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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

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**REVISION OF ANNUAL CAPS FOR AND
EXTENSION OF SCOPE OF
CONTINUING CONNECTED TRANSACTIONS**

BACKGROUND

Reference is made to the 2018 Announcement and the 2018 Circular, both relating to, among other things, the 2018 Framework Agreement and the Existing Transactions contemplated thereunder. The 11 Existing Transactions comprise five Existing Transactions By Chu's Controlled Entities and six Existing Transactions By Group.

For the reasons set out in this announcement below, (i) the Company considers that there is a need and, it is beneficial for the Group, to extend the scope of services to be provided by the Group to Chu's Controlled Entities under the 2018 Framework Agreement to include a new Transaction 12; and (ii) the Company estimates that the respective annual transaction amounts in respect of two out of five Existing Transactions By Chu's Controlled Entities and two out of six Existing Transactions By Group for each of the two financial years ending 31 December 2020 will exceed their respective Annual Caps for the relevant periods.

On 2 July 2019, the Company, Mr. Y.H. Chu and Mr. W.H. Chu entered into the Supplemental Framework Agreement, pursuant to which the scope of services to be provided by the Group to Chu's Controlled Entities under the 2018 Framework Agreement is extended to include a new Transaction 12, namely the provision of construction work by the Group to the Chu's Controlled Entities. Save and except for the extension of the scope of services to be provided by the Group to Chu's Controlled Entities pursuant to the Supplemental Framework Agreement, all other terms and conditions under the 2018 Framework Agreement remain unchanged and continue to be in full force and effect.

LISTING RULES IMPLICATIONS

Both Mr. Y.H. Chu and Mr. W.H. Chu are the sons of Mr. Chu and the brothers of Ms. Chu. In addition, as at the date of this announcement, Mr. Y.H. Chu also indirectly owned approximately 17.76% of the shares of the Company. Accordingly, both Mr. Y.H. Chu and Mr. W.H. Chu are connected persons of the Company under the Listing Rules, and the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and shareholders' approval requirements where the Existing Payable Annual Caps and/or the Existing Receivable Annual Caps will be exceeded or there is a material change to the terms of the 2018 Framework Agreement.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules of the Revised Payable Annual Caps for the year ending 31 December 2020 (being the largest among the Revised Total Annual Caps) exceed 5%, the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) and the Transactions constitute non-exempt continuing connected transactions of the Company and are subject to reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Company proposes to seek the Independent Shareholders' approval of the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps for the two financial years ending 31 December 2020 at the SGM. Each of Sounda, Hopson Education Funds and Farrich will abstain from voting at the SGM.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders and Pelican Financial has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps.

A circular containing, *inter alia*, details of the Supplemental Framework Agreement, the Transactions and the Revised Total Annual Caps, the letter from Pelican Financial, the recommendation of the Independent Board Committee and a notice convening the SGM is expected to be despatched to the Shareholders on or before 22 July 2019.

A. BACKGROUND

Reference is made to the 2018 Announcement and the 2018 Circular, both relating to, among other things, the 2018 Framework Agreement and the Existing Transactions contemplated thereunder. Details of the 11 Existing Transactions are set out below:

(1) Services to be provided/premises to be leased by Chu's Controlled Entities to the Group pursuant to the 2018 Framework Agreement (collectively "Existing Transactions By Chu's Controlled Entities"):

Construction:

The appointment of Chu's Controlled Entities by the Group to carry out construction work for certain property development projects of the Group in Guangzhou, Beijing and other Eastern areas of the PRC ("**Transaction 1**").

Electrical installation, low voltage system and intelligent building system installation and consultancy service on cost control for construction work:

The appointment of Chu's Controlled Entities by the Group to carry out electrical installation and low voltage system and intelligent building system installation for certain property development projects of the Group in Guangzhou, Beijing, Shanghai, Tianjin and other Eastern areas of the PRC and to provide the Group with consultancy service on cost control for its construction work in Guangzhou, Beijing, Shanghai, Tianjin and other Eastern areas of the PRC ("**Transaction 2**").

