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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)**

### **PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

**Placing Agent**



#### **PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On 29 August 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, not less than six (6) Places to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$45,000,000 at the Conversion Price of HK\$0.15 per Share (subject to adjustment).

Assuming the Convertible Bonds are fully placed and subscribed, a maximum of 300,000,000 Conversion Shares will be issued, representing approximately 155.03% of the existing issued share capital of the Company as at the date of this announcement and 60.79% of the Company's then issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming all the Conversion Rights pursuant to the Convertible Bonds are exercised in full at the Conversion Price without adjustment and there is no further issue or repurchase of Shares, or otherwise any other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Assuming the Convertible Bonds are fully placed by the Placing Agent, the gross proceeds and the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) are estimated to be HK\$45,000,000 and approximately HK\$44,500,000, respectively. The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.148 per Conversion Share.

The net proceeds from the Placing are intended to be applied as to (i) approximately HK\$30,000,000 for the construction of Chinese medicinal herbs plantation base in Hubei; (ii) approximately HK\$10,000,000 for the setting up of a new TCM decoction pieces production lines; and (iii) the remaining of the net proceeds in the approximate amount of HK\$4,500,000 for general working capital of the Group.

### **LISTING RULES IMPLICATIONS**

The Conversion Shares will be allotted and issued under the Specific Mandate to be obtained at the SGM and therefore, the Placing Agreement and the transactions contemplated thereunder will be subject to the Shareholders' approval at the SGM.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

### **GENERAL**

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the grant of the Specific Mandate, the Placing Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder has any material interest in the transactions contemplated under the Placing Agreement and will be required to abstain from voting on the resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further details of the proposed Placing, the Convertible Bonds and the transactions contemplated thereunder; and (ii) a notice convening the SGM, will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules on or before 19 September 2023.

**Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On 29 August 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, not less than six (6) Placees to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$45,000,000 at the Conversion Price of HK\$0.15 (subject to adjustment).

Principal terms of the Placing Agreement are set out as follows:

### **The Placing Agreement**

Date: 29 August 2023 (after trading hours)

### ***Parties***

Issuer: The Company

Placing Agent: CNI Securities Group Limited

The Placing Agent is a company incorporated in Hong Kong with limited liability and it is a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### ***Subject matter***

Pursuant to the terms and conditions of Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best efforts basis, not less than six (6) Placees to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$45,000,000 at the Conversion Price of HK\$0.15 (subject to adjustment).

### ***Placee(s)***

The Placing Agent shall use its reasonable endeavours to ensure that each of the Placees and/or their respective ultimate beneficial owner(s) are (i) Independent Third Parties; and (ii) independent of and not parties acting in concert with other Placee(s) and/or Shareholders to the effect that any Placing to such Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code. Furthermore, it is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) after conversion of the Convertible Bonds placed to the Placees.

### ***Placing commission***

The Placing Agent will be entitled a placing commission equal to 0.5% of the aggregate principal amount of the Convertible Bonds actually placed by the Placing Agent. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market rate.

## ***Conditions precedent***

Completion is subject to and conditional upon:

- (a) the passing by the Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules and other applicable regulations of resolutions to approve the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares at the SGM by way of poll;
- (b) approval having been granted by the Listing Committee for the listing of, and permission to deal in, the Conversion Shares attached to the Convertible Bonds and not being revoked;
- (c) all necessary consents and approvals having been obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder; and
- (d) none of the warranties given by the Company hereunder having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

If any of the conditions specified above has not been satisfied (or waived, as the case may be) by the Long Stop Date, the Placing Agreement will be terminated, all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save for (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties of the Company, undertakings by the Placing Agent, indemnity and reimbursements under the Placing Agreement.

## ***Termination***

### ***Termination right of the Placing Agent***

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the completion date of the Placing if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially, adversely and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (d) any statement contained in the Placing Agreement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (e) there is any suspension of dealings in the Shares on the Stock Exchange for more than five (5) consecutive Business Days (other than as a result of or in connection with the Placing); or
- (f) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties thereunder.

#### *Termination right of the Company*

The Company shall have the sole and absolute discretion to terminate the Placing Agreement notwithstanding any terms and conditions contained in the Placing Agreement.

Upon termination of the Placing Agreement pursuant to any of the above-mentioned events, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save for (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties of the Company, undertakings by the Placing Agent, indemnity and reimbursements under the Placing Agreement.

#### *Completion of the Placing*

Subject to the fulfilment of the conditions precedent to the Placing Agreement and the performance by the Placing Agent of its obligations thereunder, the Completion shall take place on the Closing Date.

## PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The following summarises certain of the principal terms of the Convertible Bonds:

- Issuer: The Company
- Principal amount: Up to HK\$45,000,000
- Maturity date: The date falling on the fifth anniversary of the date of issue of the Convertible Bonds, provided that if such day is not a Business Day, the Business Day immediately after such date.
- Interest rate: 4% per annum payable annually. For those Convertible Bonds being redeemed or converted, interest accrued and unpaid on those Convertible Bonds up to the date of redemption or on the date of conversion, as the case may be, will be payable on those dates.
- Conversion period: The period commencing from the issue date of the Convertible Bonds up to the close of business on the day falling seven (7) Business Days prior to the Maturity Date.
- Conversion price: The Conversion Price of HK\$0.15 per Conversion Share (subject to adjustments) represents:
- (a) a premium of approximately 32.74% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
  - (b) a premium of approximately 31.58% to the average closing price of approximately HK\$0.114 per Share for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Conversion Price (subject to the adjustment in certain adjustment events as set out in the paragraph headed “Adjustment to the Conversion price” in the section headed “Principal Terms of the Convertible Bonds” of this announcement) was determined after arm’s length negotiations between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion Shares:

Assuming the Convertible Bonds are fully placed and subscribed, a maximum of 300,000,000 Conversion Shares will be issued, representing approximately 155.03% of the existing issued share capital of the Company as at the date of this announcement and 60.79% of the Company's then issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming all the Conversion Rights pursuant to the Convertible Bonds are exercised in full at the Conversion Price without adjustment and there is no further issue or repurchase of Shares, or otherwise any other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The allotment and issue of the Conversion Shares are subject to the granting of the Specific Mandate by the Shareholders at the SGM.

Conversion rights and restrictions:

Subject to the terms and conditions of the Convertible Bonds, the Bondholder(s) shall be entitled to convert, in whole or in part, the Convertible Bonds into the Conversion Shares at any time during the Conversion Period. Any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000 on each conversion unless the amount of the outstanding Convertible Bonds is less than HK\$500,000 in which case the whole (but not part only) of that amount shall be convertible.

The Bondholder(s) agree and undertake to the Company that it shall not exercise any of the Conversion Rights if (i) the Bondholder(s) and parties acting in concert with it/them will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder(s) would be obliged to make a general offer under the Takeovers Code unless (a) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (b) a general offer is made in accordance with the requirement of the Takeovers Code; or (ii) the Company will be unable to meet the public float requirements under the Listing Rules.

Redemption:

Unless previously purchased or converted for the Conversion Shares, the Company shall on the Maturity Date redeem the outstanding principal amount of the Convertible Bonds plus any accrued and unpaid interest.

The Company may by no less than ten (10) Business Days' prior written notice to relevant holder(s) of the Convertible Bonds to early redeem of all or part of the outstanding principal amount of the Convertible Bonds by paying outstanding principal amount of the Convertible Bonds plus any accrued and unpaid interest up to the date of early redemption, provided that such service of written notice to early redemption takes place no less than one (1) month before the Maturity Date.

Transferability:

The Convertible Bonds are assignable and transferable subject to the applicable laws and regulations, and the Listing Rules, provided that no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the Listing Rules) of the Company without prior approval of the Company and provided further that the principal amount to be assigned or transferred is at least HK\$500,000 and in integral multiples of HK\$500,000, unless the outstanding principal amount of the Convertible Bonds is less than HK\$500,000 in which case the whole (but not part only) of that amount may be assigned and transferred.

Adjustments to the  
Conversion Price:

The Conversion Price shall from time to time be adjusted upon the occurrence of the following:

- (a) consolidation or subdivision of the Shares;
- (b) capitalisation of profits or reserves (other than in lieu of a cash dividend);
- (c) capital distribution to the Shareholders or grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (d) offer new Shares to the Shareholders for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares by way of rights at a price which is less than 80% of the market price on the date of the announcement of the terms of the offer or grant;
- (e) issue wholly for cash any Shares or issue Shares for acquisition of asset, in each case at less than 80% of the market price on the date of such issue;

- (f) issue wholly for cash of any securities which are convertible into, exchangeable for or carry rights of subscription for new Shares at an aggregate consideration receivable per Share for such securities is less than 80% of the market price on the date of the announcement of the terms of issue of such securities; and
- (g) the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (d) and (f) are modified so that the aggregate consideration receivable per Share is less than 80% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription.

Redemption on default: The Convertible Bonds contain events of default provisions which provide that on the occurrence of certain events of default specified in the Convertible Bonds, each of the holders of the Convertible Bonds shall be entitled to demand for immediate repayment of the principal amount outstanding with interest under the relevant Convertible Bonds.

Voting: The Bondholder(s) will not be entitled to attend or vote at any meetings of the Company by reason only of being the holders of the Convertible Bonds.

