$90.35 million; (iii) other payables and accruals of approximately HK\$112.27 million; and (iv) trade payables of approximately HK\$38.48 million.

As disclosed in the Company's annual report for the year ended 31 December 2020, included in promissory notes are, among other things:

- a promissory note in the principal amount of HK\$92 million issued by the Company for an acquisition of a target on 23 April 2015. It was subsequently discovered after the acquisition that the representations made by the vendor of the target in respect of the business of the target were false and misleading. Based on the legal advice from a senior counsel, the sale and purchase agreement regarding the acquisition was void or voidable by reason of fraudulent misrepresentation and the promissory note in dispute can be rescinded, and the vendor cannot enforce the promissory note in a dispute against the Company. The Directors are of the view that the possibility of the Company having to repay the amounts under the promissory note in dispute is remote; and
- 2 promissory notes in an aggregate amount of HK\$60 million issued by the Company to suppliers as trade deposits for purchasing wine and juice. As at the date of this announcement, the Company has yet to commence the purchase of wine and juice with those suppliers due to the COVID-19 pandemic and therefore, those amounts under the promissory notes were not obliged to be settled by the Company pursuant to the terms of the purchase contracts.

In addition, as at the date of this announcement, creditors with aggregate amount of approximately HK\$143.23 million included in the current liabilities of the Company as at 30 November 2021 have agreed not to demand for repayment for the amount due before 31 December 2023. Included in the current liabilities of the Group were a bank borrowing of approximately HK\$13 million obtained to support the Group's existing principal business and trade payable of approximately HK\$38.48 million, the Company considers that it is able to meet the payment obligation under the term of the bank loan and the trade payables from cash flow generated from the Group's existing business activities.

Based on the above, the Group would have liabilities of approximately HK\$141 million which are repayable shortly. The Company's cash and bank balance is insufficient for meeting its imminent cash flow demand in view of the aforementioned liabilities.

In light of the above, the Company intends to raise funds by way of the Rights Issue. Assuming a maximum of 691,115,793 Rights Shares will be issued, the estimated gross proceeds of the Rights Issue will be approximately HK\$141.68 million. The estimated expenses in relation to the Rights Issue will amount to approximately HK\$1.77 million and the estimated maximum net proceeds of the Rights Issue will be approximately HK\$139.91 million. The net subscription price per Rights Share is expected to be approximately HK\$0.202.

The Company intends to apply the entire net proceeds from the proposed Rights Issue for repayment of the Group's short-term liabilities as above-mentioned. As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds from the Rights Issue cannot be ascertained at this point. If the Rights Issue is undersubscribed, the Company intends to apply such net proceeds in full for repayment of the Group's short-term liabilities.

Regarding the Group's indebtedness in the amount of approximately HK\$143.23 million which the creditors have agreed not to demand for repayment for the amount due before 31 December 2023, the Company plans to initially settle the above-mentioned indebtedness from the operating cash inflow from the Group's existing businesses. Depending on the then repayment progress of the above-mentioned indebtedness from time to time, the Company will use its best endeavours to negotiate with those creditors for further extension of repayment schedule or settle any outstanding indebtedness by allotment and issue of new Shares. In the event that such negotiation fails or the result is not satisfactory, the Company intends to, subject to the then market condition, conduct further fundraising activities in order to satisfy any remaining part of the above-mentioned indebtedness of the Group. As at the date of this announcement, the Company does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Other than the Rights Issue, the Company has considered other debt/equity fundraising alternatives such as bank borrowings, placing or an open offer. Given the net current liabilities position and the loss-making position of the Group, the Company considers that the Group's ability to obtain borrowings at favourable terms is limited. On the other hand, as the fundraising size of the Rights Issue is large compared with previous placings conducted by the Company, such large-size placing will significantly dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. Also, as opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the above-mentioned alternatives, the Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS

As at the date of this announcement, the Company has outstanding Convertible Bonds which are convertible into 25,500,000 Existing Shares at the conversion price of HK\$2 per Share (subject to adjustment mechanism in accordance with the terms and conditions of the Convertible Bonds). The Rights Issue may lead to adjustments to the conversion price and/or the number of Shares to be issued upon exercise of the conversion right attached to the Convertible Bonds. The Company will notify the holders of the Convertible Bonds and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms and conditions of the Convertible Bonds.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Company had on 24 May 2021 completed the allotment and issue of 390,440,579 Shares to the Company's creditors under a specific mandate of the Company at the issue price of HK\$0.267 per Share for settlement of indebtedness owed by the Company to those creditors with an aggregate amount of approximately HK\$104.25 million. Save for the above, the Company had not conducted any other equity fundraising activities in the 12 months immediately preceding the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION, THE RIGHTS ISSUE AND THE PLACING

