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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)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF THE TARGET COMPANIES**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION**

The Board is pleased to announce that on 21 October 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition.

**The Board wishes to emphasise that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.**

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#### **THE MOU**

**Date:** 21 October 2016

**Parties:** Purchaser: Amazing Express Investment Limited

Vendor: Sino Asia Media Group Limited

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

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment activities.

### **Assets to be acquired**

Pursuant to the MOU, it is proposed that the Purchaser will acquire and the Vendor will sell and procure Sino Finance to sell certain equity interest of the Target Companies.

As at the date of this announcement, Asia Movie Entertainment is beneficially wholly-owned by the Vendor and Asia Internet TV is beneficially-owned as to 51% by Sino Finance and as to 49% by an Independent Third Party. Both the Vendor and Sino Finance have the same ultimate beneficial owner. Asia Movie Entertainment is principally engaged in movies, TV series, variety show and entertainment and programme productions including games, music, virtual reality, augmented reality and sports and Asia Internet TV is principally engaged in online TV entertainment, finance and economics, arts, games, internet broadcast for culture and sports and construction of the broadcast platform for "Big Data" in film and entertainment.

### **Consideration**

The consideration for the Possible Acquisition shall be approximately HK\$330,000,000 subject to further negotiation between the parties to the MOU. The consideration for the Possible Acquisition will be settled by the Purchaser by way of cash or procuring the Company to issue consideration shares, convertible bonds, promissory notes, any combination of the above or such other payment methods as agreed between the parties to the MOU. If consideration shares are issued by the Company, it will be issued at a price of HK\$0.10 per consideration share of the Company. If convertible bonds are issued by the Company, the principal amount of the convertible bonds can be converted into new Shares at the conversion price of HK\$0.11 per Share (subject to adjustments).

### **Refundable deposit**

Upon signing the MOU, the Purchaser shall procure the Company to issue the Promissory Notes in the aggregate principal amount of HK\$60,000,000 to the Vendor as a refundable deposit.

The principal terms of the Promissory Notes are summarised as follows:

Issuer	:	the Company
Holder	:	the Vendor
Principal amount	:	HK\$60,000,000

Interest	:	8% per annum on the outstanding principal amount of the Promissory Notes
Maturity date	:	the date immediately following 6 months after the date of issue of the Promissory Notes
Repayment	:	The Promissory Notes shall be due and repayable on the maturity date
Transferability	:	The holder of the Promissory Notes may freely assign or transfer the Promissory Notes to any person subject to obtaining prior written consent of the Company
Early redemption	:	the Company may, by giving not less than ten Business Days' prior notice in writing to the holder of the Promissory Notes, redeem the whole or any part of the Promissory Notes

Upon completion of the Possible Acquisition, the Promissory Notes will be applied to settle part of the consideration for the Possible Acquisition. If the parties fail to enter into the Formal Agreement or the Possible Acquisition fails to complete, the Vendor shall forthwith return the Promissory Notes to the Purchaser and the Company shall cancel the Promissory Notes.

#### **Conditions precedent**

Upon entering into of the MOU, the Purchaser shall and shall procure that its advisers and agents shall conduct a due diligence review on the Target Companies. If the Possible Acquisition materialises, completion of the Possible Acquisition will be subject to the following conditions being fulfilled:

- (a) if necessary, the Shareholders passing at an extraordinary general meeting of the Company of an ordinary resolution approving the Formal Agreement and the transactions contemplated thereunder;
- (b) if necessary, the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the relevant securities to be issued by the Company;
- (c) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Companies;
- (d) all necessary consents and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained;
- (e) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained; and
- (f) other conditions precedent to be mutually agreed by the Purchaser and the Vendor and to be stipulated in the Formal Agreement.

## Formal Agreement

The Purchaser and the Vendor will proceed with further negotiation for the entering into of the Formal Agreement as soon as possible and in any event within 60 days from the date of the MOU (or such later date to be agreed by the parties to the MOU).

It is also agreed that the Vendor will not negotiate with any party (other than the Purchaser) on the Possible Acquisition during the Exclusive Period.

The MOU does not constitute a legally-binding commitment of the parties to the MOU in respect of the Possible Acquisition and shall create no legal and binding obligations on the parties thereto save as otherwise specified therein. The Possible Acquisition is subject to the execution and completion of the Formal Agreement.

**The Board wishes to emphasise that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Asia Movie Entertainment”	Asia Movie Entertainment Media Group Limited, a company incorporated in Hong Kong with limited liability
“Asia Internet TV”	Asia Internet TV Media Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	board of the Directors
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Exclusive Period”	a period of 60 days from the date of the MOU (or such later date to be agreed by the parties to the MOU) during which the Vendor shall not, and shall procure the directors, officers, employees, representatives and agents of the Vendor and/or the Target Companies shall not, negotiate with any other party relating to the Possible Acquisition
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into by the Purchaser and the Vendor in relation to the Possible Acquisition
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 21 October 2016 entered into between the Purchaser and the Vendor in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of certain equity interest in the Target Companies by the Purchaser from the Vendor as contemplated under the MOU
“Promissory Note(s)”	the promissory notes in the principal amount of HK\$60,000,000 to be issued by the Company to the Vendor as a refundable deposit
“Purchaser”	Amazing Express Investment Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company, and the purchaser under the MOU
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Sino Finance”	Sino Finance International Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Asia Movie Entertainment and Asia Internet TV
“Vendor”	Sino Asia Media Group Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“%”	per cent.

By Order of the Board  
**Kiu Hung International Holdings Limited**  
**Hui Kee Fung**  
*Chairman*

Hong Kong, 21 October 2016

*As at the date of this announcement, the Board comprises seven executive Directors, Mr. Hui Kee Fung, Mr. Sao Cheung Yung, Aaron, Mr. Yu Won Kong, Dennis, Mr. Nojiri Makoto, Mr. Yip Kong Nam, Mr. Zhang Qijun and Mr. Zhang Yun, and three independent non-executive Directors, Mr. So Chun Pong, Ricky, Mr. Wang Xiao Ning and Mr. Xia Liming.*