Listing: Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

Ranking: The Conversion Shares shall rank *pari passu* with all other Shares in issue as at the date on which the Conversion Rights attached to the Convertible Bonds are exercised and be entitled to all dividends and other distributions the record date of which falls on a date on or after the such conversion date of the Convertible Bonds.

## EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 193,507,544 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in full (assuming that (a) the Convertible Bonds are fully placed and subscribed; and (b) there is no further issue or repurchase of Shares, or otherwise any other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds):

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights in full (for illustration purpose only) (Note 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Zhang Qijun (Note 1)	1,340	0.001	1,340	Negligible (Note 3)
Mr. Liu Mingqing (Note 1)	184,000	0.095	184,000	0.0373
Placees	—	—	300,000,000	60.789
Other public Shareholders	<u>193,322,204</u>	<u>99.904</u>	<u>193,322,204</u>	<u>39.173</u>
<b>Total</b>	<b><u>193,507,544</u></b>	<b><u>100.000</u></b>	<b><u>493,507,544</u></b>	<b><u>100.000</u></b>

Notes:

1. Being the executive Director.
2. This is for illustrative purpose only as there are restrictions under the terms of the Bond Instrument, pursuant to which restricting any conversion which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
3. Shareholding of Mr. Zhang Qijun will be less than 0.001%.
4. The percentages are subject to rounding difference, if any. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) manufacturing and trading of toys and gifts; (ii) exploration of natural resources; (iii) manufacturing and sales of Chinese herbs products; and (iv) investment in various potential businesses including fruit plantation, Chinese yellow rice wine, leisure and culture.

## The Chinese Herbs Business

The Group commenced the Chinese Herbs Business since mid of 2021. The Chinese Herbs Business comprises the plantation, processing and sale of anoectochilus formosanus products, leaf type Chinese herbs including but not limited to honeysuckle (金銀花) white peony (白芍) and huanglian (黃連) and root type traditional Chinese herbs medicine (“TCM”) decoction pieces (the “TCM Decoction Pieces”) including but not limited to licorice decoction pieces (甘草飲片), curcuma decoction pieces (莪朮飲片) and turmeric decoction pieces (黃姜飲片).

The performance of the Chinese Herbs Business is promising. Revenue from the Chinese Herbs Business for each of the year ended 31 December 2021 and 2022 and for the six months ended 30 June 2023 was approximately HK\$59.4 million, approximately HK\$127.86 million and approximately HK\$51 million respectively. Net profit generated from the Chinese Herbs Business for each of the year ended 31 December 2021 and 2022 and for the six months ended 30 June 2023 was approximately HK\$5.41 million, approximately HK\$36.83 million and approximately HK\$16.65 million respectively, the net profit margin of the Chinese Herbs Business has been increased from approximately 9.1% in 2021 to approximately 28.8% in 2022 and further increased to approximately 32.6% for the six months ended 30 June 2023. The Chinese Herbs Business has become one of the key business drivers of the Group which accounted for approximately 30.38% of the total revenue of the Group for the year ended 31 December 2022. In addition, the Company observed that the sale of the TCM Decoction Pieces has been increasing when compared with the other two Chinese herbs products.

Regarding the supply chain of the raw materials of the Chinese Herbs Business, due to tight financial resources available at the start-up of the Chinese Herbs Business, the Group aims to achieve a stable supply of raw materials while minimising the capital investment of the Group. To accomplish this, the Group has adopted a strategy of collaborating with local farmers. By providing farmers with raw material seeds and purchasing the harvested herbs from those local farmers, the Group can ensure a consistent supply of raw materials without making significant capital investments in equipment and labor for cultivation. However, on the other hand, it is comparatively hard to assure consistent, high-quality supply of raw materials for further processing.

The Company noted that on 17 March 2022, National Medical Products Administration, the Ministry of Agriculture and Rural Affairs, the State Forestry and Grassland Administration and the National Administration of Traditional Chinese Medicine jointly issued the “Good Agricultural Practice” (《中藥材生產質量管理規範》) which emphasised the meticulous management of the entire process of Chinese medicinal herbs with focus on crucial procedures, encouraged the TCM manufacturing enterprises to self-establish and co-establish the production bases at their places of origin in accordance with the practice, extending the pharmaceutical quality management system to cover its place of origin. Further, on 29 March 2022, the general office of the State Council issued the “14th Five-Year Plan for the Development of Traditional Chinese Medicine” (《「十四五」中醫藥發展規劃》) which formulated the overall arrangements for TCM tasks during the “14th Five-Year” Plan period. The plan has improved the policy measures and appraisal standard system, and created a benign policy-supported environment for the inheritance, innovation and development of TCM, so as to promote the high-quality development of TCM industry.

