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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) TERMINATION OF PREVIOUS PLACING AGREEMENT
AND
ENTERING INTO OF THE PLACING AGREEMENT
IN RELATION TO
PROPOSED RIGHTS ISSUE
ON THE BASIS OF THREE (3) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS;
(2) RESULTS OF VALID ACCEPTANCES AND APPLICATIONS
OF THE RIGHTS SHARES;
AND
(3) NUMBER OF UNTAKEN SHARES AND NQS UNSOLD SHARES
SUBJECT TO THE COMPENSATORY ARRANGEMENTS**

Reference is made to the prospectus (the “**Prospectus**”) of Kiu Hung International Holdings Limited (the “**Company**”) dated 8 July 2022 in relation to, among others, the Rights Issue and the placing agreement dated 23 March 2022 (as supplemented by the supplemental placing agreement dated 14 April 2022) (the “**Previous Placing Agreement**”) entered into between the Company and Yuet Sheung International Securities Limited (the “**Previous Placing Agent**”) regarding the Rights Issue. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

TERMINATION OF THE PREVIOUS PLACING AGREEMENT

The Board announces that in view of the current volatile market conditions, the Company and the Previous Placing Agent entered into a deed of termination (the “**Termination Deed**”) on 29 July 2022 (after trading hours of the Stock Exchange), pursuant to which the Company and the Previous Placing Agent have mutually agreed to terminate the Previous Placing Agreement with effect from 29 July 2022. Upon termination of the Previous Placing Agreement, each party to the Previous Placing Agreement releases and discharges the other party from any and all obligations, claims, demands and liabilities under, arising from or in connection with the Previous Placing Agreement, in each case whether known or unknown to the releasing party, except in respect of any antecedent breach of the terms of the Previous Placing Agreement or any accrued liabilities thereof arising before the date of the Termination Deed.

ENTERING INTO OF THE PLACING AGREEMENT

As disclosed in the Prospectus, 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.

On 29 July 2022 (after trading hours of the Stock Exchange), the Company entered into a placing agreement (the “**Placing Agreement**”) with CNI Securities Group Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Placing Agent**”), on substantially the same terms as those of the Previous Placing Agreement save for the date of the Placing Agreement and the parties thereto as disclosed in the Prospectus.

Pursuant to the Placing Agreement, the Company 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 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 no later than 6:00 p.m., on the Placing End Date, placees 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 placees (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 principal terms of the Placing Agreement are summarised as below:

- Placing Agent : CNI Securities Group 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 the Placing. Further announcement in respect of the Placing price, if determined, will be made by the Company.
- Placing Period : The Placing Period shall commence on Monday, 1 August 2022, and end at 6:00 p.m. on the Placing End Date (i.e. Monday, 8 August 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 the 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 this Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions contained 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.

As at the date of this announcement, condition (ii) has been fulfilled.

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 Monday, 1 August 2022, or such other date as the Company may announce. The Placing Period shall end at 6:00 p.m. on Monday, 8 August 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 Tuesday, 9 August 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 Agreement, 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).

REASONS FOR THE ENTERING INTO OF THE PLACING AGREEMENT

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 on 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 as described in Rule 7.21(1)(b) of the Listing Rule, the Directors consider that the terms of the Placing Agreement are fair and reasonable and the entering into of the Placing Agreement is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS ON THE RIGHTS ISSUE

As the Company has entered into the Placing Agreement with the Placing Agent on substantially the same terms as those of and in replacement of the Previous Placing Agreement, the termination of the Previous Placing Agreement will not affect the Rights Issue. The expected timetable in relation to the Rights Issue as set out in the Prospectus will also remain unchanged. Based on the above, the Directors consider that the entering into of the Placing Agreement does not constitute a material change to the terms of the Rights Issue and the Placing and would not require fresh approval from the Shareholders in this regard.

RESULTS OF VALID ACCEPTANCES AND APPLICATIONS OF THE RIGHTS SHARES

The Board announces that as at 4:00 p.m. on Friday, 22 July 2022, being the Latest Time for Acceptance, a total of 8 valid acceptances and applications had been received for a total of 15,898,476 Rights Shares, representing approximately 2.30% of the total number of Rights Shares offered under the Rights Issue.

NUMBER OF UNTAKEN SHARES AND NQS UNSOLD SHARES SUBJECT TO THE COMPENSATORY ARRANGEMENTS

As at the Record Date, there was no Non-Qualifying Shareholders and the number of the NQS Unsold Shares is nil. Based on the above results of valid acceptances and applications, the total number of Untaken Shares subject to the compensatory arrangements shall be 675,217,317 Rights Shares. As disclosed above, the Company has, pursuant to Rule 7.21(1)(b), made compensatory arrangements by entering into the Placing Agreement with the Placing Agent 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 Untaken Shares in accordance with the terms of the Placing Agreement.

It is expected that the placing of the Untaken Shares by the Placing Agent will commence on Monday, 1 August 2022 and will end by not later than 6:00 p.m. on Monday, 8 August 2022.

An announcement of the results of the Rights Issue (including the results of the placing of the Untaken Shares and the amount of the Net Gain, if any) is expected to be published on the websites of the Stock Exchange and the Company on Monday, 15 August 2022.

WARNING OF THE RISKS OF DEALINGS IN THE 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 dealing in the Shares up to the date on which all the conditions to which the Rights Issue and the Placing are subject are fulfilled or the Placing Long Stop Date, which is expected to be at 4:00 p.m. on Tuesday, 9 August 2022, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and there is no minimum subscription amount required to be raised under the Rights Issue in order for the Rights Issue to proceed. Any Untaken 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. Investors are advised to exercise caution when dealing in the Shares.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares is advised to exercise caution when dealing in the 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).

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

Hong Kong, 29 July 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 four independent non-executive Directors, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Wang Xiao Ning and Ms. Chen Yuxin.