Office lease:

The lease of certain commercial premises in Guangzhou and Shanghai by Chu's Controlled Entities to the Group for office use ("**Transaction 3**").

Information technology related services:

The appointment of Chu's Controlled Entities by the Group to provide services in connection with the maintenance of the intranet and servers of the Group, and to supply information technology or computer system related products and facilities to the Group ("**Transaction 4**").

Marketing services:

The appointment of Chu's Controlled Entities by the Group to provide property sales service, sales agency service and marketing service for the Group. ("**Transaction 5**").

(2) Services to be provided/premises to be leased by the Group to Chu's Controlled Entities pursuant to the 2018 Framework Agreement (collectively "Existing Transactions By Group"):

Building design:

The appointment of the Group by Chu's Controlled Entities to carry out construction and building design works for certain property development projects of the Chu's Controlled Entities in Beijing, Tianjin and Shanghai ("**Transaction 6**").

Management of vacant properties and delivery of sold property units to purchasers:

The appointment of the Group by Chu's Controlled Entities to manage certain vacant properties developed by Chu's Controlled Entities and to handle the delivery of sold property units of Chu's Controlled Entities in Guangdong Province, Beijing, Xi'an and Shanghai to purchasers ("**Transaction 7**").

Heating service:

The appointment of the Group by Chu's Controlled Entities to provide heating service to certain properties of the Chu's Controlled Entities in Beijing ("**Transaction 8**").

Hotel management:

The appointment of the Group by Chu's Controlled Entities to provide hotel management service for certain hotels of the Chu's Controlled Entities located in various cities across the PRC, including but not limited to Guangzhou, Beijing, Shanghai, Shenzhen and Chengdu ("**Transaction 9**").

Shop and office lease:

The lease of certain shops and office premises in Guangzhou, Beijing and Shanghai by the Group to the Chu's Controlled Entities ("**Transaction 10**").

Commercial real estate management:

The appointment of the Group by Chu's Controlled Entities to provide commercial real estate management service for certain commercial real estate projects of the Chu's Controlled Entities ("**Transaction 11**").

For the reasons set out in this announcement below, (i) the Company considers that there is a need and, it is beneficial for the Group, to extend the scope of services to be provided by the Group to Chu's Controlled Entities under the 2018

Framework Agreement to include a new Transaction 12; and (ii) the Company estimates that the respective annual transaction amounts in respect of two out of five Existing Transactions By Chu's Controlled Entities (namely Transactions 1 and 5) and two out of six Existing Transactions By Group (namely Transactions 6 and 11) for each of the two financial years ending 31 December 2020 will exceed their respective Annual Caps for the relevant periods. Transactions 1, 5, 6 and 11 are collectively referred to as "**Revised Transactions**".

B. THE NEW CONTINUING CONNECTED TRANSACTION

On 2 July 2019, the Company, Mr. Y.H. Chu and Mr. W.H. Chu entered into the Supplemental Framework Agreement, pursuant to which the scope of services to be provided by the Group to Chu's Controlled Entities under the 2018 Framework Agreement is extended to include the provision of construction work by the Group to the Chu's Controlled Entities for certain property development projects of Chu's Controlled Entities ("**Transaction 12**"). Save and except for the extension of the scope of services to be provided by the Group to Chu's Controlled Entities under the 2018 Framework Agreement pursuant to the Supplemental Framework Agreement, all other terms and conditions of the 2018 Framework Agreement shall remain unchanged and continue in full force and effect.

C. PRINCIPAL TERMS OF THE SUPPLEMENTAL FRAMEWORK AGREEMENT

On 2 July 2019, the Company, Mr. Y.H. Chu and Mr. W.H. Chu entered into the Supplemental Framework Agreement, which set out, among other things, the following principal terms:

Date: 2 July 2019

Parties: (1) the Company
(2) Mr. Y.H. Chu
(3) Mr. W.H. Chu

Scope of services: In addition to the six Existing Transactions By Group (namely Transactions 6 to 11), the Company shall procure the relevant member(s) of the Group or their respective sub-contractors to carry out Transaction 12, namely to provide construction work to Chu's Controlled Entities for certain property development projects of Chu's Controlled Entities.

