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CHONG KIN GROUP HOLDINGS LIMITED

創建集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1609)

DISCLOSEABLE TRANSACTION – FORMATION OF A JOINT VENTURE COMPANY

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 27 November 2018 (after trading hours), Zhong Jun, a non wholly-owned subsidiary of the Company, entered into the JV Agreement with Henan Ping Mei in relation to the formation of the JV Company in the PRC which will principally engage in the business of assembling lithium-ion battery modules and packs, and the distribution of relevant products.

Pursuant to the JV Agreement, the registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$56,500,000) which shall be paid up by 31 October 2028. Zhong Jun will pay RMB27,000,000 (equivalent to approximately HK\$30,510,000) and Henan Ping Mei will pay RMB3,000,000 (equivalent to approximately HK\$3,390,000) of the registered capital initially within 15 business days from the date of establishment of the JV Company. The JV Company will be owned as to 90% by Zhong Jun and 10% by Henan Ping Mei, respectively, and will be a non-wholly owned subsidiary of the Company. The financial results of the JV Company will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the JV Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transaction contemplated under the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

FORMATION OF THE JV COMPANY

INTRODUCTION

The Board is pleased to announce that on 27 November 2018 (after trading hours), Zhong Jun entered into the JV Agreement with Henan Ping Mei in relation to the formation of the JV Company in the PRC which will principally engage in the business of assembling lithium-ion battery modules and packs, and the distribution of relevant products.

THE JV AGREEMENT

Date

27 November 2018 (after trading hours)

JV Parties

- (1) Zhong Jun, an indirect non wholly-owned subsidiary of the Company; and
- (2) Henan Ping Mei.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Henan Ping Mei and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

The JV Agreement is governed by the PRC laws.

Formation

The JV Parties agreed that the JV Company will be established in Feng Quan District, Xinxiang City, Henan Province, and its equity interest will be owned as to 90% by Zhong Jun and 10% by Henan Ping Mei.

Business scope

The JV Company will principally engage in the business of assembling lithium-ion battery modules and packs, and the distribution of relevant products.

Capital contribution and further financing

Pursuant to the JV Agreement, the registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$56,500,000). Zhong Jun will pay RMB27,000,000 (equivalent to approximately HK\$30,510,000) and Henan Ping Mei will pay RMB3,000,000 (equivalent to approximately HK\$3,390,000) of the registered capital initially within 15 business days from the date of the establishment of the JV Company. Zhong Jun will fulfil its obligation in respect of its capital contribution by way of injecting cash into the JV Company. The JV Company will be owned as to 90% by Zhong Jun and 10% by Henan Ping Mei, respectively, and will be a non-wholly owned subsidiary of the Company. The financial results of the JV Company will be consolidated into the financial statements of the Company.

Further capital contributions to pay up the registered capital of the JV Company shall be made by Zhong Jun and Henan Ping Mei before 31 October 2028 in proportion to their respective equity interests in the JV Company.

The Group intends to finance its share of the capital contribution to the JV Company of RMB27,000,000 (equivalent to approximately HK\$30,510,000) by internal resources.

Upon establishment of the JV Company, Zhong Jun and Henan Ping Mei will be entitled to share the profit of the JV Company in proportion to their respective equity interests in the JV Company.

Director and Business Management Department

There shall be one executive director in the JV Company who shall also act as the authorized representative of the JV Company.

The business management department of the JV Company shall comprise of one general manager who shall be responsible for the day-to-day business management of the JV Company, and several deputy general managers.

There will be one supervisor in the JV Company.

INFORMATION ON THE GROUP

Zhong Jun is a non wholly-owned subsidiary of the Group and is owned as to 90% by the Group and as to 10% by Beijing Kaixuan as at the date of this announcement. Zhong Jun is a company established under the laws of the PRC and is principally carrying out the business of logistics related services including new energy vehicle sales and leasing, road freight transportation, logistics park development and warehousing services. Zhong Jun operates a vast network in Zhejiang province and Jiangsu province in the PRC for provision of logistics related services via over 20 subsidiaries and branch offices.

The Group is principally engaged in the provision of concrete placing services and other ancillary services as a subcontractor for both public sector projects, including building and infrastructure related projects; and private sector projects, which are mostly building related projects in Hong Kong.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

Henan Ping Mei was established in 2017 with a registered capital of RMB100 million. It is a high-tech company specializing in research and development, production, sales and application of lithium-ion power batteries and it is jointly owned by Henan Yicheng New Energy Co. Ltd. (河南易成新能源股份有限公司) that is listed on the Shenzhen Stock Exchange (300080.SZ) and Beijing Guoneng Battery Technology Co., Ltd.* (北京國能電池科技有限公司).

The JV Company intends to form a high-energy-power lithium-ion battery project at the Power Battery Professional Park in Fengquan District, Xinxiang City, Henan, the PRC. The product positioning is high-end, safe, high energy density, low cost and long life span.

Upon completion of the acquisition of Stand East, which indirectly owns 90% of the equity interest in Zhong Jun, in October 2018, the Group has embarked into the logistics industry in the PRC. Through the establishment of the JV Company, the Group will further utilise its management experience in EV logistics and related project resources, and its well-established channel network in the logistics industry to enhance its market competitiveness. The JV Company will serve as a platform for Henan Ping Mei for penetrating into the logistics industry and production and sales of lithium-ion power batteries market. As such, the establishment of the JV Company will generate synergies for both the Company and Henan Ping Mei through combining their respective competitive edges in the logistics industry and the research and development, production, sales and application of lithium-ion power batteries and further consolidate the Group's position and leadership in the logistics industry in the PRC. The Group believes that the formation of the JV Company is a positive strategic move which will benefit the Company and the Shareholders in the long run.

The Board considered that the JV Agreement was arrived after arm's length negotiations between the parties, and is of the view that the terms of the JV Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the JV Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transaction contemplated under the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

* *For identification purposes only*

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Beijing Kaixuan”	北京凱旋創業投資(北京)有限公司 (Beijing Kaixuan Investment (Beijing) Company Limited*), an Independent Third Party
“Board”	the board of Directors
“Company”	Chong Kin Group Holdings Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 1609)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Henan Ping Mei”	河南平煤國能鋰電有限公司(Henan Ping Mei Guo Neng Li Dian Co., Limited*), a company established under the laws of the PRC
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“JV Agreement”	the agreement entered into by Zhong Jun and Henan Ping Mei in respect of the formation of the JV Company
“JV Company”	the joint venture company proposed to be established pursuant to the JV Agreement and intended to be named as 河南平創新能源有限公司 (Henan Ping Chuang Xin Neng Yuan Co., Limited*)
“JV Parties”	the parties to the JV Agreement, being Zhong Jun and Henan Ping Mei
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company

“Stand East”	Stand East Investments Limited (立東投資有限公司), a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong Jun”	中軍凱旋汽車租賃公司 (Zhong Jun Kai Xuan Automotive Leasing Company*), a limited liability company established under the laws of the PRC and an indirect non wholly-owned subsidiary of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB1 equals to HK\$1.13. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman and Chief Executive Officer

Hong Kong, 27 November 2018

As at the date of this announcement, the Board comprises a total of 5 Directors, namely Mr. Zhang Jinbing and Mr. Ni Biao as executive Directors; and Mr. Tam Ping Kuen Daniel, Dr. Zhu Zhengfu and Dr. Li Yifei as independent non-executive Directors.

* For identification purposes only