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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**

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**

The Board is pleased to announce that on 22 July 2020 (after trading hours of the Stock Exchange), Sichuan Kiu Hung Property Co., Ltd.\* (四川僑雄置業有限公司), a wholly owned subsidiary of the Company, entered into the memorandum of understanding (“**MOU**”) with Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) in respect of the possible establishment of a joint venture in the PRC (“**Possible Cooperation**”).

As for the registered capital of the Joint Venture, the Company will contribute capital in cash, accounting for 85% of the registered capital of the Joint Venture, while Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) will contribute capital in cash, accounting for 15% of the registered capital of the Joint Venture.

#### **PRINCIPAL TERMS OF THE MOU**

Date: 22 July 2020

Parties:

- (1) Sichuan Kiu Hung Property Co., Ltd.\* (四川僑雄置業有限公司) (a wholly owned subsidiary of the Company); and
- (2) Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司)

To the best knowledge and belief of the Directors after making all reasonable enquiries, Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) (including any of its subsidiaries (if any)) (“**the Companies**”) is an independent third party of the Company and its connected persons.

## **NATURE OF THE TRANSACTION**

The Company and Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) 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. Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) 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: electronic and intelligent engineering; technology development, technology transfer and technology investment in the field of biotechnology products; technology development, technology transfer and technology investment in the field of medical technology products; development and marketing of computer software and hardware; enterprise management services; medical equipment leasing; tourism project development; leisure and sightseeing activities; amusement parks (excluding high-risk projects and entertainment projects subject to approval by relevant departments); corporate management; catering management; development, operation and management of health care service sector; elderly care services (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 85% of the registered capital of the Joint Venture, while Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) will contribute capital in cash, accounting for 15% of the registered capital of the Joint Venture. The Joint Venture will become a subsidiary of the Company.

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

According to the articles of association of the Joint Venture, 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 Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司). The chairman of the board of directors will be nominated among the directors nominated by the Company.

### **(V) Non-competition**

After the establishment of the Joint Venture, if the Company (or the enterprises under its control) has new business opportunities for electronic and intelligent engineering 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 Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司), the Joint Venture is responsible for the management of the enterprises operating electronic and intelligent engineering 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, Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司) provides customers with aviation technology development; surveying and mapping services; organization and planning of cultural activities; development and sales of aircraft and accessories; educational consulting; agricultural scientific research and experimental development; technology development, technical consulting and technology transfer of robots and industrial automation control equipment; development and sales of computer software and hardware and provision of technical consulting and technical services; computer system integration; data processing and land preparation, etc..

As advised by Sichuan Liaofan Chuanghang Technology Co., Ltd.\* (四川了凡創航科技有限公司), the Joint Venture will be committed to the field of electronic and intelligent engineering. Adhering to the concept of customer-oriented corporate culture, it recruits an elite team with a strong sense of professionalism, who works in a pragmatic and serious manner to strictly implementing the operation process and improve after-sales service ability, so as to obtain customers' recognition and praise.

## REASONS FOR AND BENEFIT OF THE POSSIBLE COOPERATION

With the development of economy and technology and the coming of the era of knowledge economy, high-tech enterprises have gradually become one of the main driving forces of social and economic development. As high-tech enterprises are the subject of both innovation and innovation investments, how to make high-tech enterprises become the main force in science and technology investments and cultivate innovation capability and new momentum is a problem that enterprises focus on and think about. High-tech enterprises are an important trend in future enterprise development and a guiding direction for enterprises. The recognition of an enterprise as a high-tech enterprise will enable the Company steer into a fast track for better development and growth. 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 to adjust its policy on industrial structure.

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 Cooperation materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible Cooperation 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, 22 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.*