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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)

**INSIDE INFORMATION
MEMORANDUM OF UNDERSTANDING
IN RESPECT OF ESTABLISHMENT OF A JOINT VENTURE BY
CONTRIBUTION IN KIND**

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 MEMORANDUM OF UNDERSTANDING (“MOU”)

The Board is pleased to announce that on 15 July 2020 (after trading hours of the Stock Exchange), Fujian Green Forest Agricultural Technology Co., Ltd.* (福建綠森農業科技有限公司), a wholly owned subsidiary of the Company, entered into the memorandum of understanding (“MOU”) with Dr. Wu Congxiao in respect of the establishment of a joint venture in the People’s Republic of China (“PRC”) (“**Joint Venture**”) to engage in 5G data energy storage, new energy products (lithium battery) and other related businesses (“**Possible Cooperation**”).

As for the registered capital of the Joint Venture, the Company will contribute capital in cash, accounting for 60% of the registered capital of the Joint Venture, while Dr. Wu Congxiao will contribute capital by injecting the assets, accounting for 40% of the registered capital of the Joint Venture.

PRINCIPAL TERMS OF THE MOU

Date: 15 July 2020

Parties: (1) Fujian Green Forest Agricultural Technology Co., Ltd.* (福建綠森農業科技有限公司) (a wholly owned subsidiary of the Company); and

(2) Dr. Wu Congxiao

To the best knowledge and belief of the Directors after making all reasonable enquiries, Dr. Wu Congxiao and the relevant companies (including the subsidiaries (if any) of each relevant company) (“**the Companies**”) that ultimately and beneficially own the assets to be injected are independent third parties of the Company and its connected persons.

NATURE OF THE TRANSACTION

The Company and Dr. Wu Congxiao agreed to establish a joint venture in the PRC.

Exclusivity

Pursuant to the MOU, during the period commencing from the date of the MOU and ending on the earlier of (i) thirty (30) days after signing of the MOU; or (ii) the written confirmation by both parties that negotiation on the Possible Cooperation 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 Parties shall not enter into any agreement, arrangement or understanding with any other party in relation to the establishment of the Joint Venture; and (ii) the Parties shall negotiate in good faith the establishment of the Joint Venture 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, which comprises investigations into the conditions, legal ownership, and legal matters of the Companies, and queries into departments in charge of trademarks and patents, to confirm that the patents were registered in the names of the Companies. Dr. Wu Congxiao shall provide assistance to the Company (and its advisers and/or agents) in this respect.

Formal shareholders' agreement

The parties to the MOU shall negotiate in good faith to ensure the formal agreement is entered into as soon as possible and in any event, within thirty (30) 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 constitute legally binding obligations on the parties governing the substantive terms in relation to the possible establishment of the Joint Venture (including the issue price, the consideration, and the capital commitment) but is legally binding as to some miscellaneous and general terms, including confidentiality, the Exclusivity Period, due diligence review, expenses, termination, and governing laws as contained therein.

INFORMATION ON POSSIBLE ESTABLISHMENT OF THE JOINT VENTURE

(I) Business Scope

The business scope of the Joint Venture shall include: research, production and sales of 5G data storage, AGC frequency modulation power stations, integrated wind and solar power storage, and blade power batteries; research, production, and sales of electrical storage systems of intelligent power grids; development, design, production, and sales of new energy products (lithium batteries); technology development, technology transfer, technology consultation, and technical services involved in the lithium battery technologies; and proprietary import and export of commodities and technologies (the business scope of which is subject to the registration and approval by the administrative authority for industry and commerce in the PRC).

(II) Term of Operation

The term of operation of the Joint Venture is 50 years, which may be extended by approval of the shareholders of the Joint Venture holding more than two-thirds of the voting rights.

(III) Registered Capital and Form of Capital Contribution

As for the registered capital of the Joint Venture, the Company will contribute capital in cash, accounting for 60% of the registered capital of the Joint Venture, while Dr. Wu Congxiao will contribute capital by injecting the assets, accounting for 40% of the registered capital of the Joint Venture.

