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僑雄國際控股有限公司

Kiu Hung International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 381)

**OPEN OFFER OF 774,837,000 OFFER SHARES ON THE BASIS OF
SEVEN OFFER SHARES FOR EVERY TWENTY EXISTING
SHARES HELD ON THE RECORD DATE
AND
RESUMPTION OF TRADING**

Financial adviser to Kiu Hung International Holdings Limited



KINGSTON CORPORATE FINANCE LIMITED

Underwriters to the Open Offer



KINGSTON SECURITIES LIMITED



聯發證券有限公司

LUEN FAT SECURITIES CO., LTD.

PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$38.74 million, before expenses, by issuing 774,837,000 Offer Shares at a price of HK\$0.05 per Offer Share by way of Open Offer of new Shares, on the basis of seven Offer Shares for every twenty existing Shares held on the Record Date and payable in full on acceptance.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Wednesday, 26 July 2006 and the Shareholders must not be Excluded Shareholders. The register of members of the Company will be closed from Thursday, 27 July 2006 to Monday, 31 July 2006, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer.

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite the Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten.

The estimated net proceeds from the Open Offer will be approximately HK\$37 million (net of expenses of approximately HK\$1.74 million). The Board intends to apply the net proceeds as to (i) approximately HK\$2 million towards upstream and downstream integration in the principal line of business of the Group to enhance its profitability, including but not limited to the distribution of fabrics or chemical products or the production of packaging materials; (ii) approximately HK\$25 million towards possible diversified investments in the agricultural, energy and/or resources industries or other projects which the Board considers appropriate; and (iii) the remaining balance of approximately HK\$10 million for general working capital of the Group.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" in the section headed "Underwriting arrangements" in this announcement). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 25 July 2006 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be on Thursday, 17 August 2006), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

GENERAL

The Company will (i) send the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders on Monday, 31 July 2006.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 5 July 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 7 July 2006.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer	:	Seven Offer Shares for every twenty existing Shares held on the Record Date
Subscription Price	:	HK\$0.05 per Offer Share
Number of Shares in issue as at the date of this announcement	:	2,213,820,000 Shares
Number of Offer Shares	:	774,837,000 Offer Shares
Number of Offer Shares underwritten by the Underwriters	:	Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite 774,837,000 Offer Shares on a fully underwritten basis (of which Kingston has agreed to underwrite not more than 440,000,000 Offer Shares in the first place and Luen Fat has agreed to underwrite the remaining of not more than 334,837,000 Offer Shares in the second place)
Number of Shares in issue upon completion of the Open Offer	:	2,988,657,000 Shares

The Offer Shares to be issued pursuant to the terms of the Open Offer represent 35% of the entire issued share capital of the Company as at the date of this announcement and approximately 26.93% of the entire issued share capital of the Company as enlarged by the issue of the Offer Shares.

As at the date of this announcement, there are an aggregate of 94,500,000 outstanding Options eligible for exercise to subscribe for up to an aggregate of 94,500,000 Shares at a subscription price of HK\$0.13 per Share (subject to adjustment) on or after 1 January 2007. Given that the Options are ineligible for exercise on or before the Record Date, there will be 774,837,000 Offer Shares under the Open Offer.

As at the date of this announcement, the controlling Shareholder has not indicated whether it will subscribe for the Offer Shares to which it will be entitled under the Open Offer.

As at the date of this announcement, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares and, save for the Open Offer, has no intention to issue any new Shares or any of the above securities before the Latest Time for Acceptance, which is expected to be at 4:00 p.m. on Monday, 14 August 2006.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be Excluded Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Wednesday, 26 July 2006. The address of the Registrar is:

Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange and the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements.

Closure of register of members

The register of members of the Company will be closed from Thursday, 27 July 2006 to Monday, 31 July 2006, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.05 per Offer Share, payable in full on acceptance. The Subscription Price represents:

- (i) a discount of approximately 70.59% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on Tuesday, 4 July 2006, being the last trading day before the date of this announcement;
- (ii) a discount of approximately 64.03% to the theoretical ex-entitlement price (being the average price per Share of the Subscription Price for seven Offer Shares and the aforesaid closing price for twenty existing Shares) of approximately HK\$0.139 per Share;
- (iii) a discount of approximately 66.22% to the average of the closing prices of HK\$0.148 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including Tuesday, 4 July 2006;
- (iv) a discount of approximately 64.29% to the average of the closing prices of HK\$0.140 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including Tuesday, 4 July 2006; and
- (v) a premium of approximately 11.11% over the audited net asset value per Share of approximately HK\$0.045 as at 31 December 2005.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters and after having taken in account, among other things, i) the recent price performance of the Shares; ii) the business performance of the Company for the past two financial years; and iii) the potential investment opportunity to the Shareholders. The Directors consider that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Fractions of Offer Shares

The Company will not allot fractions of the Offer Shares. Any fractional entitlement to the Offer Shares will be aggregated and sold in the open market (if a premium, net of expenses, can be obtained) and the proceeds will be retained for the Company's own benefits.

