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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 and continued in Bermuda 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 MOU

The Board is pleased to announce that on 8 August 2021, the Company entered into the MOU (as defined below) with the PRC JV Partner (as defined below) in respect of the possible establishment of a joint venture.

GENERAL

In the event that the Possible JV Transaction materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible JV Transaction 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 JV Transaction 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 JV Transaction may or may not proceed and the final structure and terms of the Possible JV Transaction, which are still subject to the result of Assets Restructuring and upon further negotiations between the parties, have yet to be finalized 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 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 (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 8 August 2021, Kiu Hung Holdings Industrial (Shenzhen) Company Limited (僑雄控股實業(深圳)有限公司), the Company designated subsidiary, entered into a memorandum of understanding (the “**MOU**”) with Waisheng Industrial Group Co., Limited (維聖實業集團有限公司) (the “**PRC JV Partner**”, a company incorporation in the People’s Republic of China (the “**PRC**”)) in respect of the establishment of a new joint venture (the “**JV Co**”) by the Company (or its designated subsidiaries) and the PRC JV Partner (or its designated subsidiaries) in the PRC (the “**Possible JV Transaction**”).

THE MOU

The JV Co shall be located in Hainan Province, and the JV Co shall be organized as a limited liability company. The term of operation shall be 50 years, and the term of operation may be extended with the consent of the shareholders holding two-thirds or more of the voting rights of the JV Co.

The business objectives and goals of the JV Co will be based on the principles of openness, transparency and fairness in the operation. The JV Co will adopt advanced management and achieve satisfactory economic and social benefits for all parties to the investment.

The business scope of the JV Co shall include but not limited to: research and development and sales of computer software (hardware); e-commerce; computer system integration; sales of mechanical and electrical products, communications equipment, network equipment, mechanical equipment, electronic technology products; business management consulting; agricultural project investment; production, sales and project investment and exhibition display services of new energy and new materials.

The MOU shall remain in force during the period commencing from the date of the MOU and ending on the earlier of (i) ninety (90) days from the date of the MOU; or (ii) the date on which both parties enter into a written agreement not to proceed with the formation of the JV Co; or (iii) the breach of the confidentiality provisions as contained in the MOU by either party (the “**Exclusivity Period**”). The PRC JV Partner has agreed to negotiate with the Company (or its designated subsidiaries) only for the formation of the JV Co and shall not enter into any form of discussion or negotiation or enter into any agreement with any other interested parties in relation to the formation of the JV Co during the Exclusivity Period.

Upon completion of due diligence, the amount of capital contribution and the respective shareholdings of the parties and other terms of the formation of the JV Co will be subject to further negotiation between the parties. The JV Co may not become a subsidiary of the Company upon its establishment.

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

INFORMATION ON THE PRC JV PARTNER

The PRC JV Partner is a company incorporated in the PRC with limited liability. As of the date of this announcement, the PRC JV Partner is a company engaged in business services, wholesale and retail of goods, import and export, real estate development and operation, land preparation, environmental protection engineering and promotion of high technology, international trade involving import and export of high-end equipment, with a registered capital of RMB200 million. The PRC JV Partner is a diversified group of companies which has absolute control of 5 large and medium-sized companies. The PRC JV Partner has now formed a “new energy” industry chain with high-tech products such as methanol clean fuel, biomass filter oil purifier and new green fire extinguishing agent for environment protection and agriculture.

REASONS FOR AND BENEFIT OF THE POSSIBLE JV TRANSACTION

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 JV Transaction will be 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 JV Transaction would provide an opportunity for the Company to diversify the Group’s income stream and enhance Shareholders’ value.

GENERAL

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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 JV Transaction 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 JV Transaction may or may not proceed and the final structure and terms of the Possible JV Transaction, which are still subject to the result of Assets Restructuring and upon further negotiations between the parties, have yet to be finalized 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, 9 August 2021

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.