(IV) Composition of the Board of Directors and the Supervisory Committee

According to the MOU, the board of directors of the Joint Venture will comprise three directors, among which two directors will be nominated by the Company and one director will be nominated by Dr. Wu Congxiao. The chairman of the board of directors will be Mr. Zhang Qijun, the Chairman of the Company.

(V) Key Personnel of the Joint Venture

Dr. Wu Congxiao

Dr. Wu Congxiao graduated from Changchun Institute of Applied Chemistry, Chinese Academy of Sciences, and subsequently worked as a postdoctoral researcher at Yeager Electrochemical Center, Case Western Reserve University (the sole electrochemical center in the United States). After returning to the PRC, she previously worked in BYD Industrial Co., Ltd. (比亞迪實業有限公司), and established Libi Battery Co., Ltd (鋰比電池有限公司), BYD's lithium-ion battery business unit.

In 2010, she assembled a group of technical experts who had gained years of experience in domestic energy storage technology to establish Wuxi Fengsheng Technology Co., Ltd. (無錫豐晟科技有限公司). The Company's major business comprises research, production and sales of smart power systems, electrical storage systems of intelligent power grids and new energy (lithium batteries) products. In 2012, he was selected into the "Thousand Talents Plan" (千人計劃) of the Organization Department of Communist Party of China, the "Innovation and Entrepreneurship Plan" (雙創計劃) of Jiangsu Province and the "530" enterprises of Wuxi City. During this period, he participated in a major deep-water detector project in the PRC. The deep-water high-pressure-resistant battery assisted China's deep-sea detectors Jiaolong and Warrior to carry out exploration activities a thousand meter below the water surface. As a result, Dr. Wu received ministerial-level awards. Furthermore, he developed an energy storage system for in an ultra-low temperature and high-altitude environment. The system is applied to the independent optical storage power supply in Qumarlêb County and Qilian County where the temperature is low at high-altitude position without the support of main grid.

Dr. Wu Congxiao is now a representative of Beijing Municipal People's Congress and an investment industry researcher of China Aerospace Science and Technology Investment Co., Ltd. (中國航天科技投資股份有限公司).

Luo Hongxu

He currently serves as the chief engineer of Beijing National Power Battery Technology Limited (北京國能電池科技股份有限公司). In 2003, Luo Hongxu participated in the electric vehicle project under the national Program 863 of Beijing Institute of Technology, for the purposes of researching the first batch of pure electric vehicles and the development of the second set of domestic battery managers, charger products and motor controllers. He directly participated in the development and calibration involving more than 50 models of electric vehicles. Currently, he possesses more than 60 industry patents, one of which received the first prize under the 2010 Beijing Science and Technology Progress Award. Another patent received the second prize under the 2017 National Science and Technology Progress Award.

Dr. Wen Zheze

Dr. Wen Zheze obtained a doctorate from Fuxin Mining College in Liaoning Province and is currently the chief engineer of Beijing National Power Battery Technology Limited. Since 2002, he has been working in the new energy battery industry and is among the first batch of global talents introduced to Pudong Economic Development Zone in Shanghai, and a member of the NEC power battery development team.

Dr. Nan Jinrui

Dr. Nan Jinrui obtained a doctorate from Beijing Institute of Technology, and currently serves as the principal of electronics research institute of Shenzhen and Beijing National Power Battery Technology Limited* (深北京國能電池科技有限公司). He has for years been engaged in research and development of automotive bus, electric vehicle control, and battery management technologies. In 2003, he assumed the responsibility for designing vehicle control systems for the “pure electric buses” under Program 863 operated by the Ministry of Science and Technology according to the tenth Five-year Plan. His developed systems are installed to various electric buses, and the finalized design is put into small-batch production. In 2005, Dr. Nan became the principal responsible for vehicle network and control systems of the “Olympics Pure Electric Bus Optimization and Manufacturing” Program in Beijing. In 2008, he was responsible for research and production of vehicle control systems for electric vehicles in the Beijing Olympics. In 2009, Dr. Nan began to research and develop the vehicle control system for electric sanitation vehicles in Beijing. In 2010, he served as the deputy project manager of the air-conditioning research and development under Program 863 operated by the Ministry of Science and Technology. He currently holds four national patent licenses.

