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CHEN HSONG HOLDINGS LIMITED

震 雄 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00057)

FRAMEWORK AGREEMENT IN RELATION TO THE POSSIBLE COOPERATION

The Board is pleased to announce that on 28 November 2018 (after trading hours), Oriental Grand, Team Empire and Gaw Capital entered into the Framework Agreement, pursuant to which (i) Oriental Grand and Team Empire would cooperate to seek governmental written approval towards the Commercial Plan; (ii) Team Empire would provide funding for the Preparations of the Project; and (iii) Gaw Capital would provide guarantee for the performance of certain obligations of Team Empire under the Framework Agreement. Subject to, among other things, the fulfilment of the Condition and Oriental Grand and Team Empire (or Team Empire's Designated Party) agreeing all provisions of the Cooperation Agreements, Oriental Grand and Team Empire's Designated Party shall enter into the Cooperation Agreements.

The Possible Cooperation, if materializes, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the transactions contemplated under the Framework Agreement shall be made by the Company in the event that any of the Cooperation Agreements has been entered into.

The Board wishes to emphasize that the Possible Cooperation is subject to, among others, the Condition being fulfilled and the Cooperation Agreements being entered into. As such, the Possible Cooperation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 22 August 2018 in relation to the Possible Cooperation.

THE FRAMEWORK AGREEMENT

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Details of the Framework Agreement are set out below:

POSSIBLE COOPERATION

Pursuant to the Framework Agreement, Team Empire shall, at its own expense, carry out the following (the "**Team Empire Responsibilities**"):

- (i) form a taskforce to conduct feasibility studies and other preparations for the Project (the "**Preparations**"); and
- (ii) with the cooperation of Oriental Grand and based on the Project commercial plan to be further mutually agreed (the "**Commercial Plan**"), submit and use its reasonable commercial endeavour to obtain governmental written approvals towards the Commercial Plan for all or part of the Land Plots (where in the latter case, such written approvals shall at least include the Commercial Plan of Plot C) (the "**Condition**") during the Term, such Term being extendable by another 6 months or longer as Oriental Grand and Team Empire may mutually agree (the "**Extended Term**") if they reasonably consider that substantive progress has been made and reasonably foresee that the Condition can be satisfied in 6 months' time.

Oriental Grand and Team Empire have confirmed that the plot ratios in the Commercial Plan for Plot A, Plot B and Plot C shall initially not be lower than 3, 3 and 4.5 times, respectively. However, if, and only if, the Commercial Plan is not approved by the governmental authorities after multi-lateral coordination, Oriental Grand and Team Empire may agree upon a new commercial plan based on the feedback of the governmental authorities so that the new plan can be approved by the said authorities.

If, by 30 April 2019, the governmental authorities only give their approval on developing Plot C into affordable commercial residential houses (安居型商品房), then regardless of whether approvals have been obtained from the governmental authorities towards the Commercial Plan of Plot A and Plot B, Oriental Grand, Team Empire and Gaw Capital shall negotiate in an amicable manner whether to proceed with the Possible Cooperation. However, each of Oriental Grand and Team Empire shall have the right to terminate the Framework Agreement by giving a notice in writing to the other parties to the Framework Agreement by 15 May 2019. In such event, the Framework Agreement shall terminate on the date of receipt of the termination notice by the receiving parties and Oriental Grand shall return to Team Empire the Earnest Money (defined below) received pursuant to the Framework Agreement. Where the Framework Agreement is not terminated, Oriental Grand, Team Empire and Gaw Capital shall continue with the Possible Cooperation according to the provisions of the Framework Agreement.

Team Empire shall provide funding of an aggregate of up to RMB10,000,000 (equivalent to approximately HK\$11,261,000) and manpower to conduct the Preparations and apply for the necessary approvals from the government authorities. Gaw Capital shall guarantee Team Empire's performance of such obligations.

During the Term, Oriental Grand and Team Empire (or Team Empire's Designated Party, as defined below) shall use their reasonable commercial endeavours to negotiate the Cooperation Agreements based on the Main Business Terms under the Framework Agreement and agree on all provisions of the Cooperation Agreements.

Where (i) the Condition is satisfied; (ii) Oriental Grand and Team Empire (or any company(ies) designated by Team Empire pursuant to the Framework Agreement (“**Team Empire's Designated Parties**” and each a “**Team Empire's Designated Party**”)) have agreed on all provisions of the Cooperation Agreements; and (iii) subject to the Company's compliance with the relevant requirements under the Listing Rules, Oriental Grand and Team Empire's Designated Party shall, in good faith, enter into the Cooperation Agreements. The completion of the transactions to be contemplated under the Cooperation Agreements shall be subject to the Company's compliance with the relevant Listing Rules.