Bases for determining price and other terms:	The construction fees payable by Chu's Controlled Entities to the Group and the other terms for carrying out construction work of the property development projects of Chu's Controlled Entities in the PRC shall be determined by the parties with reference to the terms offered by Independent Third Parties for providing similar services and the latest stipulated standards and guidelines prescribed by 建設委員會 (Construction Committee) of where the project is located, such as 北京市建設工程計價依據—預算定額 (Costing Basis of Construction and Installation Works, Beijing Municipal — Base Price Budgeting) published by 北京市建設委員會 (Construction Committee of Beijing Municipal) in 2012 for property projects in Beijing.
Term:	For a term commencing from the date when it becomes unconditional and ending on 31 December 2020.
Condition precedent:	The Supplemental Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at a general meeting of the Company.

D. INTERNAL CONTROL MEASURES

Similar to the Existing Transactions, to ensure that the terms of the individual agreement in respect of Transaction 12 proposed to be entered into by the Group are fair and reasonable and are normal commercial terms or better so far as the Group is concerned, the cost centre of the Group will, before the Group enters into any individual agreement in respect of Transaction 12 with Chu's Controlled Entities, first obtain quotations and terms for providing services of similar level and types from at least two Independent Third Parties for reference. The relevant operational team of the Group will then review and evaluate the terms proposed to be offered to Chu's Controlled Entities by our Group and compare such terms with that obtained from the Independent Third Parties. The head of such operational team will be responsible for approving the individual agreement in respect of Transaction 12 that the Group enters into with Chu's Controlled Entities in order to ensure that each of the engagements in respect of Transaction 12 will be conducted on normal commercial terms offered by Independent Third Parties or better so far as the Group is concerned.

In addition, the cost centre of the Group will regularly collect and keep the relevant operational team informed of the latest standards and guidelines published by the relevant governmental authorities in the PRC that are relevant to the Transaction 12.

The Directors are of the view that the internal approval procedure and internal control measures adopted by the Group set out in the above are effective in ensuring that Transaction 12 will be conducted on normal commercial terms or better which are fair and reasonable to the Company and the Shareholders as a whole.

E. REVISION OF THE EXISTING PAYABLE ANNUAL CAPS AND THE EXISTING RECEIVABLE ANNUAL CAPS

(1) Revised/Proposed Annual Caps:

In light of the extension in the scope of services to be provided by the Group to Chu's Controlled Entities pursuant to the Supplemental Framework Agreement to include a new Transaction 12, and the annual transaction amounts in respect of the Revised Transactions for each of the two financial years ending 31 December 2020 are expected to exceed their respective Annual Caps for the relevant periods, the Directors propose to (i) revise the Annual Caps in respect of each of the Revised Transactions and (ii) set the proposed Annual Caps for the new Transaction 12 for the two financial years ending 31 December 2020 as follows:

(i) Fees payable by the Group to Chu's Controlled Entities:

Transactions	For the financial year ending 31 December			
	2019		2020	
	Existing Annual Cap	Revised Annual Cap	Existing Annual Cap	Revised Annual Cap
Transaction 1 — Construction	RMB422,388,000 (equivalent to approximately HK\$479,199,000)	RMB1,022,388,000 (equivalent to approximately HK\$1,159,899,000)	RMB449,632,000 (equivalent to approximately HK\$510,108,000)	RMB1,149,632,000 (equivalent to approximately HK\$1,304,258,000)
Transaction 5 — Marketing services	RMB250,065,000 (equivalent to approximately HK\$283,699,000)	RMB799,995,000 (equivalent to approximately HK\$907,594,000)	RMB300,213,000 (equivalent to approximately HK\$340,592,000)	RMB1,000,222,000 (equivalent to approximately HK\$1,134,752,000)

As a result of the revision to the Annual Caps for each of Transactions 1 and 5 for each of the two financial years ending 31 December 2020, it is proposed that the Existing Payable Annual Caps will be increased to the Revised Payable Annual Caps as follows:

