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## **CHINA HOUSEHOLD HOLDINGS LIMITED**

### **中國家居控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 692)**

## **COMPREHENSIVE COOPERATION AGREEMENT IN RELATION TO CHINA AEROSPACE-THEMED TOURISM TOWNSHIP PROJECT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

The Board is pleased to announce that, on 29 October 2016, China Household entered into a Memorandum with Zhongheng Investment (China Shenzhou Aerospace Park), pursuant to which, the Company expressed its intention to acquire a national 5A tourist spot under China Shenzhou Aerospace-Themed Park Tourism Township Project encompassing tourism, culture and industry with a promising outlook. The project was orchestrated by China Academy of Space Technology (Space Fifth Institute (航天五院)) and parties to the project, in addition to the full support from Zhongshan City Government. It is currently the first aerospace-themed park and education base for science popularisation in China, which has been included in the “Thirteenth Five” key construction projects in Guangdong province in 2016 and in the major construction projects of Zhongshan City in 2016. Both parties have entered into a comprehensive cooperation agreement in this aspect.

Pursuant to the Memorandum, Zhongheng Investment intends to sell and China Household intends to acquire the sales shares of the Target Company at the total consideration of no less than HK\$1,450,000,000. The total consideration of the Acquisition shall be no less than HK\$1,450,000,000. The method and schedule of payment are subject to further negotiation, which may include but not limited to by way of an issuance of consideration shares, convertible bonds and promissory notes.

The Company will make further announcement on the potential Acquisition in compliance with the Listing Rules in due course.

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The Memorandum does not constitute a legally binding commitment in relation to the potential Acquisition by the Parties to the memorandum of understanding. The potential Acquisition is conditional upon the execution and completion of the formal agreement.

## **MEMORANDUM OF UNDERSTANDING – SHENZHOU AEROSPACE TOWN HOLDINGS COMPANY LIMITED ( 神舟航天城控股有限公司 )**

Pursuant to the Memorandum, Zhongheng Investment intends to sell and China Household intends to acquire the sales shares of the Target Company at the total consideration of no less than HK\$1,450,000,000. The total consideration of the Acquisition shall be no less than HK\$1,450,000,000. The method and schedule of payment are subject to further negotiation, which may include but not limited to by way of an issuance of consideration shares, convertible bonds and promissory notes. To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, Zhongheng Investment and its beneficial owner are Independent Third Parties.

The consideration of the Acquisition will be determined by China Household and Zhongheng Investment with reference to, amongst others, the introduction of the China Aerospace-Themed Tourism Township Project and its development plan to the Company by the Target Group, which is expected to enhance the revenue and synergy to be enjoyed by the Company, as well as the valuation from independent valuers.

## **DUE DILIGENCE**

Pursuant to the Memorandum, the Company has the rights to engage representatives and/or financial advisers to perform assessment and due diligence investigations on the subsidiaries to be acquired in regards of their legal, financial and other aspects (the “**Due Diligence**”). The Target Group shall be obliged to provide assistance for the Due Diligence, including but not limited to providing the required information, documents and responses to queries as required by the Company, its authorised representatives, authorised consultants and authorised financial advisers.

## **EXCLUSIVITY**

Unless having obtained the written consent of termination from the Company, during the Investigation Period (i.e., the period of three months from the date of the Memorandum (the “**Exclusivity Period**”)), the Company shall have the exclusive rights to discuss and negotiate the potential Acquisition with the China Aerospace-Themed Tourism Township Project. During the Exclusivity Period, the Target Group shall not discuss or negotiate with any third parties other than the Company in relation to the potential Acquisition, or enter into any agreements or arrangements with any third parties in relation to the potential Acquisition.

## **TERMINATION**

In the event that, (i) upon the expiry of the Exclusivity Period, the Parties fail to enter into the formal agreement; or (ii) prior to the expiry of the Investigation Period, the Company has provided a written reply to the Target Group, stating its intention of not to proceed with the potential Acquisition, the Memorandum will be terminated and cease to have any legal effect, save for certain provisions on confidentiality.

## **INFORMATION ABOUT THE TARGET GROUP**

The Target Company is a company incorporated in the British Virgin Islands with limited liability. Sunsea Land is a company incorporated in Hong Kong and wholly owned by the Target Company.

