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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)

VOLUNTARY ANNOUNCEMENT ENTERING INTO TRANSFER AGREEMENT

This announcement is made by Kiu Hung International Holdings Limited (the “**Company**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Company and its subsidiaries (the “**Group**”).

THE TRANSFER AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 14 September 2021 (after trading hours), Nanjing Shensen Business Management Company Limited* (南京申森商業管理有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a transfer agreement with Mr. Hou Junming (侯君明先生) (the “**Vendor**”), pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor 51% share capital in Inner Mongolia United Mining Company Limited* (內蒙古衆合礦業有限公司) (the “**Target Company**”) (the “**Acquisition**”).

The consideration of the Acquisition was determined on normal commercial terms after arm’s length negotiations between the parties to the Transfer Agreement. The Consideration will be satisfied in cash and financed by the Group’s internal resources. The Directors consider that the terms of the Transfer Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and his ultimate beneficial owners are third parties independent of the Company and its connected persons.

Upon completion of the Acquisition, the Target Company will become an indirect subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is in the process of securing the fluorspar mining concession and processing plant, etc. The procedures for securing the mining concession under negotiation are complete without disputes, the application for safe production permit is being processed, and preliminary acceptance check has been completed. The safe production permit is expected to be obtained by 30 March 2022. Currently, the mine is under construction, and by-products produced during the construction period may be processed and sold in accordance with regulations.

Introduction on the Mineral Species:

Fluorspar, chemically known as calcium fluoride, is an essential resource for fluorochemical industry, and is listed as a strategic mineral by the People's Republic of China (the "PRC"). Fluorspar is the main source of fluorine required by modern fluorochemical industry and can be extracted to produce fluorine and its various compounds. The brilliantly colored and crystalline specimens of fluorspar are used for collection, decoration and carving crafts. It is therefore an important mineral raw material widely used in modern industries and is quite irreplaceable.

Fluorspar is an important mineral raw material widely used in modern industries. The mine is conveniently located next to the entrance of G7 highway, and its products can be sold in Shaanxi, Gansu and Yinchuan. The current market price of fluorite powder with 95% calcium fluoride content is RMB2,600 per tonne, while that of fluorite powder with 97% calcium fluoride content is RMB3,500 per tonne.

INFORMATION ON THE VENDOR

Mr. Hou Junming has been engaged in the business of mineral resource development and management since 2010 accumulating extensive business experience. He is currently the chairman of Inner Mongolia United Mining Company Limited*.

Upon completion of the Acquisition, the Company will appoint Mr. Hou Junming as the general manager of the Target Company. With Mr. Hou's excellent track record and extensive experience, the Company is confident that upon his appointment, Mr. Hou will lead the Target Company to realize its development vision and plan, and strive to contribute to the Group a comprehensive and diversified portfolio through seamless integration of the Company's international resources with Mr. Hou's industry experience.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The Target Company is a company engaged in the wholesale of mineral products.

The Directors believe that fluorspar has great potential, and it is strategically important for the Group to further develop its businesses in Western China. The Group intends to establish the fluorspar operation center at the domicile location of the Target Company, so as to explore the development of non-metallic resources such as fluorspar and quartz sand in Western China, as an important step to realize the Group's deepening business development in the region. Therefore, the Directors consider that the Acquisition may provide a good opportunity for the Group to capture the business opportunities brought by fluorspar, and to enhance the diversification of the Group's investment portfolio.

GENERAL

As all of the applicable percentage ratios in respect of the Acquisition as set out under Rule 14.07 of the Listing Rules are less than 5%, the entering into of the Transfer Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As the completion of the Acquisition is subject to the fulfillment and/or waiver (as the case may be) of the conditions precedent under the Transfer Agreement, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 14 September 2021

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

* *For identification purpose only*