On 30 December 2022, the National Medical Product Administration issued a notice on the implementation of the “National Standards on Processing TCM Decoction Pieces” (《國家中藥飲片炮製規範》), which pointed out that the production of the varieties of TCM decoction pieces included in the “National Standards on Processing” (《國家炮製規範》) shall meet the requirements of the “Chinese Pharmacopoeia” (《中國藥典》) and the “National Standards on Processing”.

Considering various policies implemented by the PRC government to promote the TCM industry as mentioned above, the Company’s management of the Company is of the view that establishing its own TCM herbs plantation base and advancing the existing TCM production base are crucial steps for ensuring a sustainable and long-term development of the Chinese Herbs Business by maintaining a stable supply of high-quality Chinese herbs.

The management of the Company is of the view that by having its own TCM herbs plantation base, the Company can exercise greater control over the plantation process and quality assurance. This allows for the implementation of specific cultivation techniques, adherence to quality standards, and the ability to customize farming practices to meet the Company’s requirements. Furthermore, by upgrading the TCM Decoction Pieces production base, the Company can streamline operations, increase productivity, and meet the growing demand for high-quality TCM Decoction Pieces.

The management of the Company believes that establishing its own TCM herbs plantation base and enhancing the existing TCM production base are critical strategic moves for the Chinese Herbs Business. These measures will not only ensure a stable and high-quality supply of Chinese herbs products but also contribute to the sustainable growth of the business in alignment with the government’s policies to optimise the TCM industry.

Assuming the Convertible Bonds are fully placed by the Placing Agent, the gross proceeds and the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) are estimated to be HK\$45,000,000 and approximately HK\$44,500,000, respectively. The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.148 per Conversion Share.

The net proceeds from the Placing are intended to be applied as to (i) approximately HK\$30,000,000 for the construction of traditional Chinese medicinal herbs plantation base in Hubei; (ii) approximately HK\$10,000,000 for the setting up of a new TCM Decoction Pieces production lines; and (iii) the remaining of the net proceeds in the approximate amount of HK\$4,500,000 for general working capital of the Group.

In light of the above, the Directors consider that the entering into of the Placing Agreement and the terms of the Placing Agreement and the Bond Instruments with respect to the Convertible Bonds, which were on normal commercial terms and arrived at after arm’s length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company had not conducted any equity fund raising activities in the 12 months immediately prior to the date of this announcement.

## GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the grant of the Specific Mandate, the Placing Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder has any material interest in the transactions contemplated under the Placing Agreement and will be required to abstain from voting on the resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further details of the proposed Placing, the Convertible Bonds and the transactions contemplated thereunder; and (ii) a notice convening the SGM, will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules on or before 19 September 2023.

**Completion of the Placing is subject to the satisfaction of the conditions precedent as set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Bond Instrument”	the instrument constituting the Convertible Bonds
“Bondholder(s)”	holders of the Convertible Bonds
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above 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 generally are open for general banking business in Hong Kong
“Chinese Herbs Business”	the development, processing, manufacturing and sale of Chinese herbs products by the Group
“Closing Date”	such date within three (3) Business Days after the date on which the Placing Agent serves a written notice to the Company in connection with the subscription of the Convertible Bonds; and after the conditions precedent of the Placing Agreement are fulfilled, or such other date as agreed in writing by the Company and the Placing Agent

“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)
“Completion”	completion of the Placing
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.15 per Conversion Share, subject to adjustments
“Conversion Rights”	the rights pursuant to the terms and conditions of the Bond Instruments attached to the Convertible Bonds, to convert the principal amount or a part thereof into Shares
“Conversion Shares”	the Shares to be issued by the Company upon exercise by the Bondholder(s) of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the 4% per annum coupon interest rate convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$45,000,000 to be placed under the Placing
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with or acting in concert with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or their respective associates
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the main board
“Long Stop Date”	3 November 2023 or such other date as the Placing Agent and the Company may agree in writing
“Maturity Date”	the fifth anniversary of the date of issue of the Convertible Bonds

“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Convertible Bonds
“Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions set out in the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 29 August 2023 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, to approve the Specific Mandate for the purpose of the Placing
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be granted to the Board to allot, issue and deal with the Conversion Shares at the SGM to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“Toy Business”	the manufacturing and trading of toys and gifts items by the Group
“%”	per cent.

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

Hong Kong, 29 August 2023

*As at the date of this announcement, the Board comprises two executive Directors, Mr. Zhang Qijun and Mr. Liu Mingqing and three independent non-executive Directors, Ms. Wei Yu, Mr. Wang Xiao Ning and Ms. Chen Yuxin.*