Details of the Land Plots

The Land Plots comprise three plots of land located at Nos. 31, 50 and 52 Renmin Zhong Road, Kengzi, Pingshan New District, Shenzhen, the PRC with a total site area of approximately 551,552.90 square metres. It is currently held by CH Industrial Park and is used by the Group mainly as factories and related staff accommodation and canteen in Shenzhen.

Earnest Money

Pursuant to the Framework Agreement, Team Empire shall pay Oriental Grand a sum of RMB10,000,000 (equivalent to approximately HK\$11,261,000) within 7 business days after the entering into of the Framework Agreement as a consideration for Oriental Grand's exclusivity obligations under the Exclusivity Clause (the "**Earnest Money**"). Gaw Capital shall guarantee to Oriental Grand that Team Empire shall pay the Earnest Money to Oriental Grand in full and on time pursuant to the Framework Agreement.

The Earnest Money shall be non-refundable as a result of the termination of the Framework Agreement unless the Framework Agreement is terminated as a result of (i) the governmental authorities only giving their approval on developing Plot C into affordable commercial residential houses by 30 April 2019 and Oriental Grand or Team Empire serving the termination notice on the other party to the Framework Agreement before 15 May 2019; or (ii) Oriental Grand committing any material breach of the Framework Agreement. For the avoidance of doubt, where the Condition is not satisfied on the expiry of the Term or the Extended Term (as the case may be), such Earnest Money shall not be refundable by Oriental Grand to Team Empire.

Exclusivity

During the Term, unless with Team Empire's prior written consent, Oriental Grand, CH Industrial Park, the Company and their respective associates (as defined in the Listing Rules), substantial shareholders, directors and employees shall not directly or indirectly solicit, initiate, discuss, accept or negotiate any matters, or enter into any agreement, in relation to the Framework Agreement or the Possible Cooperation with any third party (the "**Exclusivity Clause**").

Material Breach of the Framework Agreement

Material breach by Oriental Grand

The following circumstances shall constitute material breaches of the Framework Agreement by Oriental Grand whereby Team Empire may immediately terminate the Framework Agreement by giving a written notice to Oriental Grand:

- (i) Oriental Grand refuses to discuss the Cooperation Agreements during the Term, except as a result of the occurrence of a force majeure event;
- (ii) Oriental Grand refuses to enter into the Cooperation Agreements with Team Empire's Designated Party where the Condition is fulfilled and Oriental Grand and Team Empire or Team Empire's Designated Party have agreed on all provisions of the Cooperation Agreements, except as a result of the occurrence of a force majeure event;

- (iii) Oriental Grand fails to, and ensure CH Industrial Park to, actively cooperate with Team Empire in coordinating with the governmental authorities and assisting in coordinating with interested third parties, provide all the required information of the Project in the possession of or as may be obtained with reasonable effort by Oriental Grand and CH Industrial Park in a timely manner and fully cooperate with Team Empire in relation to the liaison with governmental authorities for approvals of the Project, and the failure results in Team Empire being objectively unable to continue to perform all of the agreed matters under the Framework Agreement or delaying Team Empire's performance of any of the agreed matters under the Framework Agreement by more than 3 months, except as a result of the occurrence of a force majeure event; and
- (iv) breaches the Exclusivity Clause.

If the Framework Agreement is terminated as a result of any of (i), (iii) and (iv) above, Oriental Grand shall refund the Earnest Money; and if the Framework Agreement is terminated as a result of (ii) above, Oriental Grand shall pay two times of the Earnest Money received to Team Empire, failing which Oriental Grand shall pay a daily default interest of 0.02% on any unpaid amount.

In the case of termination as a result of any of the above events, Oriental Grand shall also compensate Team Empire for the reasonable expenses actually incurred by Team Empire for engaging a third party to carry out the Preparations with a limit of up to RMB10,000,000 (equivalent to approximately HK\$11,261,000).

Material breach by Team Empire

The following circumstances shall constitute material breaches by Team Empire whereby Oriental Grand may immediately terminate the Framework Agreement by giving a written notice to Team Empire and Oriental Grand is entitled to retain the Earnest Money received and Team Empire shall pay any Earnest Money payable but unpaid together with a daily default interest of 0.02% on any unpaid amount.

- (i) Team Empire fails to (a) carry out the Team Empire Responsibilities or (b) coordinate, handle and complete all relevant work under the Framework Agreement and bear and pay all necessary expenses incurred as a result of carrying out the Team Empire Responsibilities, except as a result of the occurrence of a force majeure event; and
- (ii) Team Empire fails to pay the Earnest Money on time and in full.