For the financial year ending 31 December			
2019		2020	
Existing Payable Annual Cap	Revised Payable Annual Cap	Existing Payable Annual Cap	Revised Payable Annual Cap
RMB814,533,000 (equivalent to approximately HK\$924,088,000)	RMB1,964,463,000 (equivalent to approximately HK\$2,228,683,000)	RMB903,757,000 (equivalent to approximately HK\$1,025,312,000)	RMB2,303,766,000 (equivalent to approximately HK\$2,613,623,000)

(ii) Fees receivable by the Group from Chu's Controlled Entities:

For the financial year ending 31 December				
Transactions	2019		2020	
	Existing Annual Cap	Revised Annual Cap	Existing Annual Cap	Revised Annual Cap
Transaction 6 — Building design	RMB39,715,000 (equivalent to approximately HK\$45,057,000)	RMB72,378,000 (equivalent to approximately HK\$82,113,000)	RMB14,017,000 (equivalent to approximately HK\$15,902,000)	RMB55,638,000 (equivalent to approximately HK\$63,121,000)
Transaction 11 — Commercial real estate management	RMB205,433,000 (equivalent to approximately HK\$233,064,000)	RMB314,683,000 (equivalent to approximately HK\$357,008,000)	RMB228,791,000 (equivalent to approximately HK\$259,563,000)	RMB297,351,000 (equivalent to approximately HK\$337,345,000)
Transaction 12 — Construction	N/A	RMB200,000,000 (equivalent to approximately HK\$226,900,000)	N/A	RMB250,000,000 (equivalent to approximately HK\$283,625,000)

As a result of the revision to the Annual Caps for each of Transactions 6 and 11, and the proposed Annual Caps for Transaction 12 for each of the two financial years ending 31 December 2020, it is proposed that the Existing Receivable Annual Caps will be increased to the Revised Receivable Annual Caps as follows:

For the financial year ending 31 December			
2019		2020	
Existing Receivable Annual Cap	Revised Receivable Annual Cap	Existing Receivable Annual Cap	Revised Receivable Annual Cap
RMB323,988,000	RMB665,901,000	RMB326,840,000	RMB687,021,000
(equivalent to approximately HK\$367,564,000)	(equivalent to approximately HK\$755,465,000)	(equivalent to approximately HK\$370,800,000)	(equivalent to approximately HK\$779,425,000)

Save for the revisions of the Annual Caps in respect of Transactions 1, 5, 6 and 11 for each of the two financial years ending 31 December 2020, the Directors confirm that Annual Caps in respect of the other Existing Transactions for each of the two financial years ending 31 December 2020 as disclosed in the 2018 Announcement and the 2018 Circular remain unchanged.

(2) Basis for determining the Revised Payable Annual Caps and Revised Receivable Annual Caps:

Set out below are the bases upon which the revised Annual Caps in respect of each of the Revised Transactions and the proposed Annual Caps for Transaction 12 are estimated:

Transaction 1:

The relevant revised Annual Caps were assessed based on the same bases as disclosed in the 2018 Announcement and the 2018 Circular. The estimated increase in the Annual Caps for each of the two financial years ending 31 December 2020 was determined based on the increase in the Group's demands for Chu's Controlled Entities to carry out construction work for two of its existing projects in Kunshan and Taicang, Jiangsu Province. The Directors estimate that the aggregate gross floor area to be completed for the said property projects in Kunshan and Taicang, Jiangsu Province will be approximately 333,000 sq.m. in 2019 and 389,000 sq.m. in 2020. Such sharp increase in demands arose as a result of one of the Company's subsidiaries, a cross-region contractor which principally engages in the provision of constructions services, was unable to complete the requisite filing procedure

with the real estate development authority in Jiangsu Province in accordance with the applicable laws and regulations in order to be eligible to carry out the construction works for the Group's property projects in Kunshan and Taicang, Jiangsu Province. To avoid any delay to the Group's development plan, the Group has a need to engage a qualified construction company, and which has completed the requisite filing procedure with the real estate development authority in Jiangsu Province such as Chu's Controlled Entities, to carry out the construction work for the said property projects. As a result, the Directors estimate that the aggregate gross floor area of the Group's properties, the construction of which are expected to be carried out by Chu's Controlled Entities, will be increased from approximately 235,000 sq.m. to 568,000 sq.m. in 2019 and from approximately 250,000 sq.m. to 639,000 sq.m. in 2020. Please refer to paragraph H of this announcement below for the reasons for engaging Chu's Controlled Entities to carry out the required construction work.