The expected timetable for the proposed Capital Reorganisation, the Rights Issue and the Placing is set out below:

Despatch date of the Circular, proxy form and
notice of the SGM..... on or before
Thursday, 14 April 2022

Latest time for lodging transfers of Shares to
qualify for attendance and voting at the SGM..... 4:30 p.m. on
Friday, 29 April 2022

Closure of register of members of the Company to
determine entitlement to attend and vote at the SGM Tuesday, 3 May 2022
to Tuesday, 10 May 2022
(both days inclusive)

Latest time for lodging proxy forms for the SGM..... 11:00 a.m. on
Sunday, 8 May 2022

Record date for determining attendance and voting at the SGM Tuesday, 10 May 2022

Expected date and time of the SGM..... 11:00 a.m. on
Tuesday, 10 May 2022

Announcement of poll results of the SGM Tuesday, 10 May 2022

Re-opening of the register of members of the Company Wednesday, 11 May 2022

Effective date of the Capital Reorganisation Thursday, 12 May 2022

Commencement of dealings in the Adjusted Shares Thursday, 12 May 2022

Original counter for trading in Existing Shares in
board lots of 10,000 Existing Shares
temporarily closes 9:00 a.m. on
Thursday, 12 May 2022

Temporary counter for trading in the Adjusted Shares
in board lots of 2,000 Adjusted Shares
(in the form of existing share certificates) opens..... 9:00 a.m. on
Thursday, 12 May 2022

First day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares Thursday, 12 May 2022

Last day of dealings in the Adjusted Shares on a cum-rights basis..... Thursday, 12 May 2022

First day of dealings in the Adjusted Shares on an ex-rights basis..... Friday, 13 May 2022

Latest time for lodging transfers of the Adjusted Shares in order for the transferees to qualify for the Rights Issue..... 4:30 p.m. on Monday, 16 May 2022

Closure of register of members to determine the entitlements to the Rights Issue Tuesday, 17 May 2022 to Monday, 23 May 2022 (both days inclusive)

Record Date for determining entitlements to the Rights Issue..... Monday, 23 May 2022

Re-opening of the register of members of the Company Tuesday, 24 May 2022

Despatch of Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only) Tuesday, 24 May 2022

Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares Thursday, 26 May 2022

Original counter for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares (in the form of new share certificates) re-opens..... 9:00 a.m. on Thursday, 26 May 2022

Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 2,000 Adjusted Shares and new share certificates in board lots of 10,000 Adjusted Shares) commences 9:00 a.m. on Thursday, 26 May 2022

First day of dealings in nil-paid Rights Shares Thursday, 26 May 2022

Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Monday, 30 May 2022
Last day of dealings in nil-paid Rights Shares	Thursday, 2 June 2022
Latest Time for Acceptance	4:00 p.m. on Wednesday, 8 June 2022
Announcement of the number of the Untaken Shares and NQS Unsold Shares subject to the Placing.....	Wednesday, 15 June 2022
Commencement of the Placing Period (if there are any Untaken Shares and NQS Unsold Shares available)	Thursday, 16 June 2022
Designated broker ceases to provide matching services for odd lots of the Adjusted Shares.....	4:00 p.m. on Thursday, 16 June 2022
Temporary counter for trading in board lots of 2,000 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 16 June 2022
Parallel trading in Adjusted Shares (in the form of both existing share certificates in board lots of 2,000 Adjusted Shares and new share certificates in board lots of 10,000 Adjusted Shares) ends	4:10 p.m. on Thursday, 16 June 2022
Last day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares	Monday, 20 June 2022
Placing End Date for the Placing.....	6:00 p.m. on Thursday, 23 June 2022
Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Friday, 24 June 2022
Rights Issue Settlement Date and Placing completion date.....	Wednesday, 29 June 2022
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Thursday, 30 June 2022

Despatch of share certificates for the Rights Shares
and/or refund chequesMonday, 4 July 2022

First day of dealings in the fully-paid Rights Shares 9:00 a.m. on
Tuesday, 5 July 2022