Validity

Unless being terminated earlier as a result of the terminating events stipulated in the Framework Agreement, the Framework Agreement shall be effective for 12 months from the date of the Framework Agreement (the “**Term**”) or until the end of the Extended Term (as the case may be).

Main Business Terms

Pursuant to the Framework Agreement, Oriental Grand and Team Empire (or Team Empire's Designated Party) shall negotiate for the Cooperation Agreements pursuant to the Main Business Terms, which are the mutually agreed basic principles of the Cooperation Agreements. They may agree on further details of, and such matters not having been agreed in, the Main Business Terms.

Pursuant to the Main Business Terms, among other things:

- (i) Oriental Grand and Team Empire (or Team Empire’s Designated Party) shall set up a joint venture company to manage and operate the Project;
- (ii) Oriental Grand shall contribute the Land Plots and the land use rights of the Land Plots together with the then existing buildings on the Land Plots towards the Project, whereas Team Empire (or Team Empire’s Designated Party) shall bear any costs and expenses in relation to the development of the Project and all risks and liabilities in relation to or arising from the Project, save that the risk and liabilities caused by the government authorities or Oriental Grand (in respect of Plot A and Plot B only) or force majeure events shall be borne by the Project Company;
- (iii) Team Empire (or Team Empire’s Designated Party) shall pay to:
 - (a) Oriental Grand RMB140,000,000 (equivalent to approximately HK\$157,653,000) as a deposit and such deposit shall be non-refundable after the transfer of Plot C and its land use rights to the joint venture company, or a project company (the “**Project Company**”) directly holding the Land Plots and the properties to be built thereon under the Project (the “**Developed Properties**”);
 - (b) Oriental Grand, CH Industrial Park or the Company a non-refundable relocation and transitional resettlement compensation for the Land Plots in a total amount of RMB600,000,000 (equivalent to approximately HK\$675,654,000), which will be paid by stages after the signing of the respective transfer confirmations in respect of contribution of each of the Land Plots, their land use rights and the buildings then existed thereon to the joint venture company or the Project Company pursuant to the Cooperation Agreements;

- (iv) the Project shall be developed by three stages: Plot C will be first developed; Plot A is expected to begin its development in the 5th year after the commencement of the Possible Cooperation; and Plot B is expected to begin its development in the 10th year after the commencement of the Possible Cooperation;
- (v) after the Land Plots are developed, subject to (i) any applicable law or policy requiring all or part of the Developed Properties to be retained by the Project Company for a certain period of time after completion; and (ii) Oriental Grand's preferential right to elect certain part of the Developed Properties on Plot B to be transferred to it by the Project Company, the Developed Properties or the net proceeds of sale of the Developed Properties shall be distributed to Oriental Grand and Team Empire (or Team Empire's Designated Party) in the proportion of 36:64, or Oriental Grand and Team Empire (or Team Empire's Designated Party) may agree to deal with the Project Company or the Developed Properties in such way that they are entitled to the economic interest of the Developed Properties in the proportion of 36:64 respectively; and
- (vi) after the distribution, Oriental Grand shall refund to Team Empire (or Team Empire's Designated Party) up to 36% of the supplemental land premium incurred by Team Empire (or Team Empire's Designated Party) for the contribution of the Land Plots to the Project Company and the change of use of the Land Plots depending on the actual plot ratios of the Land Plots pursuant to the Main Business Terms.

Information on Team Empire

Team Empire is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Team Empire is a third party independent of the Company and its connected persons.

Information on Gaw Capital

Gaw Capital is a private equity fund management company that focuses on global real estate markets.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Gaw Capital is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS IN ENTERING INTO THE FRAMEWORK AGREEMENT

The Group is principally involved in the manufacture and sale of plastic injection moulding machines and related products. It operates the Chen Hsong Industrial Park in Pingshan as its production base.

The China government has announced the “Made in China 2025” strategy for transforming the country’s path to industrialization. The Directors noted that, pursuant to Shenzhen government’s *Action Plan of “Move East” Strategy by Shenzhen City (2016-2020)* (《深圳市實施東進戰略行動方案(2016—2020)》), the Pingshan government has formulated strategies to support the development of Pingshan pursuant to the national strategic plan.

The Directors believe that the Project echoes with the national strategic plan and if the Possible Cooperation materializes, it would unlock the economic value of the Land Plots and the opportunity to increase the Shareholders’ returns. The Directors further believe that the Possible Cooperation, if materializes, would enable the Group to leverage on the wealth of experience of Gaw Capital in property development and note that Team Empire (or Team Empire’s Designated Party) will provide the Group with the necessary financial resources to develop the Land Plots and implement the Project.

