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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)**

### **SUPPLEMENTAL ANNOUNCEMENT TO 2022 ANNUAL REPORT**

References are made to the annual report of Kiu Hung International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”). Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report. This announcement is made to provide supplementary information to the 2022 Annual Report.

#### **USE OF PROCEEDS FROM RIGHTS ISSUE**

As disclosed in the 2022 Annual Report, the Company completed the rights issue on 16 August 2022, issuing 691,115,793 shares with gross proceeds of approximately HK\$141,679,000 raised. After deducting the transaction costs of approximately HK\$2,243,000, the actual net proceeds raised amounted to HK\$139,436,000.

In addition to the information disclosed in the 2022 Annual Report, the Board would like to provide supplemental information regarding the actual and intended use of proceeds from the issuance pursuant to paragraph 11(8) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Details of the use of proceeds from the rights issue as at 31 December 2022 are as follows:

<b>Nature</b>	<b>Intended use of proceeds</b>	<b>Utilisation of proceeds for the year ended</b>	<b>Balance of unutilised proceeds as at</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Borrowings obtained from two Independent Third Parties bearing interest rate of 12% p.a.	60,000	—	—
Borrowings obtained from two Independent Third Parties bearing interest rate of 28% p.a.	—	15,000	—
Borrowings obtained from three Independent Third Parties with no interest bearing	12,245	—	—
Borrowing obtained from an Independent Third Party bearing interest rate of 18% p.a.	9,050	—	—
Promissory notes issued to two Independent Third Parties for cash bearing interest rate of 24% p.a.	8,654	9,304	—
Promissory notes issued to two Independent Third Parties for cash bearing interest rate of 12% p.a.	—	5,600	—
Promissory notes issued to two Independent Third Parties for cash bearing interest rate of 30% p.a.	—	70,597	—
Accrued interest expenses of promissory notes and other borrowings	—	13,815	—
Accrued legal and professional fees	9,782	—	—
Other accruals	20,770	25,120	—
Accrued rental expenses	3,295	—	—
Accrued staff costs (including Directors' remuneration)	16,014	—	—
<b>Total</b>	<b>139,810</b>	<b>139,436</b>	<b>—</b>

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

Shortly after the completion of the rights issue, the Board has decided to prioritise the repayment of debts which are overdue and with higher interest rates, while seeking extensions for the debts it had initially planned to repay. As a result, the Company has made adjustments to the use of the Net Proceeds. However, the Board believes that this approach can reduce the Company's future interest expenses amounting to approximately HK\$24,132,000.

The Board is of the view that the change in use of the Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Group and its Shareholders as a whole. Save as disclosed in this announcement, the Board confirms that there are no other changes to the use of the other net proceeds from the Rights Issue.

## **DETAILS OF PERFORMANCE GUARANTEE UNDER RULE 14.36B**

Reference is made to the announcement and the circular of the Company dated 11 September 2019, 21 October 2019, 23 October 2019, 15 November 2019, 11 February 2020, 20 July 2020, 23 March 2021, 25 March 2021, 30 March 2021, 19 April 2021 and 27 May 2021 in relation to the acquisition of shares in Hubei Jincaotang Pharmaceutical Co., Ltd. (湖北金草堂藥業有限公司) (the "**Target Company**"). According to the terms of the Sale and Purchase Agreement of the Target Company. The Vendor and the Guarantor unconditionally and irrevocably guaranteed the Purchaser that the aggregate Actual Profits (the "**Aggregate Guaranteed Profits**") throughout the Relevant Periods shall be no less than RMB82,000,000 (equivalent to approximately HK\$90,200,000). The Aggregate Guaranteed Profits shall be split into four tranches for settlement throughout the Relevant Periods.

Based on the Auditor's Certificate of Hubei Jincaotang for the Third Relevant Period issued subsequently to the end of the reporting period, the Actual Profits of Hubei Jincaotang during the Third Relevant Period is approximately RMB24,689,000. The Actual Profits of Hubei Jincaotang for the Third Relevant Period is attained, therefore the Company will issue the principal amount of HK\$34,000,000 of the 4th Tranche Convertible Bonds according to the adjusted formula on page 117 of the 2022 Annual Report to the Vendor.

Based on the Auditor's Certificate of Hubei Jincaotang for the Final Relevant Period issued subsequently to the end of the reporting period, the Actual Profits of Hubei Jincaotang during the Final Relevant Period is approximately RMB24,433,000. The Actual Profits of Hubei Jincaotang for the Final Relevant Period is attained, therefore the Company will issue the principal amount of HK\$17,000,000 of the 5th Tranche Convertible Bonds according to the adjusted formula on page 117 of the 2022 Annual Report to the Vendor.

## **ADJUSTMENTS TO THE CONVERTIBLE BONDS**

Reference is made to the announcement of the Company dated 2 May 2023. Pursuant to the terms and conditions of the Convertible Bonds and since the Share Consolidation became effective on 3 May 2023, adjustments are required to be made to the conversion price of Shares that can be issued upon exercise of the conversion right attached to the Convertible Bonds. The conversion price will be adjusted from HK\$10 per Share to HK\$50 per Share.

The Board confirmed that the supplemental information provided in this announcement does not affect any other information contained in the 2022 Annual Report and, save as disclosed above, the content of the 2022 Annual Report remains unchanged.

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

Hong Kong, 13 October 2023

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