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)

INSIDE INFORMATION
MEMORANDUM OF UNDERSTANDING
IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

THE MOU

The Board is pleased to announce that on 10 March 2020 (after trading hours of the Stock Exchange), the Company entered into the MOU with the Vendor in relation to the Possible Acquisition.

GENERAL

In the event that the Possible Acquisition materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated. Shareholders of the Company and potential investors should note that the Possible Acquisition is subject to, among other things, the entering into of a formal agreement, major terms and conditions of which are yet to be agreed. The Possible Acquisition may or may not proceed and the final structure and terms of the Possible Acquisition, which are still subject to the result of Assets Restructuring and upon further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Kiu Hung International Holdings Limited (the "**Company**", together with its subsidiaries and associates referred to as the "**Group**") in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions under (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that on 10 March 2020 (after trading hours of the Stock Exchange), the Company and Beijing Zhongjun Financial Holdings Zhiyuan Technology Development Partnership (Limited Partnership)* (北京中軍金控致遠科技發展合夥企業(有限合夥)) (the "**Vendor**") entered into a memorandum of understanding (the "**MOU**") in relation to a mutual intention on a possible acquisition by the Company (or its wholly-owned subsidiary) of some equity interest in Shanghai Zhongjun HIT Enterprise Development Co., Ltd.* (上海中軍哈工大企業發展有限公司) (the "**Target Company**") from the Vendor (the "**Possible Acquisition**"). Details of the MOU are set out below:

THE MOU

Date: 10 March 2020 (after trading hours of the Stock Exchange)

Parties:
(1) Beijing Zhongjun Financial Holdings Zhiyuan Technology Development Partnership (Limited Partnership)* (北京中軍金控致遠科技發展合夥企業(有限合夥)) as the Vendor; and

(2) Kiu Hung International Holdings Limited as the Buyer.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Vendor and its ultimate beneficial owner are independent third parties of and not connected with the Company and its connected persons (with the meanings ascribed in the Listing Rules).

Assets intended to be acquired

Pursuant to the MOU, the Vendor intends to sell and the Company (or its wholly owned subsidiary) intends to acquire certain equity interests of the Target Company.

As at the date of this announcement, the Vendor owns 62% equity interest in the Target Company.

Consideration

The amount of the equity interests under the Possible Acquisition, the consideration for the Possible Acquisition, and the payment terms of the Consideration will be subject to further negotiation between the parties to the MOU.

Exclusivity

Pursuant to the MOU, during the period commencing from the date of the MOU and ending on the earlier of (i) one hundred and twenty (120) days after signing of the MOU; or (ii) the written confirmation by both parties that negotiation on the Possible Acquisition shall discontinue; or (iii) the breach of the confidentiality obligations as contained in the MOU by either party (or its subsidiaries and affiliates, or their representatives) (the "**Exclusivity Period**"), (i) the Vendor shall not enter into any agreement, arrangement or understanding with any other party other than the Purchaser (or its wholly owned subsidiary) in relation to the sale and purchase of interest in the Target Company; and (ii) the parties shall negotiate in good faith in respect of the Possible Acquisition to the exclusion of all other parties.

Due diligence

After signing of the MOU and during the Exclusivity Period, the Company (and its advisers and/or agents) shall be entitled to conduct due diligence review on the conditions, legal ownership, legal, and other affairs of the Target Company. The Vendor shall provide assistance to the Company (and its advisers and/or agents) in this respect.

Formal agreement

The parties to the MOU shall negotiate in good faith in ensuring the formal agreement be entered into as soon as possible and in any event, within one hundred and twenty (120) days from the date of signing the MOU, or such later date as the parties to the MOU may agree in writing.

Legal effect

The MOU does not create legally binding obligations on the parties on the substantive terms in relation to the Possible Acquisition (including the issue price, the Consideration, and the capital commitment) but is legally binding as to some miscellaneous and general terms relating to confidentiality, the Exclusivity Period, the due diligence review, expenses, termination, and governing laws contained therein.