Certificates of the fully-paid Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Tuesday, 22 August 2006 to those entitled thereto by ordinary post at their own risk.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's registered address and correspondence address on the register of members of the Company are in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries to its lawyers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to offer Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The results of the enquiries and the basis of exclusion of Overseas Shareholders will be disclosed in the Prospectus.

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date : 5 July 2006

Underwriters : Kingston and Luen Fat

Number of Offer Shares underwritten : Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite 774,837,000 Offer Shares on a fully underwritten basis (of which Kingston has agreed to underwrite not more than 440,000,000 Offer Shares in the first place and Luen Fat has agreed to underwrite the remaining of not more than 334,837,000 Offer Shares in the second place)

Commission : 2.5% of the aggregate Subscription Price in respect of the number of Offer Shares agreed to be underwritten by the Underwriters

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite the Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten. The Underwriters and their respective ultimate beneficial owners are third parties independent of and not connected with each other and the Company and its connected persons (as defined in the Listing Rules).

The 2.5% commission payable to each of the Underwriters was determined after arm's length negotiations between the Company and the Underwriters based on normal commercial terms and with reference to the market rates.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of Kingston (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:**
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or**
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Kingston (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Kingston (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or**
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,**

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or**
- (2) any Specified Event comes to knowledge of the Underwriters,**

then and, in such case, Kingston (on behalf of the Underwriters) may, by notice in writing given to the Company prior to the Latest time for Termination, rescind the Underwriting Agreement and thereupon the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party in respect of any matter or thing arising out of and in connection with the Underwriting Agreement (save for any antecedent breaches thereof) and the Open Offer shall not proceed.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and Companies Ordinance not later than the date of despatch of the Prospectus Documents;**
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the date of despatch of the Prospectus Documents;**
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares.**

In the event of the said conditions not being fulfilled before the Latest Time for Termination or the respective dates aforesaid (or such other time or date as the Company and Kingston (on behalf of the Underwriters) may agree), the Underwriting Agreement shall terminate and all obligations and liabilities of the parties thereunder shall forthwith cease and determine and no party shall have any claim against the others (save for any antecedent breaches thereof).

WARNING OF THE RISK OF DEALING IN THE SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" in the section headed "Underwriting arrangements" in this announcement). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 25 July 2006 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be on Thursday, 17 August 2006), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Open Offer:

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming no Qualifying Shareholder take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer)	
	Shares	% (approx.)	Shares	% (approx.)	Shares	% (approx.)
Legend Win Profits Limited (Note)	1,567,500,000	70.81	1,567,500,000	52.45	2,116,125,000	70.81
Underwriters:						
– Kingston	–	–	440,000,000	14.72	–	–
– Luen Fat	–	–	334,837,000	11.20	–	–
Other Shareholders	<u>646,320,000</u>	<u>29.19</u>	<u>646,320,000</u>	<u>21.63</u>	<u>872,532,000</u>	<u>29.19</u>
Total	<u>2,213,820,000</u>	<u>100.00</u>	<u>2,988,657,000</u>	<u>100.00</u>	<u>2,988,657,000</u>	<u>100.00</u>

Note:

These Shares are held by Legend Win Profits Limited, a company incorporated in the British Virgin Islands. The issued share capital of Legend Win Profits Limited is beneficially owned by Hui Kee Fung, Hui Ki Yau, Hui Hung Tan, Teresa and Hui's K.K. Foundation Limited as to 38.95%, 32.63%, 23.16% and 5.26% respectively. Hui's K.K. Foundation Limited is a company incorporated in Hong Kong, limited by guarantee and does not have a share capital. Hui Kee Fung, Hui Ki Yau and Hui Hung Tan, Teresa are the registered members and directors of Hui's K.K. Foundation Limited.

The Board will procure the Underwriters to place down any Offer Shares to be taken up by any of them to the independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules) and concert parties of the Company. The Company will use its best endeavours to make prior arrangements before completion of the Open Offer to ensure the minimum public float is maintained immediately after the issue of the Offer Shares.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the design, manufacture and sale of a wide range of toys and decorative gift items.