Guo Wei

Mr. Guo is currently the director of Shenzhen Changhe Power Technology Co., Ltd. (深圳市長河動力技術有限公司), and the general manager of Beijing National Power Technology Limited (北京國能電池科技有限公司). In 1995, he began to conduct the research of lithium-iron-phosphate batteries. Mr. Guo has 25 years of experience in chemical power and materials.

Chen Shanhong

Mr. Chen currently serves as the deputy general manager of Henan National Power Battery Technology Co., Ltd.*(河南國能電池科技有限公司). Since 1997, he has been engaged in the new energy industry, who possesses the development technology of lithium iron phosphate and ternary power large soft pack batteries and has a full understanding of the production process. In addition, he is familiar with the production equipment and formulating the production process. Furthermore, he is well versed with the complete technology portfolio from battery production to customer application.

Li Ruiqin

Mr. Li currently serves as the director of the R & D department of Beijing National Power Technology Limited (北京國能電池科技有限公司). Since 2009, he has been engaged in the lithium battery industry, and mainly responsible for the project and R & D of lithium-iron-phosphate batteries. Mr. Li previously participated in the Zhengzhou 1125 Talents Gathering Plan.

(VI) Injected Assets

The assets to be injected by Dr. Wu Congxiao are the patents of the Companies. The patents of the Companies are all applied in accordance with the PRC laws and granted limited licenses. The Companies are engaged in research, production and operation of 5G data storage, AGC frequency modulation power station, integrated wind and solar power storage capacity, and blade power batteries. The list of authorized patents is as follows:

	Patent No.	Patent Name	Date of authorization
1	2013104073401	Preparation method of lithium manganite, lithium manganate material, anode materials for lithium-ion battery	29 March 2017
2	201410052525X	Preparation method of anode material for nickel cobalt aluminum lithium battery, and anode materials for lithium battery	19 January 2018
3	2014100692229	A kind of manganese-based lithium-rich material and preparation method thereof and lithium-ion battery	31 August 2016
4	2018101707874	Processing method of Lithium-ion battery and lithium ion battery prepared thereby	19 May 2020
5	2017114292174	Synthesis process of ternary lithium-ion battery, ternary lithium-ion battery and preparation method thereof	2 June 2020
6	201810098381X	Preparation method of cathode pulping	14 July 2020
7	2018101005814	High-voltage connector detection device, method and battery management system	14 July 2020
8	2017306849558	High-pressure box (integrated)	20 November 2018
9	2018300767718	Bumper bracket	14 September 2018
10	2018307094776	Support frame for battery module	19 March 2019
11	2013203721756	A kind of soft-packaging lithium battery pack	5 February 2014
12	2013203724650	A kind of sand mill for production of lithium battery	5 February 2014
13	2013207588886	A kind of testing equipment for heat resistance of diaphragm of lithium battery	21 May 2014
14	2013207823246	Production equipment of pole piece of lithium battery and homogenizing device of its pulping	21 May 2014
15	2013207826367	Production equipment of pole piece of lithium battery and nanocrystallization device of its pulping	7 May 2014
16	2017200153097	A kind of temperature control assembly of heating and cooling integrated power battery pack	12 December 2017
17	2017217151614	A kind of battery charging equipment and system	21 February 2018
18	2017219271339	Installation structure of electrode plate of high-voltage box, and high-voltage box	3 August 2018
19	2017219259360	Battery module and battery box	21 August 2018

