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**HANG YICK HOLDINGS COMPANY LIMITED**  
**恒益控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1894)**

**INSIDE INFORMATION**  
**STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

This announcement is made by Hang Yick Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that, on 21 December 2018, Hang Yick Gate Engineering Limited (“**Hang Yick**”), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”) with Capital Development Investment Holdings Limited (the “**Cooperative Partner**”), pursuant to which the Cooperative Partner shall, among others, make use of its favourable connections and resources, introduce and propose property investment projects and construction projects (the “**Proposed Projects**”) in the People’s Republic of China (the “**PRC**”) to Hang Yick. Under the Strategic Cooperation Framework Agreement, the parties may invest in the Proposed Projects in the form(s) mutually agreed and may enter into a Formal Agreement (as defined below) on or before the expiry of the Term (as defined below).

**Principal terms of the Strategic Cooperation Framework Agreement**

**Date:** 21 December 2018

**Parties:**

- (i) Hang Yick; and
- (ii) Cooperative Partner.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Cooperative Partner is independent of and not connected with the Group and its connected persons (as defined in the Listing Rules).

## **Earnest Money**

Pursuant to the Strategic Cooperation Framework Agreement, Hang Yick shall pay to the Cooperative Partner a sum equivalent to RMB20,000,000 as earnest money (the “**Earnest Money**”) in two instalments: (1) the first instalment of RMB10,000,000 shall be paid within three business days after the signing date of the Strategic Cooperation Framework Agreement; and (2) the second instalment of RMB10,000,000 shall be paid within three months after the signing date of the Strategic Cooperation Framework Agreement, provided that the results of the preliminary due diligence review on the Proposed Projects are to the satisfaction of Hang Yick.

For the avoidance of doubt, regardless of whether the Formal Agreement (as defined below) is entered into, when the Term (as defined below) expires or the Strategic Cooperation Framework Agreement is terminated, the Earnest Money shall be refunded to Hang Yick immediately and within three business days after the expiry of the Term (as defined below) or the termination date of the Strategic Cooperation Framework Agreement. The Earnest Money shall be applied in accordance with the terms and conditions of the Formal Agreement (as defined below).

The Earnest Money will be satisfied in cash by internal resources of the Group.

## **Term**

The Strategic Cooperation Framework Agreement shall remain in effect for 12 months from the signing date of the Strategic Cooperation Framework Agreement to 21 December 2019 (the “**Term**”). Upon the expiry of the Term, the parties may agree to extend the Term in writing for not more than 24 months from the date of the Strategic Cooperation Framework Agreement.

## **Formal Agreement**

Pursuant to the Strategic Cooperation Framework Agreement, Hang Yick may conduct due diligence review on the Proposed Projects in determining whether to proceed with the possible cooperation with the Cooperative Partner in respect of the Proposed Projects. Hang Yick and the Cooperative Partner may enter into or procure its group members to enter into a legally binding formal agreement in relation to the Proposed Projects (the “**Formal Agreement**”) within the Term.

## **Termination**

The Strategic Cooperation Framework Agreement shall terminate upon (i) the expiry of the Term, (ii) the execution of the Formal Agreement, or (iii) the termination mutually agreed by the parties in writing.

## **Legal effect**

Save for those provisions of the Strategic Cooperation Framework Agreement relating to the Earnest Money, confidentiality, governing law and dispute resolution, the provisions of the Strategic Cooperation Framework Agreement do not have any legal effect.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

The Group is a leading and well-established steel and metal engineering company, specialising in design, manufacture, supply and installation of steel and metal products for construction projects in Hong Kong.

The Cooperative Partner is a company incorporated in Hong Kong and its group mainly engages in the real estate investment and management business in the PRC. To the best of the Board's knowledge, information and belief, and having made all reasonable enquiries, the Cooperative Partner and its ultimate beneficial owners are all third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Board considers that the Strategic Cooperation Framework Agreement will have a positive effect to the Group in terms of the development of the steel and metal works engineering services in the PRC, and such cooperation could enhance the core competitiveness of the Group and potentially lead to more business opportunities for the Group in the future.

The terms of the Strategic Cooperation Framework Agreement were arrived at after arm's length negotiations between Hang Yick and the Cooperative Partner. The Board considers that the terms of the Strategic Cooperation Framework Agreement are on normal commercial terms and are fair and reasonable, and the possible cooperation under the Strategic Cooperation Framework Agreement is in the interests of the Company and its shareholders as a whole.

**The Board wishes to emphasise that the Strategic Cooperation Framework Agreement merely provides a framework of cooperation between Hang Yick and the Cooperative Partner. The terms of cooperation contemplated under the Strategic Cooperation Framework Agreement are subject to the terms of any Formal Agreement and/or definitive agreements which Hang Yick and the Cooperative Partner may subsequently enter into from time to time. As at the date of this announcement, Hang Yick and the Cooperative Partner have not yet entered into any legally binding agreement in relation to the Proposed Projects and the Proposed Projects may or may not materialise. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Projects will be made by the Company in the event that any Formal Agreement has been entered into between Hang Yick and the Cooperative Partner.**

By order of the Board  
**Hang Yick Holdings Company Limited**  
**Lee Pui Sun**  
*Chairman and Executive Director*

Hong Kong, 21 December 2018

*As at the date of this announcement, the Board comprises Mr. Lee Pui Sun and Ms. Lau Lai Ching as executive Directors, Mr. Lee Ka Chun Benny as non-executive Director, and Mr. Au Yeung Wai Key, Hon Cheung Kwok Kwan, JP and Mr. Tse Ka Ching Justin as independent non-executive Directors.*