The terms of the Framework Agreement were arrived at after arm’s length negotiations between Oriental Grand on one hand and Team Empire and Gaw Capital on the other hand. Based on the above, the Directors consider that the transaction contemplated by the Framework Agreement are on normal commercial terms and the terms of the Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

The Possible Cooperation, if materializes, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the transactions contemplated under the Framework Agreement and further details of the Project, such as the major terms of the Cooperation Agreements and the value of the Land Plots and the existing buildings thereon as required under the Listing Rules shall be made by the Company in the event that any of the Cooperation Agreements has been entered into.

The Board wishes to emphasize that the Possible Cooperation is subject to, among others, the Condition being fulfilled and the Cooperation Agreements being entered into. As such, the Possible Cooperation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“CH Industrial Park”	Chen Hsong Industrial Park (Shenzhen) Co., Ltd.* (震雄工業園(深圳)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Oriental Grand
“Company”	Chen Hsong Holdings Limited (震雄集團有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 00057)
“Commercial Plan”	has the meaning ascribed to it in the section headed “The Framework Agreement – Possible Cooperation”
“Condition”	has the meaning ascribed to it in the section headed “The Framework Agreement – Possible Cooperation”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreements”	the cooperation agreements and all other necessary agreements and documents, including the letter of disclosure and the Deed of Indemnity, to be entered into between Oriental Grand and Team Empire’s Designated Party pursuant to the Framework Agreement
“Developed Properties”	has the meaning ascribed to it in the section headed “The Framework Agreement – Main Business Terms”
“Director(s)”	the directors of the Company
“Earnest Money”	has the meaning ascribed to it in the section headed “The Framework Agreement – Earnest Money”

* *For identification purposes only*

“Exclusivity Clause”	has the meaning ascribed to it in the section headed “The Framework Agreement – Exclusivity”
“Extended Term”	has the meaning ascribed to it in the section headed “The Framework Agreement – Possible Cooperation”
“Framework Agreement”	the framework agreement dated 28 November 2018 entered into by and among Oriental Grand, Team Empire and Gaw Capital in relation to the Possible Cooperation
“Gaw Capital”	Gaw Capital Partners, a company incorporated in the Cayman Islands with limited liability, the sole shareholder of Team Empire
“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 the People’s Republic of China
“Land Plots”	the land plots located at Nos. 31, 50 and 52 Renmin Zhong Road, Kengzi, Pingshan New District, Shenzhen, the PRC with a total site area of approximately 551,552.90 square metres and comprising Plot A, Plot B and Plot C and each a “ Land Plot ”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Business Terms”	the main business terms of the Cooperation Agreements, a summary of which is set out in the section headed “The Framework Agreement – Main Business Terms”
“Oriental Grand”	Oriental Grand Investments Limited (華煌投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Plot A”	a land parcel (Lot no. G14204-5) with a total site area of approximately 116,945.20 square metres

“Plot B”	a land parcel (Lot no. G14302-1) with a total site area of approximately 282,574 square metres
“Plot C”	a land parcel (Lot no. G14303-1) with a total site area of approximately 152,033.70 square metres
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Preparations”	has the meaning ascribed to it in the section headed “The Framework Agreement – Possible Cooperation”
“Project”	the plan to redevelop and upgrade the Land Plots
“Project Company”	has the meaning ascribed to it in the section headed “The Framework Agreement – Main Business Terms”
“Possible Cooperation”	the possible cooperation between Oriental Grand and Team Empire for the development of the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder of Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Team Empire”	Team Empire Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Gaw Capital
“Team Empire’s Designated Party” and “Team Empire’s Designated Parties”	has the meaning ascribed to it in the section headed “The Framework Agreement – Possible Cooperation”
“Team Empire Responsibilities”	has the meaning ascribed to it in the section headed “The Framework Agreement – Possible Cooperation”

“Term” has the meaning ascribed to it in the section headed “The Framework Agreement – Validity”

“%” per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at a rate of RMB1.00 to HK\$1.12609. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

By order of the Board
CHEN HSONG HOLDINGS LIMITED
Chi Ngai CHAN
Company Secretary

Hong Kong, 28 November 2018

As at the date of this announcement, the executive directors of the Company are Ms. Lai Yuen CHIANG, Mr. Chi Kin CHIANG, Mr. Stephen Hau Leung CHUNG and Mr. Sam Hon Wah NG; and the independent non-executive directors of the Company are Mr. Johnson Chin Kwang TAN, Mr. Anish LALVANI, Mr. Bernard Charnwut CHAN and Mr. Michael Tze Hau LEE.