	Patent No.	Patent Name	Date of authorization
20	2017219238909	heat dissipation structure of high-pressure box, and high-pressure box	7 September 2018
21	201721927131X	Heat dissipation structure and battery box	20 November 2018
22	2018201723938	Test turnover box for soft-packaging battery	7 September 2018
23	2018201739438	Manufacturing device of laminated battery	14 September 2018
24	2018202874846	Heat-holding cover and battery box	14 September 2018
25	2018202874583	Bumper bracket and high-pressure box with such bumper bracket	14 September 2018
26	2018202871481	A kind of battery	20 November 2018
27	201821716290X	Soft-packaging lithium-ion battery and battery pack	1 March 2018
28	2018220611849	Battery module	25 April 2019
29	2018220611853	Battery module	25 April 2019
30	2018222758782	Batten and battery standard box	25 April 2019

(VII) Non-competition

After the establishment of the Joint Venture, if the Company (or the enterprises under its control) has new business opportunities for new energy projects that compete with the Joint Venture in the PRC, the Company shall prioritize such business opportunities to the Joint Venture.

During the period of establishment of the joint venture by the Company and Dr. Wu Congxiao, the Joint Venture is responsible for the management of the enterprises operating new energy businesses in the PRC which is under the control of the Company.

INFORMATION ON THE PARTIES

The Company is principally engaged in the investment holding. The principal business of the Group is manufacturing and trading of toys and gifts as well as investment in various businesses including fruit plantation, leisure and culture. The Group will review its business from time to time for the purpose of exploring other profitable investment opportunities, and it is committed to expand its existing business while diversifying its business and revenue base to bring the best benefits to the Group and Shareholders as a whole.

To the knowledge of the Company, Dr. Wu Congxiao and her ultimately beneficially-owned company continue to provide customers with safe, inexpensive and high-performance power battery solutions, aiming to help the thousands of households to travel in a green manner. Driven by the research and development and innovation of Dr. Wu Congxiao and her team in recent years, the main businesses of the Companies including lithium primary batteries and lithium-ion batteries, have maintained substantial growth.

The rapid growth of the Companies (as technology companies) is attributed to a large amount of R & D investment for the long run and a batch of core technologies and patents obtained. Currently, the Companies have a R & D team led by multiple doctors, and have successively established research institutes, various laboratories and pilot lines to strengthen the transformation of results. The large amount of R & D investment has brought a large number of patent achievements. As of the date of this announcement, there are 30 national patents that have been applied for by the Companies and granted authorization.

As advised by Dr. Wu Congxiao, the Joint Venture will be committed to the field of new energy. With the rapid development of the Internet of Things and the Energy Internet, the cordless electric products, as well as the fast growth of electric vehicles, smart cities, intelligent transportation and energy storage technologies, the Joint Venture will be able to further leverage the advantages of technological innovation and strengthen the research and development of new lithium battery products and technologies.

REASONS FOR AND BENEFIT OF THE POSSIBLE COOPERATION

After years of development, the new energy industry has risen rapidly in China, and the extension of related industrial chains has further expanded. The downstream sector has shifted from 3C Products to new energy vehicles. The great support for new energy vehicles from the Chinese government has created a large demand for power batteries. As a result, China has risen rapidly in the global power battery market where the competition is intense among China, Japan and South Korea. Looking to the future, with the improvement of the matching of the industrial chain and the multiple drivers of products and policies, the companies that engaged in lithium battery are expected to take the lead in accelerating the trend of electrification. The Company and its subsidiaries (collectively, the “**Group**”) leverage the advantages of being a listed company and support the diversified development strategy of the Group. The transactions are also in line with the policies on the adjustment of industrial structure such as “The Guiding Opinions on Accelerating the Development of Renewable Resources Industry” issued by the Ministry of Industry and Information Technology, the Ministry of Commerce and the Ministry of Science and Technology.

The Directors of the Company believe that the terms of the transaction under the MOU are fair and reasonable, and the transaction is in the interest of the Company and its Shareholders as a whole.

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 Cooperation 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 Cooperation may or may not proceed and the final structure and terms of the Possible Cooperation, which are still subject to the result of the 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.

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

Hong Kong, 15 July 2020

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