INFORMATION ON THE VENDOR, THE TARGET COMPANY AND MAJOR DEVELOPMENT PROJECT

The Vendor is a company incorporated in the PRC with limited liability. As advised by the Vendor, the Vendor is a company controlled by national associations, state-owned enterprises and local state-owned enterprises and engages in the business management, corporate management consulting business, property management, and commercial property leasing business.

The Target Company is a company incorporated in the PRC with limited liability. As advised by the Vendor, the Target Company engages in the businesses including construction engineering, property development, robotics technology research, property management and self-owned property leasing business. Its major development project is the construction project of "Shanghai Zhongjun HIT Artificial Intelligence Industrial Park" (the "**AI Park Project**"). As at the date of this announcement, the Target Company is owned as to 62% by the Vendor, as to 30% by Zhongjun Venture Capital (Shenzhen) Partnership (Limited Partnership)* (中軍創業投資(深圳)合夥企業(有限合夥)) and as to 8% by HIT Service Robot Co., Ltd.* (哈爾濱工大服務機器人有限公司).

Zhongjun Venture Capital (Shenzhen) Partnership (Limited Partnership)* (中軍創業投資(深圳)合夥企業(有限合夥)) is a company incorporated in the PRC with limited liability. As advised by the Vendor, Zhongjun Venture Capital (Shenzhen) Partnership (Limited Partnership)* (中軍創業投資(深圳)合夥企業(有限合夥)) engages in trustee asset management, project investment and corporate investment management consulting, corporate management consulting, corporate financial consulting and corporate image planning.

HIT Service Robot Co., Ltd.* (哈爾濱工大服務機器人有限公司) is a company incorporated in the PRC with limited liability. As advised by the Vendor, HIT Service Robot Co., Ltd.* (哈爾濱工大服務機器人有限公司), a wholly-owned subsidiary of HIT Robot Group Co., Ltd.* (哈工大機器人集團股份有限公司) controlled by Harbin Institute of Technology, engages in the development, manufacturing and sales of robots and automation equipment software and hardware, the development of computer software and information technology, network engineering and technical consulting services; and the distribution of medical equipment and other businesses. It is also the first company in the PRC to develop high-end robot core technology.

Located in Shanghai Qingpu Industrial Park, which is about 15 minutes' drive from Shanghai Hongqiao International Airport, the AI Park Project covers a total site area of approximately 200 acres and a total construction area of approximately 500,000 square meters. The Project will be developed in two phases and the Phase I covers a site area of approximately 98 acres (equivalent to 65,887 square meters). Led by artificial intelligence and smart manufacturing research and development, the Park will be built into an industrial platform integrating scientific research headquarters, comprehensive scientific and technological services, and characteristic industries. The Park will be also planned to be a headquarters-type business park for science and technology enterprises, with property types covering high-rise Grade A office buildings, multi-functional R&D office buildings, and high-end apartments, as well as other business supporting facilities such as brand-name hotels, large-scale exhibition facilities, and conference centers. As the total saleable property area is estimated to be approximately 200,000 square meters, the total sale price will be RMB6 billion based on the unite price of RMB30,000 per square meter. The valuation of remaining non-sale property area of approximately 300,000 square meters is estimated to be approximately RMB3 billion. After the completion of the acquisition, it is expected to create a profit of approximately RMB6 billion for the Group.

REASONS FOR AND BENEFIT OF THE POSSIBLE ACQUISITION

The Group is principally engaged in (i) manufacturing and trading of toys and gifts; (ii) exploration of natural resources; and (iii) investment in various potential businesses including fruit plantation, Chinese yellow rice wine, leisure and culture.

The Board considers that the Possible Acquisition is in line with the Group's investment strategy to seek business opportunities and intend to acquire high quality business with good potential for the expansion of the Group's business. The Possible Acquisition would provide an opportunity for the Company to diversify the Group's income stream and enhance Shareholders' value.

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

Hong Kong, 10 March 2020

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