Payment of Net Gain to relevant
No Action Shareholders (if any) or
Non-Qualifying Shareholders (if any) Tuesday, 19 July 2022

Notes:

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this announcement are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place if a tropical cyclone signal No. 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 8 June 2022, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 8 June 2022, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day on which none of the aforementioned warnings is in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Wednesday, 8 June 2022, the dates mentioned in the section headed “Expected Timetable for the Capital Reorganisation, the Rights Issue and the Placing” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reorganisation; and (iii) immediately after the Capital Reorganisation and the Rights Issue Completion, assuming there is no change in the issued share capital of the Company, other than as a result of the Capital Reorganisation, from the date of this announcement up to and including the Record Date:

Shareholder	As at the date of this announcement		Immediately after the Capital Reorganisation		Immediately after the Capital Reorganisation and upon the Rights Issue Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue		Immediately after the Capital Reorganisation and upon the Rights Issue Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Zhang Qijun (Note 1)	33,500	0.003	6,700	0.003	26,800	0.003	6,700	Negligible (Note 4)
Mr. Liu Mingqing (Note 2)	5,600,000	0.486	1,120,000	0.486	4,480,000	0.486	1,120,000	0.122
Mr. Cheng Ho On (Note 3)	8,500	0.001	1,700	0.001	6,800	0.001	1,700	Negligible (Note 4)
Placees (Note 5)	—	—	—	—	—	—	691,115,793	75.000
Other public Shareholders	<u>1,146,217,658</u>	<u>99.510</u>	<u>229,243,531</u>	<u>99.510</u>	<u>916,974,124</u>	<u>99.510</u>	<u>229,243,531</u>	<u>24.878</u>
TOTAL	<u><u>1,151,859,658</u></u>	<u><u>100.000</u></u>	<u><u>230,371,931</u></u>	<u><u>100.000</u></u>	<u><u>921,487,724</u></u>	<u><u>100.000</u></u>	<u><u>921,487,724</u></u>	<u><u>100.000</u></u>

Notes:

1. Being an executive Director and the chairman of the Company.
2. Being an executive Director.
3. Being an independent non-executive Director.
4. Shareholding of Mr. Zhang Qijun and Mr. Cheng Ho On will be less than 0.001%.
5. Pursuant to the terms of the Placing Agreement, none of the placees will become a substantial shareholder of the Company immediately following the Placing.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval of at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

Mr. Zhang Qijun, Mr. Liu Mingqing and Ms. Lai Yee Man (all being executive Directors, and Mr. Zhang Qijun and Mr. Liu Mingqing were interested in 33,500 Shares and 5,600,000 Shares, respectively, as at the date of this announcement) and Mr. Cheng Ho On (being an independent non-executive Director and was interested in 8,500 Shares as at the date of this announcement) and their respective associates shall abstain from voting in respect of the resolution(s) relating to the Rights Issue at the SGM. Save as disclosed above, no other Shareholder is required to abstain from voting at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation and the Rights Issue as at the date of this announcement.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (except Mr. Cheng Ho On who was interested in 8,500 Shares as at the date of this announcement and was considered to have an interest in the Rights Issue), namely Mr. Wang Xiao Ning, Mr. Kong Chun Wing, Mr. Lai Chi Yin Samuel and Ms. Chen Yuxin, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

Sorrento Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder and the voting recommendation on the relevant resolution(s).

SGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The SGM will be convened and held to consider and, if thought fit, approve, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder.

The executive Directors and their respective associates and Shareholders who are involved in or interested in the Rights Issue will be required to abstain from voting in respect of the resolution(s) to approve the Rights Issue at the SGM.

DESPATCH OF PROSPECTUS DOCUMENTS AND CIRCULAR

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Tuesday, 24 May 2022. A copy of the Prospectus will also be made available on the websites of the Company (www.kh381.com) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

The Circular containing, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM is expected to be despatched to the Shareholders on or before Thursday, 14 April 2022.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE RIGHTS ISSUE AND THE PLACING ARE CONDITIONAL UPON, AMONG OTHERS, CONDITIONS SET OUT IN THE SECTIONS HEADED “PROPOSED RIGHTS ISSUE — CONDITIONS OF THE RIGHTS ISSUE” AND “PROPOSED RIGHTS ISSUE — CONDITIONS OF THE PLACING” IN THIS ANNOUNCEMENT, RESPECTIVELY. ACCORDINGLY, THE RIGHTS ISSUE AND/OR THE PLACING MAY OR MAY NOT PROCEED.

