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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)

INSIDER INFORMATION ACQUISITION FRAMEWORK AGREEMENT IN RELATION TO PROPOSED ACQUISITION

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that, on 4 November 2020 (after trading hours of the Stock Exchange), Fujian Green Forest Agricultural Technology Co., Ltd. (福建綠森農業科技有限公司), a wholly-owned subsidiary of the Company, and Ms. Zhang Li entered into an acquisition framework agreement in relation to the proposed acquisition (the “**Acquisition Framework Agreement**”). Pursuant to the Acquisition Framework Agreement, the Purchaser will negotiate in good faith the detailed terms thereof in respect of the acquisition of part of the issued share capital of the Target Company (the “**Sale Shares**”).

In accordance with Chapter 14 of the Listing Rules, the proposed acquisition, if it materializes, may constitute a discloseable transaction of the Company. The Company will comply with the relevant provisions of the Listing Rules in due course. As the proposed acquisition may or may not proceed, shareholders and prospective investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

Save as aforesaid, none of the Directors present at the meeting of the Board is materially interested in the Acquisition Framework Agreement.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that, on 4 November 2020, the Purchaser and the Vendor entered into an acquisition framework agreement in relation to the proposed acquisition.

THE ACQUISITION FRAMEWORK AGREEMENT

Date: 4 November 2020

Parties: (1) Fujian Green Forest Agricultural Technology Co., Ltd., a wholly-owned subsidiary of the Company (the “**Purchaser**”); and
(2) Ms. Zhang Li (the “**Vendor**”)

THE ACQUISITION

Pursuant to the Acquisition Framework Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares together with all rights and benefits attached or accrued thereto upon or after Completion (including the rights to all dividends and distributions made or declared on or after the date of Completion).

Upon Completion, the Target Company will become an indirect subsidiary of the Company and the financial information of the Target Company will be consolidated into the accounts of the Company and its subsidiaries (collectively, the “**Group**”).

CONDITIONS PRECEDENT

Completion of the Acquisition Framework Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the Purchaser being satisfied with the results of the preliminary due diligence review of the Target Company;
- (ii) the representations, warranties and undertakings given by the Purchaser and the Vendor having remained true and accurate in all respects and not misleading;
- (iii) the Purchaser having obtained a legal opinion from the PRC legal adviser so appointed in respect of the transactions contemplated under the Acquisition Framework Agreement, including but not limited to the due incorporation and subsistence of the Target Company, and the legality of its business;
- (iv) the Purchaser having obtained a preliminary valuation report issued by an appraisal agency in respect of the valuation of the asset value of the Target Company, in which the appraised value determined is not less than HK\$100 million; and
- (v) the Purchaser being reasonably satisfied that there has not been any material adverse change to the Target Company since the date of the Acquisition Framework Agreement.

If any of the conditions set out above has not been satisfied or waived by the Purchaser in writing by the Completion Date, the Acquisition Framework Agreement shall automatically terminate with immediate effect, in which case, neither party hereto shall have any claim against the other in respect of the Acquisition Framework Agreement.

CONSIDERATION OF THE POSSIBLE ACQUISITION

The Purchaser and the Vendor both agreed that the Consideration of the Possible Acquisition will be determined based on the net asset value of the Company adjusted and issued by the appraisal agency based on the appraised value of the assets and potential of the Target Company, as well as the proportion of the transferred equity, in which case, the Purchaser and the Vendor agree with the report issued by the appraisal agency.

FORMAL AGREEMENT

According to the terms of the Acquisition Framework Agreement, the parties agreed to in good faith negotiate the detailed terms and conditions thereof. The parties are planning to finalize and execute a formal agreement in accordance with the principles and understanding of the parties as set out in the Acquisition Framework Agreement on or before 30 November 2020 or such later date as may be agreed between the Purchaser and the Vendor.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the People's Republic of China with limited liability on 16 October 2017, and is principally engaged in technology development, technical services in the field of biomedical technology, investments in and establishment of pharmaceutical projects and other industries.

