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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)

(Stock Code: 00381)

INSIDE INFORMATION PLACING OF BONDS

Exclusive Sole Placing Agent

SHUN LOONG SECURITIES COMPANY LIMITED

順隆證券行有限公司



Shun Loong Securities Co Ltd
順隆證券行有限公司

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

On 25 July 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company agreed to appoint and, the Placing Agent agreed to act as the exclusive sole placing agent, on a best effort basis, for the purposes of procuring Placees to subscribe for the Bonds with an aggregate principal amount of up to HK\$500,000,000 during the Placing Period.

Closing of the Bonds Placing is subject to fulfillment of the conditions precedent under the Placing Agreement and the parties' rights of termination of the Bonds Placing under the terms and conditions of the Placing Agreement. Accordingly, the Bonds Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

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THE PLACING AGREEMENT

Date: 25 July 2019 (after trading hours)

Parties

Issuer: the Company

Placing Agent: Shun Loong Securities Company Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Bonds Placing

Pursuant to the Placing Agreement, the Company agreed to appoint and, the Placing Agent agreed to act as the exclusive sole placing agent, on a best effort basis, to procure Placees to subscribe for the Bonds with an aggregate principal amount of up to HK\$500,000,000 during the Placing Period.

Placees

The Bonds will be placed to Placees who are any professional investor (as defined in the SFO), to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for any of the Bonds pursuant to its obligations under the Placing Agreement.

Placing Period

The placing period shall commence from the date of the Placing Agreement and terminating on the date falling on the expiration of six (6) months from the date of the Placing Agreement (or such later time and date as the Company and the Placing Agent may agree in writing).

Principal terms of the Bonds

Principal amount : Up to HK\$500,000,000

Bond subscription price : 100% of the principal amount of the Bonds

Interest : 6% per annum (calculated on the basis of a 365-day year) accrued from and including the date of issue of the relevant Bonds to and including the date immediately preceding the Maturity Date. The interest shall be payable semi-annually in arrears.

- Maturity date : The Company shall redeem each Bond duly issued by it which remains outstanding by 4:00 p.m. on the date falling on the second anniversary of the date of issue of the Bonds (or, if that is not a Business Day, the first Business Day thereafter) at 100% of the principal amount together with any accrued but unpaid interest calculated according to the Bond Instrument.
- Denomination : In minimum denomination of HK\$500,000 and in the integral multiples of HK\$500,000. The minimum principal amount of the Bonds to be issued at the Closing (and each subsequent closing(s)) for such tranche of issue shall be HK \$500,000, save that if the outstanding amount of the Bonds to be issued is less than HK\$500,000, the Bonds may be issued in such amount.
- Prepayment : The Company may prepay the outstanding principal amount of the Bonds at any time after three months from the date of issue of the Bonds but before the Maturity Date by giving the Bondholders not less than 30 days' prior notice in writing to redeem the Bonds at 100% together with interest accrued from the last interest payment date before the date of early redemption up to but excluding the next interest payment date following the date of early redemption.
- Status : The Bonds constitute direct, unconditional and unsubordinated obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations including but not limited to bonds to be issued by the Company immediately after the execution of the Bond Instrument by the Company.
- Transferability : The Bonds may be transferable in whole multiples of HK\$500,000 provided that (i) the Bonds shall only be transferred to professional investors (as defined in the SFO); and (ii) none of the Bonds may be transferred to a connected person of the Company or its associates.

- Event of default : If any of the event of default as set out in the terms and conditions of the Bond Instrument occurs, including but not limited to default on payment of the principal, interest or premium (if any) in respect of the Bonds by the Company, any Bondholder may give notice to the Company that the Bonds are immediate due and repayable and, upon such notice being given to the Company, the Bonds will immediately become due and repayable at their principal amount together with all interests accrued up to the date of the Company's receiving such notice given by the Bondholder.
- Application for listing : No application will be made for a listing of the Bonds on the Stock Exchange or any stock or securities exchange.

