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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**

#### **CONTINUED ENTRY INTO LETTERS OF PURCHASE INTENTION IN RESPECT TO BATTERY SYSTEM INTEGRATION PRODUCTS FOR THE HIGH-POWER ENERGY STORAGE BATTERY PROJECT**

This announcement is made by Kiu Hung International Holdings Limited (the “**Company**”, together with the Company’s subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors of the Company (the “**Board**”) announces that the Group continues to enter into letters of purchase intention in respect to battery system integration products for the high-power energy storage battery project (the “**Project**”).

### **BASIC INFORMATION OF THE PROJECT**

As disclosed in the announcement issued by the Company on the Hong Kong Stock Exchange on 15 July 2020, 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 with Dr. Wu Congxiao in relation to the establishment of a joint venture in the People’s Republic of China to engage in 5G data energy storage, new energy products (lithium battery) and other related businesses.

Guolian Rongke New Energy Technology Co., Ltd.\* (國聯融科新能源科技有限公司), a wholly-owned subsidiary of the Company, entered into the non-legally binding letters of purchase intention (hereinafter referred to as the “**Letters of Intent**”) with Fujian New Dragon Horse Automobile Company Limited\* (福建新龍馬汽車股份有限公司), Tianjin InnoArt Electronics Co., Ltd.\* (天津新藝電子有限公司), Henan Solid Lithium Battery Technology Co., Ltd. and GCL Cloud Storage Technology Co., Ltd.\* (協鑫雲儲科技有限公司) in August 2020.

## BASIC INFORMATION ON THE SIGNATORIES

Supplier: Guolian Rongke New Energy Technology Co., Ltd.\* (國聯融科新能源科技有限公司) (hereinafter referred to as “**Guolian Rongke**”), as a professional supplier of battery cells, provides high-quality, safe, reliable and cost-effective products. In addition to its sizeable operation and efficient supply capacity, Guolian Rongke also guarantees high-tech and high-quality services.

Purchaser I: Fujian New Dragon Horse Automobile Company Limited\* (福建新龍馬汽車股份有限公司) (hereinafter referred to as “**New Dragon Horse**”) adopts a product development strategy mainly focusing on new energy vehicles (“NEV(s)”) and supplemented by traditional gasoline vehicles. Meanwhile, New Dragon Horse continues exploring domestic and overseas markets to build a major NEV production base in the Southeast China.

Purchaser II: Tianjin InnoArt Electronics Co., Ltd.\* (天津新藝電子有限公司) (hereinafter referred to as “**Tianjin InnoArt**”) is engaged in the manufacture of flyback transformers and deflection yokes for color television sets and color displays, LCD backlight inverters, scanners inverters and SMD transformers for inverters.

Purchaser III: Henan Solid Lithium Battery Technology Co., Ltd. (hereinafter referred to as “**Henan Solid Lithium Battery**”) has always focused on the cutting-edge technology development. As a result, Henan Solid Lithium Battery accumulates core technologies and competitiveness in new energy, smart grid, energy services, big data analysis, and system integration.

Purchaser IV: GCL Cloud Storage Technology Co., Ltd.\* (協鑫雲儲科技有限公司) (hereinafter referred to as “**GCL Cloud Storage**”) undertakes the integrated 5G energy system business from GCL S.I., such as base station energy storage, mobile energy, and optical storage and charging systems. In the meantime, by capitalizing on the existing capability of Keneng Weida (科能偉達) to manufacture flexible packaging of lithium iron batteries, GCL Cloud Storage will achieve the full-cycle energy management for 5G comprehensive energy from raw materials to electricity management in terms of upstream materials, battery cell production, energy management, etc.

## SUBJECT MATTERS OF THE LETTERS OF INTENT

Purchaser I intends to undertake the purchase of battery system integration products from the Supplier from 2021 to 2023, with a total purchase amount of RMB230 million.

Purchaser II intends to undertake the purchase of power battery series or system integration products for light-duty vehicles and low-speed vehicles from the Supplier from 2021 to 2023, with a total purchase amount of RMB150 million.

Purchaser III intends to undertake the purchase of high-power energy storage battery products from the Supplier from 2021 to 2023, with a total purchase amount of RMB430 million.

Purchaser IV intends to undertake the purchase of light-duty vehicles and high-power energy storage battery products from the Supplier from 2021 to 2023, with a total purchase amount of RMB320 million.

## 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.

Guolian Rongke will appoint Fujian Chenhua Battery Technology Ltd\* (福建宸華電池科技有限公司) (hereinafter referred to as “**Fujian Chenhua**”) to process and customize production equipment, and Guolian Rongke will be responsible for sales of such production equipment. Fujian Chenhua operates an automatic production line with an annual output capacity of 240 MWHs for power battery modules, which mainly focuses on research, development and production of power lithium battery systems and battery management systems for NEVs, while providing its clients with solutions for battery system integration. In line with the development of the NEV industry in the PRC, Fujian Chenhua’s operating results enjoy a fast growth in recent years, and as a national high-tech enterprise, it demonstrates its research and development prowess, and employs more than 200 high-caliber technical researchers. As a member to various core industrial authorities, including the member of the New Energy Vehicle Industry Alliance Council (新能源汽車產業聯盟理事會), Fujian Chenhua is responsible for undertaking major scientific research projects at the national and city levels. Driven by its persistence in excellence, as well as the notion about becoming an industrial contributor to the nation, Fujian Chenhua has been moving forward with its development goal of a people-oriented global clean energy player that boasts technical advancement, practices first-rate management, and values customers to the utmost.