The Target Group is in the process of reorganisation and is expected to be comprised the Target Company, Sunsea Land and Sunsea Yacht Club. As at the date of this announcement, the Target Company, Sunsea Land and Sunsea Yacht Club have been duly incorporated.

Upon the completion of the reorganisation, the issued share capital of Sunsea Yacht Club will be indirectly and wholly owned by the Target Company. The Target Group will principally engage in the operation of the China Aerospace-Themed Tourism Township Project through Sunsea Yacht Club.

The China Aerospace-Themed Tourism Township Project is the first interactive, intelligent and whole-region aerospace-themed tourism town in China, which was strategically planned and jointly developed by Guangdong Sunsea Yacht Club Company Limited and China Academy of Space Technology (Space Fifth Institute ( 航天五院)). Located in Shenwan Town, Zhongshan City, Guangdong province with a total site area of 800,000 square meters, the project is a key development project by the governments of Guangdong province and Zhongshan City. The project comprises three major sectors, including Shenzhou Aerospace Park, Outlet Town and Space Agricultural Park.

Mr. Wong Hung Chiu ( 黃鴻照) (“**Mr. Wong**”) is the current Chairman of Sunsea Yacht Club and is responsible for managing the entire China Aerospace-Themed Tourism Township Project. Mr. Wong graduated from South China Normal University in 1984. He was elected as a deputy mayor of Sanxiang Town, Zhongshan City People’s Government in 1986 and as a deputy party secretary of Sanxiang Town, Zhongshan City in 1989. He successfully led Sunsea Yacht Club to enter into the China Aerospace-Themed Park Cooperation Agreement ( 《中國航天主題樂園合作協議》 ) with the Beijing Space Science and Technology Information Institute ( 北京空間科技信息研究所) in Beijing Diaoyutai State Guesthouse on 5 March 2012. He launched the preliminary work of the project and pressed ahead the site selection, planning and design of the aerospace-themed park, being the first of its kind in the PRC and the only one in Guangdong. On 28 March 2015, he cordially invited the China Academy of Space Technology (the “**Institute**”) and the Government of Zhongshan City, Guangdong province (the “**Zhongshan City Government**”) to enter into the China (Zhongshan) Aerospace Town Cooperation Framework Agreement ( 《中國(中山)航天城合作框架協議》 ) which marked the project to be officially positioned in Zhongshan Shenwan and to be included in the “Thirteenth Five” key construction projects of Guangdong province in 2016. The Board intends to invite Mr. Wong to join the management of the Company to manage and be responsible for the implementation and development of the China Aerospace-Themed Tourism Township Project upon completion of the Acquisition.

Both the Institute and Sunsea Yacht Club adhere to the principle of “equality and mutual benefits, friendly negotiation, sincere cooperation and joint development”, a cooperation framework agreement (the “**Cooperation Agreement**”) in relation to the China (Zhongshan) Shenzhou Aerospace Park located in Shenwan Town, Zhongshan City was intended to be entered into in respect of joint establishment of a world-class aerospace-themed park in China, a national 5A tourist spot and a whole-region aerospace intelligent tourism town by virtue of aerospace cultural creation and aerospace science popularisation experience, as well as planning and development of various segments, including Shenzhou Aerospace Park, Outlets Town and Space Agricultural Park with an investment amount up to RMB7,000,000,000. The project implementation work in relation to the Cooperation Agreement will be jointly organised and conducted by both parties thereto. In the course of conducting relevant formalities and project implementation, the Zhongshan City Government will fully cooperate with the Institute and Sunsea Yacht Club. Meanwhile, it will also offer the highest quality services within the shortest time, thereby facilitating the smooth and effective operation and progress of the project of the Institute and Sunsea Yacht Club in Zhongshan City.

## **REASONS AND BENEFITS FOR THE ACQUISITION**

The Group is principally engaged in the sales of household furniture, iron and titanium exploration, development and mining in the PRC and the information and technologies services during the year.

The state has been vigorously promoting the tourism and cultural industries, as evident in the “Outline of the Thirteenth Five-Year Plan” where direct references to the term “tourism” were made on at least 15 occasions, and the development of new business models, namely agricultural tourism, agricultural experience, creative agriculture, tourism real estate and cultural real estate, were emphasised. The outline also emphasises expediting the development of modern cultural industry, promoting the innovation of cultural industry and co-developing the cultural, technology and tourism sectors. Furthermore, it aims at optimising the urban and industrial planning along the Yangtze River, devising a roadmap for offering high-end eco-experience, expanding the environmentally friendly and pleasant eco-space, developing towns with unique charms that offer professional services for tourism and science education.

