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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kiu Hung International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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)

**DISCLOSEABLE TRANSACTION:
ACQUISITION OF 33% ISSUED SHARE CAPITAL OF
MIRACLES FOR FUN (HK) LIMITED**

13 January 2006

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by Pine Growth
“Agreement”	the sale and purchase agreement dated 17 December 2005 entered into between Pine Growth and Miracles For Fun, LLC in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Kiu Hung International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“KH Investments”	Kiu Hung Investments Limited, an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	11 January 2006, being the latest practicable date prior to printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MFF”	Miracles For Fun (HK) Limited
“Pine Growth”	Pine Growth International Limited, an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Sale Shares”	33 shares of HK\$1 each in MFF

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	shares of HK\$0.02 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Hui Kee Fung (*Chairman*)

Mr. Hui Ki Yau (*Chief executive officer*)

Madam Hui Hung Tan, Teresa

Independent non-executive Directors

Dr. Lin Ai Yue

Mr. Peng Guanghui

Mr. Kung King Ching, Conrad

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

14th Floor

Yale Industrial Centre

61– 63 Au Pui Wan Street

Fo Tan, Shatin

Hong Kong

13 January 2006

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION:
ACQUISITION OF 33% ISSUED SHARE CAPITAL OF
MIRACLES FOR FUN (HK) LIMITED**

INTRODUCTION

By the announcement dated 30 December 2005, the Board announced that Pine Growth entered into the Agreement with the Vendor in relation to the acquisition of 33% of the issued share capital of MFF for a consideration of HK\$1.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with details of the Acquisition.

LETTER FROM THE BOARD

THE AGREEMENT

Date: 17 December 2005

Parties: (1) Vendor : Miracles For Fun, LLC

(2) Purchaser : Pine Growth

Sale Shares to be acquired:

33 shares of HK\$1 each in the share capital of MFF, representing 33% of the issued share capital of MFF as at the date of Acquisition.

Consideration:

The consideration for the Acquisition is HK\$1 which has been paid by Pine Growth to the Vendor on 17 December 2005. The consideration for the Acquisition was arrived at after arm's length negotiations between the parties to the Agreement. As MFF has incurred net losses of approximately HK\$0.2 million and HK\$0.9 million for the year ended 31 December 2004 and eleven-month ended 30 November 2005, respectively, the parties to the Agreement have agreed with a nominal consideration of HK\$1 for the Sale Shares. The Directors are of the view that the Acquisition is in the interest of the Company and the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders.

INFORMATION ON MFF

MFF was incorporated on 27 March 2002 in Hong Kong with limited liability and is engaged in the trading of toys and decorative gifts. The Vendor is a company principally engaged in the marketing and research and development of toys and decorative gifts. To the best of the Directors' knowledge, apart from being a substantial shareholder of MFF, the Vendor and its ultimate beneficial owners and their associates are third parties independent of and not connected with the Company and its Connected Persons.

According to the audited financial statements of MFF, MFF had turnover of approximately HK\$12.6 million and net loss of approximately HK\$0.2 million for the year ended 31 December 2004. As at 31 December 2004, the total assets and net assets of MFF were approximately HK\$3.5 million and HK\$1.0 million, respectively. According to the unaudited financial statements of MFF, MFF had turnover of approximately HK\$11.1 million and net loss of approximately HK\$0.9 million for the eleven-month ended 30 November 2005. As at 30 November 2005, the total assets and net assets of MFF were approximately HK\$3.5 million and HK\$0.1 million, respectively.

Prior to the Acquisition, KH Investments and the Vendor were interested in 30% and 65% of the issued share capital of MFF, respectively. MFF has been accounted for as an associated company of the Group before the Acquisition. After the Acquisition, the Group is interested in 63% of the issued share capital of MFF and MFF has become a non-wholly owned subsidiary of the Company. The Acquisition will not have an immediate material impact on the earnings, liabilities or net assets of the Group.

LETTER FROM THE BOARD

REASONS FOR THE ACQUISITION

The Group is principally engaged in the design, manufacture and sale of a wide range of toys and decorative gift items. The Directors are of the view that the Acquisition will expand the customer base of the Group and provide cross-selling opportunities between the Group and MFF. Other than MFF, the Directors were not aware of other company in the toy and decorative gift industries that was interested in disposing its business to the Group.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

On behalf of the Board
Kiu Hung International Holdings Limited
Hui Kee Fung
Chairman

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Number of ordinary Shares (long position)	
	Total number of Shares	Approximate percentage of issued share capital of the Company (%)
Hui Kee Fung (<i>Note</i>)	1,567,500,000	70.81%

Note: The 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

Save as the Shares held by Legend Win Profits Limited as disclosed in the paragraph headed “Disclosure of Interests” above, at the Latest Practicable Date, there were no other person (other than the Directors or the chief executives of the Company) who was recorded in the register of the Company as having an interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital.

4. SERVICE CONTRACTS

None of the Directors had any existing or proposed service contracts with the Company or any member of the Group which did not expire or was not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware of, none of themselves or their respective associates had any interests in a business which competes or may compete with the business of the Group or any other conflicts of interests with the Group.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MISCELLANEOUS

- (a) The Hong Kong branch share registrar of the Company is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (b) The company secretary and qualified accountant of the Company is Mr. Chan Kwok Yuen, Elvis, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants.
- (c) The head office of the Company is located at 14th Floor, Yale Industrial Centre, 61-63 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong.
- (d) The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.
- (e) The English text of this circular shall prevail over the Chinese text.