Transaction 5:

The relevant revised Annual Caps were assessed based on the same bases as disclosed in the 2018 Announcement and the 2018 Circular. The estimated increase in the Annual Caps for each of the two financial years ending 31 December 2020 was determined with reference to the estimated increase in scope and extent of services required by the Group based on its revised sales strategy since early 2019 to substantially increase its marketing efforts with an aim to achieve higher sales and enhance its cost efficiency. Please refer to paragraph H of this announcement below for the reasons for increasing the extent of its engagement of Chu's Controlled Entities to provide marketing services.

Transaction 6:

The relevant revised Annual Caps were assessed based on the same bases as disclosed in the 2018 Announcement and the 2018 Circular. The Group is given to understand that, in order to cope with the expansion of the business operations of Chu's Controlled Entities, the demands from Chu's Controlled Entities for construction and building design works will increase for the two financial years ending 31 December 2020. The Group is given to understand further that Chu's Controlled Entities will be seeking to obtain more services from the Group to cope with their increased demands, in light of the long term relationship between the Group and the Chu's Controlled Entities. Therefore, the estimated increase in the Annual Caps for each of the two financial years ending 31 December 2020 was determined based on such expected increase in demands. The Directors estimate that the aggregate sizes of the building projects of Chu's Controlled Entities for which require our

provision of construction and building design works will be increased from approximately 722,000 sq.m. to 2,277,000 sq.m. in 2019 and from approximately 255,000 sq.m. to 1,764,000 sq.m. in 2020. Please refer to paragraph H of this announcement below for the reasons for the Group to provide increased construction and building design works to Chu's Controlled Entities.

Transaction 11:

The relevant revised Annual Caps were assessed based on the same bases as disclosed in the 2018 Announcement and the 2018 Circular. The Group is given to understand that due to the change in Chu's Controlled Entities' business model in the operations of their commercial real estate projects, Chu's Controlled Entities' demands of the commercial real estate management services will continue to rise. The Group is given to understand further that Chu's Controlled Entities will be seeking to obtain more services from the Group to cope with their increased demands, in light of the long term relationship between the Group and the Chu's Controlled Entities. Indeed, since early 2019, Chu's Controlled Entities have been increasing their demands of the Group's management services for more of the commercial real estate projects of the Chu's Controlled Entities. Therefore, the estimated increase in the Annual Caps for each of the two financial years ending 31 December 2020 was determined with reference to the estimated increase in scope and extent of services required by Chu's Controlled Entities for the Group's provision of commercial real estate management services in each of the projects. Please refer to paragraph H of this announcement below for the reasons for the Group to provide increased commercial real estate management services to Chu's Controlled Entities.

Transaction 12 (new):

The need for such transaction arose as a result of a member of the Chu's Controlled Entities, a cross-region contractor which principally engages in the provision of constructions services, was unable to complete the requisite filing procedure with the real estate development authority in Tianjin in accordance with the applicable laws and regulations in order to be eligible to carry out construction work for one of its existing property projects in Tianjin. To avoid any delay to Chu's Controlled Entities' development plan, Chu's Controlled Entities has a need to engage a qualified construction company, and which has completed the requisite filing procedure with the real estate development authority in Tianjin such as the Group, to carry out the construction work for the said property project. Please refer to paragraph H of this announcement below for the reasons for the Group to carry out the required construction work for Chu's Controlled Entities.

The relevant Annual Caps were assessed based on (i) the relevant pricing basis under the Supplemental Framework Agreement; (ii) the Directors' estimation of the aggregate gross floor area to be completed for the said property project in Tianjin, being approximately 83,000 sq.m. in 2019 and 104,000 sq.m. in 2020, the construction of which is expected to be carried out by the Group; and (iii) the historical data relating to the Group carrying out construction work for the Chu's Controlled Entities.