The Target Company aims to operate and create a biotechnology collaborative innovation base with influence at home and abroad, which integrates the transformation of achievements, project incubation, scientific research, and talent exchange through a biotechnology collaborative innovation center. For the purpose of providing one-stop technological services to the government and enterprises, the Target Company pursues the mission to carry out applied science research and product development in the fields of genetic engineering, cell engineering, protein engineering and diagnostics, polymer materials, and public hygiene, to incubate and cultivate outstanding technology projects, and accelerate the development of the industry by fully tapping to its advantages over scientific and technological resources and the technological innovation advantages of the Guangdong-Hong Kong-Macao Greater Bay Area, as well as attracting outstanding talents at home and abroad.

Since the new antiviral drug developed by the Target Company for the treatment of respiratory syncytial virus (RSV) infection of children has accumulated a large amount of evidence-based practice and customer base, the nebulizer is expected to mainly gain market share and profits in the field of RSV within 3 years after its initial introduction to the market.

The project schedule of the Target Company is as follows:

2020–2021	The completion of phase I clinical trials (Xiehe GLP Base); the commencement of phase II clinical trials (1,030 respiratory and pediatric GLP bases, Tigermed and other institutions are responsible for clinical supervision); the commencement of plant and facility renovation and equipment procurement.
2021–2022	Completion of Phase II clinical trials, and completion of the construction of GMP standard factory; completion of Phase III clinical trials, and application for production approval.
2022–2023	Achieving the new drug certificate, production permits, and product launch.

Set forth below are major projects (products) which Target Company is currently researching and plans to transform:

	Name of projects (products)	Fields	Stages
1	R&D and industrialization of new antiviral drugs	Genetically-engineered pharmaceuticals	Preclinical
2	Development and industrialization of point of care testing (POCT)	Diagnostic Reagent	Pilot experiment, and industrialization
3	Research, development, and industrialization of novel drugs to reduce obesity and blood fat	Pharmaceuticals, health care products	Pre-clinical and clinical trials
4	Research and development of novel sustained-release anticancer compounds with high activity	Pharmaceuticals	Pre-clinical trials

Reasons and Benefits for the Possible Acquisition

The biomedicine industry has increasingly played an indispensable role in China, mainly because a number of transnational biomedicine companies have started to outsource medicine research and production projects to China due to the rapid development of Chinese biotechnology, as well as the industrial shift of the international pharmaceuticals. Currently, China witnesses strong commitments to developing pharmaceutical technology parks, biology parks, and pharmaceutical valleys across more than 80 regions or cities.

The Group utilizes its listing status as an advantage and advances our diversity development strategy to pursue this transaction, which is also in compliance with the Recommendations by the Fifth Plenary Session of the 18th Communist Party of China Central Committee on the 13th Five-Year Plan for National Economy and Social Development, as well as policies on the adjustment of industrial structure.

The Board of the Company is of opinion that the terms of the transaction under the Acquisition Framework Agreement are fair and reasonable, and the transaction is in the interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the Target Company is owned as to 6% by Mr. Liu Mingqing, a director of the Company, the Target Company is not therefore deemed to be an associate of Mr. Liu, and the acquisition does not constitute a connected transaction of the Company under the Listing Rules. Mr. Liu has abstained from voting on the relevant resolutions approving the Acquisition Framework Agreement at the meeting of the Board.

Save as mentioned above, none of the Directors present at the meeting of the Board is materially interested in the Acquisition Framework Agreement.

In accordance with Chapter 14 of the Listing Rules, the proposed acquisition, if it materializes, may constitute a discloseable transaction of the Company. The Company will comply with the relevant provisions of the Listing Rules in due course. As the proposed acquisition may or may not proceed, shareholders and prospective investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 4 November 2020

As at the date of this announcement, the Board comprises three executive Directors, Mr. Zhang Qijun, Mr. Chen Jian and Mr. Liu Mingqing and six independent non-executive Directors, Mr. Hou Yunde, Mr. Wang Xiao Ning, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Lai Chi Yin, Samuel and Ms. Chen Yuxin.