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**KELFRED HOLDINGS LIMITED**

**恒發光學控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1134)**

**MEMORANDUM OF UNDERSTANDING  
POSSIBLE COOPERATION IN RELATION TO A BATTERY  
SWAPPING AND HYDROGEN ELECTRIC VEHICLES PROJECT**

This announcement is made by Kelfred Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep its shareholders and potential investors of the Company abreast of the latest business development of the Group.

**THE MEMORANDUM OF UNDERSTANDING**

The Board announces that on 27 July 2021 (after trading hours), Tokyo Universe Technology Limited (“**Tokyo Universe**”), a company incorporated with limited liability in Hong Kong and a direct wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with Biyiwei New Energy (Shenzhen) Co., Ltd.\* (比依威新能源 (深圳) 有限公司) (“**Biyiwei New Energy**”), a limited liability company established in the People’s Republic of China, pursuant to which the parties intend to carry out a cooperation (the “**Possible Transaction**”) in respect of a battery swapping and hydrogen electric vehicles project (the “**Project**”).

The principal terms of the MOU are set out as follows:

**Date**

27 July 2021 (after trading hours)

## **Parties**

1. Tokyo Universe Technology Limited
2. Biyiwei New Energy (Shenzhen) Co., Ltd.\* (比依威新能源 (深圳) 有限公司)

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Biyiwei New Energy and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **The Project and Possible Transaction**

Pursuant to the MOU, the parties have agreed to a cooperation in respect of the development of battery swapping and hydrogen electric vehicles.

Tokyo Universe and Biyiwei New Energy shall make capital contribution to and share the return arising from the Project in the proportion of 60:40. Tokyo Universe's capital contribution shall be settled in cash and Biyiwei New Energy shall make its capital contribution by way of providing intellectual properties and technical know-how.

Tokyo Universe is principally responsible for the provision of initial capital for the Project. Biyiwei New Energy is principally responsible for the provision of technical know-how and intellectual properties to, and relevant procedural matters, day-to-day operations and marketing and sales in respect of the Project in accordance with the MOU.

The details of the cooperation under the Project is subject to the provisions of the articles of association and a formal agreement to be entered into by the parties.

## **Management of the Project**

The Project shall be managed by a group of five (5) persons (the “**Management Group**”), of which Tokyo Universe shall be entitled to nominate three (3) members and Biyiwei New Energy shall be entitled to nominate two (2) members. The head of the Management Group shall be a member nominated by Tokyo Universe and the deputy head of the Management Group shall be a member nominated by Biyiwei New Energy.

## **Distribution**

Distribution shall be made out of the profits of the Project for each financial year, and in accordance with a proportion to be agreed by the parties.

## **Binding Effect**

Except for the provisions in relation to binding effect, confidentiality, dispute resolution and variation and entire agreement, which shall be binding upon the parties to the MOU, other provisions set out in the MOU are subject to the negotiation and execution of the formal agreement and shall not be binding upon the parties to the MOU.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTION**

As disclosed in the annual report of the Company published on 28 April 2021, the outbreak of COVID-19 pandemic has brought an unprecedented impact on businesses across various industries and has adversely affected the Group's business operations and profitability. In particular, the revenue of the Group has dropped due to delays or cancellations of sales orders along with the reduction of demand from the Group's overseas customers during the year ended 31 December 2020. In view of that and after taking into account the current market condition and the overall business landscape of the Group, the management has been looking for new opportunities to achieve diversification in the business and income streams of the Group.

Reference is made to the announcements of the Company dated 21 December 2020, 28 January 2021 and 22 March 2021 in relation to the Group's entry into of (i) a strategic cooperation agreement on the formation of a joint venture with joint venture partners who are experienced and who possess the expertise in the new energy vehicle industry; and (ii) two non-legally binding memoranda of understanding in relation to the Group's intention to acquire target companies in the new energy vehicles industry.

Along with the Group's diversification plan, the Group has entered into the MOU, which represents a further intention of the Group to tap into the new energy vehicles industry. Going forward, the Group will carry out due diligence on the acquisition target(s) mentioned above, conduct market and feasibility studies and analyses on the new energy vehicles business and work with joint venture partners (such as Biyiwei New Energy) in pursuit of new business opportunities.

The Group remains to be committed to the development and optimisation of its eyewear business, being the Group's existing core business activity. The Company considers that an integrated business approach combining the exploration of new business opportunities and the solidification of its existing business is in the best interest of the Group in the circumstance, as it would afford with Group with stability and innovation at the same time and mitigate the impact of potential risks and uncertainties.

The Directors consider that the terms of the MOU are fair and reasonable, and the Possible Transaction is in the interest of the Company and its shareholders as a whole.

**The Possible Transaction is subject to, amongst others, the formal agreement. No legally-binding agreement in relation to the Possible Transaction and the Project has been entered into as at the date of this announcement. As such, the Possible Transaction may or may not proceed.**

**If the Possible Transaction materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock of Hong Kong Limited (the “Listing Rules”).**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement in respect of the Possible Transaction as and when appropriate in accordance with the Listing Rules.**

By order of the Board  
**Kelfred Holdings Limited**  
**Kwok Kwan Fai**  
*Chairman and Executive Director*

Hong Kong, 27 July 2021

*As at the date of this announcement, the executive Directors are Mr. Kwok Kwan Fai, Mr. Kwok Kwan Yu and Mr. Zuo Zhengsan, the non-executive Directors are Mr. Kwok Mau Kwan, Ms. Chan Yin Wah and Mr. Zhang Li, and the independent non-executive Directors are Mr. Hong Sze Lung, Mr. Chu Kin Ming and Mr. Chan Hon Wah.*

*\* for identification purpose only*