Conditions Precedent

The obligations of the Placing Agent under the Placing Agreement in respect of the issue of the Bonds are conditional upon the following conditions being fulfilled within five (5) Business Days from the date of the Placing Agreement (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) all necessary consents and approvals as may require to be obtained by the Company for the Bonds Placing; and
- (b) there being no event of default (as defined in the Bond Instrument) having occurred or occurring.

If any of the conditions referred to in the aforesaid paragraph are not fulfilled within five (5) Business Days from the date of the Placing Agreement or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, unless otherwise waived by the Placing Agent, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach under the Placing Agreement.

The Closing

The Closing of a tranche shall take place after the fulfilment or waiver (as the case may be) of all conditions precedent referred to in the section headed "Conditions Precedent" of this announcement (or such other date as may be agreed in writing between the Company and the Placing Agent) and within five (5) Business Days upon serving such completion notice for such tranche of issue at the principal office of the Company in Hong Kong (or such other place as may be agreed in writing between the Company and the Placing Agent) at 4:00 p.m. (Hong Kong time) on each relevant Closing Date for such tranche of issue. In any event, the Closing Date shall not be later than the Long Stop Date.

REASONS FOR THE ISSUE OF THE BONDS AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and trading of toys and gifts items, exploration of natural resources and the investment in various potential businesses including fruit plantation, leisure and culture.

Assuming the Bonds are placed in full, the maximum aggregate gross proceeds from the Bonds Placing will be HK\$500,000,000. The Company intends to apply the net proceeds from the Bonds Placing after deducting the placing commission and other related costs and expenses as to (i) approximately HK\$50,000,000 for the operation and development of the Group's newly commenced forestry-pulp integration project (details of the forestry-pulp integration project were disclosed in the Company's announcements dated 23 May 2019 and 30 May 2019); and (ii) remaining of the net proceeds for satisfying the Group's general working capital requirements and/or repayment of the Group's indebtedness. The Company undertakes that, unless the prior written consent of the Placing Agent shall have been obtained, any proceeds from the Bonds Placing shall not be used otherwise than as specified above.

The Board considers that the issue of the Bonds represents a suitable opportunity to strengthen the Group's financial position and the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Closing of the Bonds Placing is subject to fulfillment of the conditions precedent under the Placing Agreement and the parties' rights of termination of the Bonds Placing under the terms and conditions of the Placing Agreement. Accordingly, the Bonds Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Bond(s)”	the two-year 6% per annum coupon bonds to be placed pursuant to the Placing Agreement;
“Bondholder(s)”	the holder(s) of the Bonds;
“Bond Instrument”	the instrument by way of deed poll to be executed by the Company creating and constituting the Bonds;
“Bonds Placing”	the placing of the Bonds by the Placing Agent on a best effort basis pursuant to the terms and conditions of the Placing Agreement;
“Business Day”	a day (except a Saturday, Sunday and public holiday) on which commercial banks in Hong Kong are open for business during their normal business hours;

“Closing”	the closing of the subscription for the relevant Bond(s) of a tranche of the Bonds;
“Closing Date”	the date on which the Closing takes place for each relevant tranche;
“Company”	Kiu Hung International Holdings Limited, a company incorporated in the Cayman Islands 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 in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries, and a “Group Company” means each member of the Group;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates (“chief executive”, “controlling shareholder(s)” and “substantial shareholder(s)” have the meaning ascribed to them in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the last day of the Placing Period;
“Maturity Date”	on the second anniversary of the issue of the relevant Bonds, subject to the provisions under the Bond Instrument;
“Placee(s)”	any professional, institutional and other investor whom the Placing Agent has procured to subscribe for any of the Bonds pursuant to the Placing Agreement;
“Placing Agent”	Shun Loong Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO);

“Placing Agreement”	the placing agreement between the Company and the Placing Agent dated 25 July 2019 in relation to the placing of the Bonds;
“Placing Period”	means the period set out in the section headed “Placing Period” of this announcement;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of issued Shares;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 25 July 2019

As at the date of this announcement, the Board comprises two executive Directors, Mr. Zhang Qijun and Mr. Chen Jian and three independent non-executive Directors, Mr. Cheng Ho On, Mr. Kong Chun Wing and Mr. Wang Xiao Ning.