ANY DEALINGS IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE RIGHTS ISSUE AND THE PLACING ARE FULFILLED WILL BEAR THE RISK THAT THE RIGHTS ISSUE AND/OR THE PLACING MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Adjusted Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Holder’s Undertaking”	the undertaking dated 23 March 2022 made by Sheen World International Holdings Limited, being holder of the Convertible Bonds, in favour of the Company, not to exercise the conversion rights attached to the Convertible Bonds from the date of the Bond Holder’s Undertaking up to and including the Record Date
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Consolidated Share from HK\$0.05 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.04 on each issued Consolidated Share and the cancellation of any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation immediately after the Share Consolidation
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company by way of (i) Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Subdivision referred to in this announcement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the Capital Reorganisation, the Rights Issue and the Placing

“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Kiu Hung International Holdings Limited (僑雄國際控股有限公司), an exempted 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 (stock code: 381)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction and the Share Subdivision
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the HK\$51 million zero coupon convertible bonds due 2024 issued by the Company on 27 May 2021
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors (except Mr. Cheng Ho On who has interest in the issued Shares), namely Mr. Wang Xiao Ning, Mr. Kong Chun Wing, Mr. Lai Chi Yin Samuel and Ms. Chen Yuxin, which has been established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	Sorrento Capital Limited, a licensed corporation to carry out Type 6 (Advising on Corporate Finance) regulated activity as defined under the SFO

“Independent Shareholders”	Shareholders other than (i) all executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the SGM
“Independent Third Parties”	third parties independent from, and not connected (within the meaning of the Listing Rules) with, the Company and its connected persons
“Last Trading Day”	23 March 2022, being the last trading day for the Shares immediately prior to the date of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 8 June 2022 (or such other time and date as may be determined by the Company), being the latest time for the acceptance of, and payment for, the Rights Shares
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Untaken Shares and the NQS Unsold Shares placed by the Placing Agent under the Placing
“No Action Shareholders”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Original Capital Reorganisation”	the previous proposed reorganisation of the capital of the Company by way of (i) share consolidation; (ii) the capital reduction; and (iii) the share subdivision, details of which are set out in the Previous Circular
“Original Rights Issue”	the previous proposed offer for subscription of the rights shares, details of which are set out in the Previous Circular

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Untaken Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties during the Placing Period pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Yuet Sheung International Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined under the SFO
“Placing Agreement”	the conditional placing agreement dated 23 March 2022 entered into between the Company and the Placing Agent in respect of the Placing
“Placing End Date”	Thursday, 23 June 2022 or such other date as the Company may announce
“Placing Long Stop Date”	4:00 p.m. on Friday, 24 June 2022 (being the next Business Day after the Placing End Date) or such later date as the Company may announce
“Placing Period”	the period from Thursday, 16 June 2022 (or such other date as the Company may announce) up to 6:00 p.m. on the Placing End Date, being the period during which the Placing Agent will seek to effect the Placing
“Placing Share(s)”	Untaken Share(s) and the NQS Unsold Share(s)
“Posting Date”	Tuesday, 24 May 2022, or such other date as the Company may determine and announce for the despatch of the Prospectus Documents
“Previous Circular”	the Company’s circular dated 30 September 2021 in relation to the Original Capital Reorganisation and the Original Rights Issue
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue

“Prospectus Documents”	the Prospectus and the PAL(s)
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined, which is expected to be Monday, 23 May 2022 or such other date as may be determined and announced by the Company
“Registrar”	Tricor Tengis Limited, the Company’s Hong Kong branch share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions of the Prospectus Documents
“Rights Issue Completion”	completion of the Rights Issue
“Rights Issue Settlement Date”	Wednesday, 29 June 2022
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company under the Rights Issue, being up to 691,115,793 Shares (having considered that no new Shares will be issued under the Bond Holder’s Undertaking and assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Capital Reorganisation, the Rights Issue, the Placing and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company

“Share Consolidation”	the proposed consolidation of every five (5) Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.05 each in the share capital of the Company
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share of par value of HK\$0.05 into five (5) Adjusted Shares of par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.205 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Untaken Share(s)”	the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue
“%”	per cent

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

Hong Kong, 23 March 2022

As at the date of this announcement, the Board comprises three executive Directors, Mr. Zhang Qijun, Mr. Liu Mingqing and Ms. Lai Yee Man 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.