According to the statistics from the China National Tourism Administration, the number of passengers for inbound and outbound travel totalled 4.12 billion in 2015, representing nearly 3 times the traveller population of the PRC. The tourism industry of the PRC accounted for 10.1% of the GDP of the PRC, outperforming the education, banking and automobile sectors. In other words, tourism has become the new growth driver of the Chinese economy under the new norm.

Based on the information provided by Zhongheng Investment, the China Aerospace-Themed Tourism Township Project will be developed into a town of tourism, culture and commercial properties located in Shenwan Town, Zhongshan City that integrated various themes, for example, theme tourism plaza, leisure and resort complex and car camping site. It will also become an aerospace-themed park, which is the first of its kind in the PRC and the only one in Guangdong, a national 5A tourist spot and a whole-region aerospace intelligent tourism town. The China Aerospace-Themed Tourism Township Project is one of the national key development projects. In the course of planning of the project, a number of central enterprises and large state-owned enterprises have been actively negotiating and have expressed that they intend to participate in the China Aerospace-Themed Tourism Township Project by various means. The Board considers that if the project will be successfully linked up with the Company, it can attract more low-cost capital through the online platform of the Company to invest in the development and construction of the project and in turn support and complement the overall transformation and upgrading of the Company, shape high-end goodwill and create better returns for the Shareholders.

In order to more effectively manage the business risks of the Company and to diversify its business, the Board aims to acquire access to the China Aerospace-Themed Tourism Township Project through the Acquisition, which it believes will allow the Company to leverage the national policy to tap into the cultural tourism industry in the PRC, thereby further fulfills the needs of business development. The Board is also committed to developing the first whole-region aerospace-themed tourism town in the country in a bid to enhance the returns for the Shareholders and lead China Household to a new era.

## **GENERAL**

**The Board wishes to emphasise that, as at the date of this announcement, no legally-binding agreement in relation to the potential Acquisition has been entered into. As the potential Acquisition may or may not proceed, investors and Shareholders are reminded to exercise caution when dealing with the securities of the Company. The Company will make further announcement on the potential Acquisition in compliance with the Listing Rules in due course.**

## **DEFINITIONS**

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

“Acquisition”	the proposed acquisition of sales shares contemplated under the Memorandum
“Memorandum”	the memorandum of understanding entered into by Zhongheng Investment and the Company in relation to the Acquisition on 29 October 2016

“China Aerospace-Themed Tourism Township Project”	the China (Zhongshan) Shenzhou Aerospace Park located in Shenwan Town, Zhongshan City ( 中山市神灣鎮之中國 (中山) 神舟航天樂園) and supporting industries
“Board”	the board of Directors
“Sunsea Land”	Sunsea Land (China) Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Target Company
“Sunsea Yacht Club”	Guangdong Sunsea Yacht Club Company Limited* ( 廣東盛世遊艇會有限公司), a company established in China with limited liability and the entire issued share capital of which is to be wholly owned by Sunsea Land upon the completion of organisation
“Target Company”	Shenzhou Aerospace Town Holdings Company Limited* ( 神舟航天城控股有限公司), a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries upon the completion of the reorganisation
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Company”	China Household Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company, including the independent non-executive Directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China

“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Parties”	the Company, China Household and Zhongheng Investment
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“China Household”	Vanilla Venus Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Shares”	the ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholders”	holders of the Share(s)
“Zhongheng Investment” or “Zhongheng Investment (China Shenzhen Aerospace Park)”	Zhongheng Investment Holdings Company Limited* (中恆投資控股有限公司), a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

By order of the Board  
**China Household Holdings Limited**  
**Mr. Fu Zhenjun**  
*Executive Director*

Hong Kong, 29 October 2016

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Zhixiong, Mr. Fu Zhenjun and Mr. Kuang Yuanwei, one non-executive Director, Mr. Li Dikang, and three independent non-executive Directors, namely Dr. Loke Yu, Mr. Yu Bingguang and Mr. Lin Xuebin.*

\* *For identification purposes only*