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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)**

### **PROPOSED SHARE CONSOLIDATION AND PROPOSED AMENDMENTS TO THE BYE-LAWS**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.05 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

As at the date of this announcement, there are 921,487,724 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares will be issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, there will be 184,297,544 Consolidated Shares in issue which are fully paid or credited as fully paid.

#### **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation and the proposed amendments to the Bye-Laws.

A circular containing, among other things, further information on the proposed Share Consolidation and the proposed amendments to the Bye-Laws and a notice to convene the SGM, is expected to be despatched to the Shareholders on or before Thursday, 6 April 2023.

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.05 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

### **Effects of the Share Consolidation**

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, of which 921,487,724 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares will be issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$1,986,057,030.75 divided into 39,721,140,615 Consolidated Shares of par value of HK\$0.05 each, of which 184,297,544 Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the relevant expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation 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.

### **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 3 May 2023, being the second Business Day after the date of SGM.

### **Listing Application**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated 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 Consolidated 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **OTHER ARRANGEMENTS**

#### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

#### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **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 Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in the board lot size of 10,000 Consolidated Shares.

### **Free exchange of share certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 3 May 2023, being the second Business Day immediately after the date of the SGM, the Shareholders may on or after Wednesday, 3 May 2023 and until Friday, 9 June 2023 (both days inclusive), submit their existing share certificates in blue color for the Existing Shares to the Company's branch share registrar and transfer office, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange for new share certificates on the basis of every five (5) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Share in green colour for the Consolidated Shares at the expense of the Company. Thereafter, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar and transfer office for each share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever is higher.

After 4:10 p.m. on Wednesday, 7 June 2023, trading will only be in Consolidated Shares which share certificates will be issued in green colour. Existing share certificates in blue colour for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as documents of title.

### **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 5,100,000 Existing Shares at the conversion price of HK\$10 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.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

## REASONS FOR THE PROPOSED SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited has further stated that (i) the market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The Board has resolved to propose a share consolidation on the basis that every five (5) issued and unissued existing Shares of HK\$0.01 each be consolidated into one (1) Consolidated Share of HK\$0.05 each in the view that the Shares had been traded at below HK\$0.10 in the past three months (based on the closing price per Share as quoted on the Stock Exchange). An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

As disclosed in the announcement of the Company dated 10 March 2023, the Company has resolved to conduct the Acquisition involving, among other things, issue of Shares and convertible bonds for satisfying the consideration of the Acquisition. The Directors consider that the proposed Share Consolidation will increase the board lot value of the Existing Shares and would bring about a corresponding upward adjustment in the expected value per board lot. As such, it would enable the Company to comply with the trading requirements under the Listing Rules to facilitate the Acquisition and/or future equity fundraising activities of the Company. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. Based on the closing price of HK\$0.047 per Existing Share (equivalent to HK\$0.235 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, (i) the market value of each board lot of 10,000 Existing Shares was HK\$470; and (ii) the expected market value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$2,350, which is greater than HK\$2,000 and therefore complies with the requirement as set out in the said “Guide on Trading Arrangements for Selected Types of Corporate Actions”.

It is also believed that the adjusted share price as a result of the Share Consolidation would maintain the trading amount for each board lot at a reasonable level and will enhance the corporate image of the Company so as to make investing in the Shares more attractive to a broader range of institutional and professional investors and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company’s possible equity fund raising in the future. As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will

conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. In view of the above, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **EXPECTED TIMETABLE**

Set out below is the expected timetable for the Share Consolidation. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

<b>Event</b>	<b>Date and time</b>
Date of announcement.....	Friday, 17 March 2023
Despatch date of the Circular, proxy form and notice of the SGM.....	on or before Thursday, 6 April 2023
Latest time for lodging transfer documents of Shares to qualify for attendance and voting at the SGM.....	4:30 p.m. on Monday, 24 April 2023
Closure of register of members of the Company to determine entitlement to attend and vote at the SGM.....	Tuesday, 25 April 2023 to Friday, 28 April 2023 (both days inclusive)
Latest time for lodging proxy forms for the SGM.....	11:00 a.m. on Wednesday, 26 April 2023
Record date for attending and voting at the SGM.....	Friday, 28 April 2023
SGM.....	11:00 a.m. on Friday, 28 April 2023
Announcement of poll results of the SGM .....	Friday, 28 April 2023

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation:**

Effective date of the Share Consolidation .....	Wednesday, 3 May 2023
Commencement of dealings in the Consolidated Shares.....	Wednesday, 3 May 2023
First day of free exchange of existing share certificates for new share certificates for consolidated shares .....	Wednesday, 3 May 2023
Original counter for trading in Existing Shares in board lots of 10,000 Existing Shares temporarily closes .....	9:00 a.m. on Wednesday, 3 May 2023
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens.....	9:00 a.m. on Wednesday, 3 May 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	Wednesday, 17 May 2023
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens.....	9:00 a.m. on Wednesday, 17 May 2023
Parallel trading in the Consolidated Shares (in the form of new share certificates of the Consolidated Shares and existing share certificates) commences.....	9:00 a.m. on Wednesday, 17 May 2023
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares .....	4:00 p.m. on Wednesday, 7 June 2023
Temporary counter for trading in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes .....	4:10 p.m. on Wednesday, 7 June 2023
Parallel trading in Consolidated Shares (in the form of new share certificates of the Consolidated Shares and existing share certificates) ends .....	4:10 p.m. on Wednesday, 7 June 2023
Last day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Consolidated Shares .....	Friday, 9 June 2023

*All times and dates specified in the timetable above refer to Hong Kong times and dates.*

## **PROPOSED AMENDMENTS TO THE BYE-LAWS**

Pursuant to Rule 13.51(1) of the Listing Rules in relation to the proposed amendments to the Bye-Laws.

On 1 January 2022, the Listing Rules were amended by, among others, adopting a uniform set of 14 core standards for shareholder protections for issuers regardless of their place of incorporation set out in Appendix 3 to the Listing Rules. Furthermore, the Company proposes to modernize and provide flexibility to the Company in relation to the conduct of general meetings. The Board proposes to make certain amendments to the Bye-Laws to conform to the said core standards for shareholder protections, allow a general meeting to be held as an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting and to incorporate certain housekeeping changes. The Board also proposes to adopt the new Bye-Laws in substitution for, and to the exclusion of, the existing Bye-Laws.

The proposed amendments to the Bye-Laws shall be subject to the passing of a special resolution by the shareholders of the Company at the SGM.

### **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation and the proposed amendments to the Bye-Laws.

A circular containing, among other things, further information on the proposed Share Consolidation and the proposed amendments to the Bye-Laws and a notice to convene the SGM, is expected to be despatched to the Shareholders on or before Thursday, 6 April 2023.

**Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## DEFINITIONS

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

“Acquisition”	the acquisition of 49% equity interests in Jiangxi Jiuai Food Co., Ltd.* (江西九愛食品有限公司) announced by the Company on 10 March 2023
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company after the Share Consolidation becoming effective
“Convertible Bonds”	the HK\$51 million zero coupon convertible bonds due 2024 issued by the Company on 27 May 2021
“Director(s)”	director(s) of the Company
“Existing Share(s)”	issued and unissued ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Share Consolidation becoming effective
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation and the proposed amendments to the Bye-Laws
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Share Consolidation”	the proposed consolidation of every five (5) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Shareholder(s)”	holder(s) of the Existing Share(s), or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 17 March 2023

*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 three independent non-executive Directors, Mr. Kong Chun Wing, Mr. Wang Xiao Ning and Ms. Chen Yuxin.*

\* *For identification purpose only*