F. HISTORICAL TRANSACTION AMOUNTS OF THE REVISED TRANSACTIONS

Set out below are the existing Annual Caps and the actual transaction amounts of the Revised Transactions under the 2018 Framework Agreement, which had also been carried out between the Group and Hanjiang Group under the 2015 Framework Agreement, for the three financial years ended 31 December 2018:

Transactions	Year ended 31 December 2016		Year ended 31 December 2017		Year ended 31 December 2018	
	Annual caps	Approximate transaction amount	Annual caps	Approximate transaction amount	Annual caps	Approximate transaction amount
Transaction 1 — Construction	RMB430,017,000 (equivalent to approximately HK\$487,854,000)	RMB343,616,000 (equivalent to approximately HK\$389,832,000)	RMB415,985,000 (equivalent to approximately HK\$471,935,000)	RMB78,136,000 (equivalent to approximately HK\$88,645,000)	RMB483,493,000 (equivalent to approximately HK\$548,523,000)	RMB73,856,000 (equivalent to approximately HK\$83,790,000)
Transaction 5 — Marketing services	N/A	N/A	N/A	N/A	RMB200,440,000 (equivalent to approximately HK\$227,399,000)	RMB200,360,000 (equivalent to approximately HK\$227,308,000)
Transaction 6 — Building design	RMB7,009,000 (equivalent to approximately HK\$7,952,000)	RMB86,000 (equivalent to approximately HK\$98,000)	RMB6,742,000 (equivalent to approximately HK\$7,649,000)	RMB110,000 (equivalent to approximately HK\$125,000)	RMB40,820,000 (equivalent to approximately HK\$46,310,000)	RMB25,960,000 (equivalent to approximately HK\$29,452,000)
Transaction 11 — Commercial real estate management	N/A	N/A	N/A	N/A	RMB153,901,000 (equivalent to approximately HK\$174,601,000)	RMB41,348,000 (equivalent to approximately HK\$46,909,000)

The Directors confirm that for the period commencing from 1 January 2019 and up to the date of this announcement: (i) the actual transaction amounts in respect of each of the Revised Transactions have not exceeded their respective Annual Caps for the financial year ending 31 December 2019; (ii) the actual aggregate transaction amounts in respect of Existing Transactions by Chu's Controlled Entities have not exceeded the Existing Payable Annual Caps for the financial

year ending 31 December 2019; and (iii) the actual aggregate transaction amounts in respect of Existing Transactions by Group have not exceeded the Existing Receivable Annual Caps for the financial year ending 31 December 2019.

G. INFORMATION OF THE GROUP AND CHU'S CONTROLLED ENTITIES

The Group is principally engaged in the development of residential properties in the PRC. The Group is also involved in property investment, hotel operations and property management. The Transactions will be carried out in the Group's ordinary and usual course of business.

The Chu's Controlled Entities are engaged in the construction of properties, public utilities and power transmission and transformation in the PRC. Chu's Controlled Entities invest in various projects including infrastructure, land, energy and resources, electronics and telecommunications. They are also engaged in the sale and purchase of equipment for metallurgy, forging, mining and hydropower and the sale and purchase of other minerals, metals and construction materials.

A member of Chu's Controlled Entities, namely, Guangdong Hanjiang, is classified as 房屋建築工程總承包壹級 (Property Construction First Class Main Contractor) by the relevant government authority in the PRC. First class main contractors are qualified to undertake larger scale projects than non-first class contractors. Guangdong Hanjiang offers a comprehensive range of services, employing over 350 industry experts, of which 100 are mid to senior level. Another member of Chu's Controlled Entities, namely, Guangdong Zhujiang is classified as 建築工程施工總承包壹級 (Construction First Class Main Contractor) by the relevant government authority in the PRC. Both Guangdong Hanjiang and Guangdong Zhujiang have obtained the ISO 9000 certification for their quality management system, managing and controlling the quality, constructions, safety and costs of their construction projects with modern management methods. Both Guangdong Hanjiang and Guangdong Zhujiang are reputable contractors in the industry, each has a proven track record and possesses the relevant technical capabilities and expertise in handling a wide range of construction projects. Furthermore, Guangdong Zhujiang has completed the filing procedure with the real estate development authority in Jiangsu Province and is therefore eligible to undertake construction works in Kunshan and Taicang, Jiangsu Province.