The estimated net proceeds from the Open Offer will be approximately HK\$37 million (net of expenses of approximately HK\$1.74 million). The Board intends to apply the net proceeds as to (i) approximately HK\$2 million towards upstream and downstream integration in the principal line of business of the Group to enhance its profitability, including but not limited to the distribution of fabrics or chemical products or the production of packaging materials; (ii) approximately HK\$25 million towards possible diversified investment in the agricultural, energy and/or resources industries or other projects which the Board considers appropriate; and (iii) the remaining balance of approximately HK\$10 million for general working capital of the Group.

The estimated expenses in relation to the Open Offer of approximately HK\$1.74 million will be borne by the Company. The Board considers that the Open Offer is in the interests of the Company and its Shareholders as a whole, as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST TWELVE MONTHS IMMEDIATELY BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company did not have any capital raising activities in the last twelve months immediately before the date of this announcement.

ADJUSTMENTS IN RELATION TO THE OPTIONS

Pursuant to the terms of the Share Option Scheme, adjustments to the outstanding Options are required to be made due to the issue of Offer Shares and upon the Open Offer becoming unconditional. The Company will instruct its auditors to review and certify the basis of such adjustments pursuant to the Share Option Scheme and in accordance with the Listing Rules and the supplemental guidelines issued by the Stock Exchange. The Company will inform the holders of the Options of the adjustments accordingly. Further details on the adjustments will be set out in the Prospectus which is expected to be despatched to the Shareholders on Monday, 31 July 2006.

EXPECTED TIMETABLE

2006

Last day of dealing in Shares on a cum-entitlement basis	Monday, 24 July
First day of dealing in Shares on an ex-entitlement basis	Tuesday, 25 July
Latest time for lodging transfers of Shares in order to be qualified for the Open Offer	4:00 p.m. on Wednesday, 26 July
Register of members of the Company closes	Thursday, 27 July to Monday, 31 July (both dates inclusive)
Record Date	Monday, 31 July
Despatch of the Prospectus Documents	Monday, 31 July
Register of members of the Company reopens	Tuesday, 1 August
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Monday, 14 August
Latest time for the Open Offer to become unconditional	4:00 p.m. on Thursday, 17 August
Announcement of the results of the Open Offer	Monday, 21 August
Despatch of share certificates for Offer Shares	Tuesday, 22 August
Dealing in fully-paid Offer Shares commences	Thursday, 24 August

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

Shareholders should note that completion of the Underwriting Agreement is conditional upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Open Offer” in the section headed “Underwriting Arrangements” in this announcement and the Open Offer may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares.

GENERAL

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders on Monday, 31 July 2006.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 5 July 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 7 July 2006.

DEFINITIONS

“Board”	board of Directors
“Business Day(s)”	any day (other than Saturday), on which banks in Hong Kong are open for business
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“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 Stock Exchange
“Director(s)”	director(s) of the Company
“Excluded Shareholders”	those Overseas Shareholders to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kingston”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Latest Lodging Date”	being 4:00 p.m. on Wednesday, 26 July 2006 as the latest time for lodging transfer of Share in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on Monday, 14 August 2006 or such later time or date as may be agreed between the Company and Kingston (on behalf of the Underwriters), being the latest time for acceptance of, and payment for, the Offer Shares

“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston (on behalf of the Underwriters), being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luen Fat”	Luen Fat Securities Company Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Offer Share(s)”	774,837,000 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of seven Offer Shares for every twenty existing Shares held on the Record Date pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of Open Offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Options”	options to subscribe for Shares granted under the Share Option Scheme
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	the Shareholders with registered address and correspondence address on the register of members of the Company which are outside Hong Kong as at the close of business on the Record Date
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the application form in respect of the assured allotment of Offer Shares
“Qualifying Shareholders”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 31 July 2006, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	share option scheme adopted by the Company on 28 May 2002
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.05 per Offer Share
“Underwriters”	Kingston and Luen Fat
“Underwriting Agreement”	the underwriting agreement dated Wednesday, 5 July 2006 entered into between the Company and the Underwriters in relation to the Open Offer

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 6 July 2006

As at the date of this announcement, the Board comprises three executive Directors, Mr. Hui Kee Fung, Mr. Hui Ki Yau and Madam Hui Hung Tan, Teresa and three independent non-executive Directors, Mr. Peng Guanghui, Mr. Kung King Ching, Conrad and Mr. Tang Rongzu.

Please also refer to the published version of this announcement in China Daily.