As far as the Company is concerned, New Dragon Horse was established with a registered capital of RMB1.25 billion in April 1997 in Longyan City, Fujian Province, a renowned revolutionary zone. New Dragon Horse operates as a fully certified automotive production facility in Fujian Province, representing one of the three NEV manufacturing bases in Fujian Province. Furthermore, it is recognized by the Longyan Government as No. 1 Project under the “Development Program for Enterprises with an Output Value of RMB10 Billion”.

In 2013 and 2015, New Dragon Horse completed the two construction projects, respectively, both of which have commenced their annual production output of 150,000 vehicles and 300,000 engines. The total investment exceeds RMB3.5 billion. Its current product portfolio covers the three major passenger vehicle markets, including microvans, multi-purposed vehicles (MPVs), sports utility vehicles (SUVs). The products available-for-sales include microvan Qiteng M70, MPV Qiteng EX80, SUV Qiteng V60, M70 electrical vehicle, and six other microvan special-purposed vehicles (including medical and postal vehicles). Currently, its product offering has been marketed to 30 districts in various provinces in the PRC, and its overseas market extends to 13 countries, including Peru, Bolivia, Egypt, North Sudan, Cambodia, Ghana, and Saudi Arabia.

Tianjin InnoArt was established at Extension No.1, 6 Xinghua Yizhi Road, Tianjin Xiqing Economic Technological Development Area in June 1991. Tianjin InnoArt promotes the design, development, and production of competitive accessories for television sets and displays at home and abroad, and its advanced technology and management approaches safeguard premium products and satisfactory services for its clients at home and abroad. Tianjin InnoArt operates a sophisticated design and development powerhouse. The market-driven product offering covers a comprehensive array of designs, which nearly apply to flyback transformers designed for color television sets and color displays, as well as deflection yokes designed for monochrome monitors. As the market shifts from CRT displays towards LCDs, the company deepens its research and development of backlight inverters for LCDs, scanner inverters, and their peripheral products. Currently, Tianjin InnoArt has 350 employees, among which 80 are technicians. By introducing advanced management approaches, the company aims to cultivate a corporate value that will sustain its competitive strengths.

Henan Solid Lithium Battery is a joint-stock enterprise jointly established by the Battery Research Institute of Henan and Shenzhen Leader Intelligent Digital Technology Co., Ltd. with the support of the People's Government of Xinxiang. Driven by the mission of marketizing the Institute's years of research results, the company redefines the "battery industry" under the dual driver model of "R&D + market", by utilizing the R&D team and platform of the Battery Research Institute of Henan, as well as the global vision of Shenzhen Leader Intelligent Digital Technology Co., Ltd., while understanding the merits of cutting-edge technologies across the world. In doing so, the company accurately positions itself as an all solid lithium ion battery conglomerate centering on "smart terminals".

GCL Cloud Storage has fully utilized its production facilities by joint investments in projects of 100,000-tonne lithium anode materials and lithium-based energy storage systems. As far as the Company is aware, GCL Cloud Storage is currently constructing the 5,000-tonne lithium iron phosphate production line, and making preliminary preparation for constructing the 100,000-tonne production line. In the midst of the pandemic impact affecting the global economy, the government focuses on the development of the 5G network, data centers, and other "new infrastructures", among which, 5G base stations experience higher energy consumption. In view of these, GCL Cloud Storage will fully tap into the combined advantages of efficient shingled components, energy storage systems, distributed energy management systems, global channel resources, and systematic integration. By capitalizing on the capability of Keneng Weida (科能偉達) to manufacture flexible packaging of lithium iron batteries, GCL Cloud Storage will achieve the full-cycle energy management for 5G base stations from raw materials to electricity management by operating a whole-industry chain that comprises materials, battery production, pack system integration, product distribution, and energy performance contracting.

## GENERAL

This announcement contains a forward-looking statement of the Group regarding to the supply of the battery system integration products, which shall not constitute assurance as to the future performance of the Group. The Group's supply of battery system integration products largely depends upon the progress of the projects of its clients. There is no assurance that the outstanding contract in respect to the supply of battery system integration products will be eventually expected to be recognized by the Group as revenue according to its schedule.

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 Letters of Intent may or may not proceed and the final structure and terms of the possible Letters of Intent, which are still subject to the further negotiations between the parties, have yet to be finalised and may deviate from that set out in the Letters of Intent. 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, 27 August 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.*