The Group has conducted market research and is of the view that the pricing offered by Chu's Controlled Entities are highly competitive.

H. REASONS FOR, AND BENEFITS OF, REVISING THE ANNUAL CAPS FOR REVISED TRANSACTIONS AND ENTERING INTO THE SUPPLEMENTAL FRAMEWORK AGREEMENT

According to 江蘇省省外建築施工企業核驗備案管理辦法 (Management Rules for Qualification Verification and Filing of Construction Enterprises to Carry Construction Works in Jiangsu Province) promulgated and implemented by 江蘇省住房和城鄉建設廳 (Jiangsu Provincial Department of Housing and Urban-Rural Development), a cross-region contractor is required to complete a filing procedure in accordance with the applicable laws and regulations with the real estate development authority in Jiangsu Province before it is eligible to carry out construction work in Jiangsu Province. The Group has existing property projects in Kunshan and Taicang, Jiangsu Province, the construction of which commenced in early 2019. The Group planned to carry out the construction work for such property projects through one of its subsidiaries, a cross-region contractor which principally engages in the provision of constructions services. And it was the Group's business plan to commence the relevant construction work for the said property projects in early 2019. However, the Group was unable to complete the requisite filing with the real estate development authority in Jiangsu Province in order to be eligible to carry out construction work for its property projects in Kunshan and Taicang, Jiangsu Province. Meanwhile, Guangdong Zhujiang, a member of Chu's Controlled Entities, which meets the qualification requirements of our Group, has successfully completed the requisite filing with the real estate development authority in Jiangsu Province and is therefore eligible to undertake construction work in Kunshan and Taicang, Jiangsu Province. To avoid any delay to the Group's development plan, the Group has a need to engage a qualified construction company, and which has completed the requisite filing procedure with the real estate development authority in Jiangsu Province such as Chu's Controlled Entities, to carry out the construction work for the said property projects. As disclosed in the 2018 Announcement and the 2018 Circular, the Group has been transacting with the Chu's Controlled Entities since 2003. Over the years, the Group and the Chu's Controlled Entities have built up a close and good working relationship. Given the proven track record, qualification, expertise, reputation, experience and highly competitive pricing of the Chu's Controlled Entities, and the fact that Guangdong Zhujiang has completed the requisite filing procedures for the purposes of carrying out construction work in Kunshan and Taicang, Jiangsu Province, the Group is of the view that it is in the interests of the Company and the Shareholders as a whole to increase its engagement of Chu's Controlled Entities for the provision of services under Transaction 1, in particular for the Group's existing property projects in Kunshan and Taicang, Jiangsu Province.

Since early 2019, the Group has revised its sales strategy to substantially increase its marketing efforts with an aim to achieve higher sales and enhance its cost efficiency. In view of the rapid development in the internet world and the prevalent use of smart phones, the Group recognises the impact and effectiveness

of online marketing. The Group plans to utilise more marketing services from the Chu's Controlled Entities, particularly their online platform which promotes and expedites transactions facilitated by individual sales agents. The Directors consider that marketing through a well-established online platform is an effective and less costly means of marketing in achieving higher sales. Furthermore, as such online platform facilitates transactions conducted through individual sales agents, as opposed to the traditional corporate sales agents, the relevant agency fees to be incurred by the Group would be significantly reduced. Through our long term and stable cooperation with Chu's Controlled Entities, the Company believes that Chu's Controlled Entities have secured a solid understanding of the Group's operations and its property projects as well as the expectations and requirements of the Group, which are considered by the Group to be necessary in designing and implementing a marketing plan suitable for the Group. Given Chu's Controlled Entities' proven track record, qualification, expertise, reputation, experience and highly competitive pricing, the Group is of the view that it is in the interests of the Company and the Shareholders as a whole to increase its engagement of Chu's Controlled Entities for the provision of services under Transaction 5.

