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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)

**VOLUNTARY ANNOUNCEMENT
UPDATES IN RELATION TO A POSSIBLE ACQUISITION**

This announcement is made by Kiu Hung International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis to provide the shareholders of the Company (“Shareholders”) and potential investors a business update in relation to the Possible Acquisition under the MOU.

BUSINESS UPDATES ON THE POSSIBLE ACQUISITION UNDER THE MOU

Reference is made to the announcement of Kiu Hung International Holdings Limited (the “Company”) on 13 June 2019 in relation to a mutual intention on a possible acquisition under the MOU (the “Announcement”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcements.

As mentioned in the Announcement, the Vendor intends to sell and the Company (or its wholly owned subsidiary) intends to acquire certain equity interests of the Target Company.

UPDATES ON THE ASSETS TO BE ACQUIRED

The mining project of the Target Company composed with large rare earth metal deposits from the alkali granite, with mainly fergusonite in its internal or external contact zone. As shown in relevant report, by the end of 2017, the PRC reported its rare earth reserve of 44 million tons, ranking first in the world and accounting for two-thirds of the world’s total reserves, followed by Brazil and Vietnam.

Currently, the resource reserve has been proven by the exploration report that has been reviewed by the Sichuan provincial department and has been filed. To transfer the exploration right into the mining right, relevant procedures are being handled by the Target Company at this stage. Given convenient transportation in the mining concession and simplistic requirements for mining and exploitation, the open pit mining is perfectly fit for the mining activities throughout the entire year. At present, the mining concession enjoys direct road access, connecting to an asphalt road that is three kilometers away, as well as the nearest railway freight station that is only 20 kilometers away. The large ore body comprises simple forms of ores, which are evenly distributed and with consistent depth.

The mining concession mainly comprises valuable metals including tantalum and niobium, the grades of which are fairly close. As comprehensive utilization of tantalum, niobium, and accompanying metals can be achieved by the process that combines processing with refining, the high utilization rate of the mining deposit will bring considerable economic potential to the Target Company. In calculating elemental metals, the expected potential value of the mining concession amounts to approximately RMB600 billion. According to the website of China Rare Earth Information Net (<http://www.cre.net/>), the average price of rare earth for the first half of 2019 was RMB69,500 per ton.

In addition, the Board is also pleased to announce that the Group has employed Mr. Zhang Baohe (張寶河) (“Mr. Zhang”) and Mr. Feng Xianfei (馮憲飛) (“Mr. Feng”) as the provisional project director and the provisional project consultant in connection with the possible acquisition, both of which will be responsible for procuring completion of the possible acquisition, respectively. Upon completion of the acquisition, the Group will officially appoint Mr. Zhang and Mr. Feng to manage and operate the Target Company. The detailed background of Mr. Zhang and Mr. Feng are as follows:

Mr. Zhang

Mr. Zhang, aged 50, majored in the science of resource exploration and engineering at Changchun Institute of Technology, and obtained a master’s degree in public administration at Central South University. Mr. Zhang has accumulated 30 years of experience in researching technologies of mineral exploration and engineering, engineering management, and policies on mineral assets and resources. He, as a senior engineer at the relevant PRC government authorities, previously oversaw and implemented exploration work in various domestic mining concessions. Furthermore, Mr. Zhang participated in the amendment work in relation to the Mineral Resources Law of the People’s Republic of China published between 2016 and 2018. From 1989 to 2012, he also held various senior positions, including deputy chief of staff for the bullion production division, director of the mining division at the command center, and senior engineer of the Chinese People’s Armed Police Force.

Mr. Feng

Mr. Feng, aged 40, majored in mining engineering at North China Institute of Science and Technology. He has extensive experience in the entire business process of the coal mining industry from mining to marketing. Previously, Mr. Feng held various positions in various mining concessions, including technology director and department head. In 2008, he was appointed as the chief engineer of Zhaojiashan Coal Mine in Shanxi and the mine manager at Xipo Coal Mine. In 2016, Mr. Feng established his own private business specialized in coal washing, transportation, and marketing services.

Further announcement(s) will be made by the Company to inform the Shareholders and potential investors of any material development relating to the Project.

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

Hong Kong, 19 August 2019

As at the date of this announcement, the Board comprises two executive Directors, Mr. Zhang Qijun and Mr. Chen Jian and three independent non-executive Directors, Mr. Cheng Ho On, Mr. Kong Chun Wing and Mr. Wang Xiao Ning.