During the Group's cooperation with Chu's Controlled Entities, the Group is given to understand that, while the actual transaction amounts incurred for the financial year ended 31 December 2018 were within the relevant Annual Caps, Chu's Controlled Entities' expected demands for the Group's building design services and commercial real estate management services for the two financial years ending 2020 will be much higher than the demands estimated by the Company when the 2018 Framework Agreement was first entered into. Indeed, since early 2019, Chu's Controlled Entities have been increasing their demands of the Group's management services for more of the commercial real estate projects of the Chu's Controlled Entities. The Directors believe that the expected increase in demands from Chu's Controlled Entities under Transaction 6 is principally to cope with the expansion of their business operations, whereas the expected increase in demands under Transaction 11 is principally due to the change in Chu's Controlled Entities business model in the operation of their commercial estate projects. In view of the good payment records of Chu's Controlled Entities, the Group considers that the provision of more services under Transaction 6 and Transaction 11, which are on normal commercial terms or better, would provide additional steady income source to the Group and are in the interests of the Company and its shareholders as a whole.

According to 2017年進津建築企業信息登記辦理指南 (2017 Regulations for Information Reporting of Construction Work Enterprises which Plan to Operate in Tianjin) promulgated and implemented by 天津市住房和城鄉建設委員會 (Tianjin Municipal Commission of Housing and Rural and Urban Construction), a cross-region contractor is required to complete a filing procedure in accordance with the

applicable laws and regulations with the real estate development authority in Tianjin before it is eligible to carry out construction work in Tianjin. Chu's Controlled Entities have an existing property project in Tianjin, the construction of which commenced in early 2019. Chu's Controlled Entities planned to carry out the construction works for such property project through one of its members, a cross-region contractor which principally engages in the provision of constructions services. And it was Chu's Controlled Entities' business plan to commence the relevant construction work for the said property project in early 2019. However, such member of Chu's Controlled Entities was unable to complete the requisite filing procedure with the real estate development authority in Tianjin. Meanwhile, Guangdong Hechuang, a subsidiary of the Company, has successfully completed the requisite filing procedure with the real estate development authority in Tianjin and is therefore eligible to undertake construction work in Tianjin. To avoid any delay to Chu's Controlled Entities' development plan, Chu's Controlled Entities has a need to engage a qualified construction company, and which has completed the requisite filing procedure with the real estate development authority in Tianjin such as the Group, to carry out the construction work for the said property project. In view of the good payment records of the Chu's Controlled Entities, the Group considers Chu's Controlled Entities' appointment of the Group for the provision of services under Transaction 12, which are on normal commercial terms or better, would generate a steady income source to the Group and are in the interests of the Company and its shareholders as a whole.

For the above reasons, the Board (i) expects that the respective existing Annual Caps in respect of Transactions 1 and 5 for the two financial years ending 31 December 2020 will not be sufficient to meet the business needs of the Group; (ii) expects that the transaction amounts that correspond to the expected demands from Chu's Controlled Entities for our services under Transactions 6 and 11 for the two financial years ending 31 December 2020 will exceed the respective existing Annual Caps for the relevant periods; and (iii) considers that there is a real demand from Chu's Controlled Entities for our services under Transaction 12 for the two financial years ending 31 December 2020 which we consider is in the interest of the Company and its shareholders as a whole. Accordingly, the Company decided to revise the Existing Payable Annual Caps and the Existing Receivable Annual Caps for the two financial years ending 31 December 2020, and enter into the Supplemental Framework Agreement.

The Directors (other than the independent non-executive Directors who will form their view after having received the advice of Pelican Financial) consider that the Transactions will be carried out in the ordinary and usual course of business of the Group and on normal commercial terms or better so far as the Group is concerned. The Directors (other than the independent non-executive Directors who will form their view after having received the advice of Pelican Financial), having

considered the bases and principles for determining the pricing and other terms of the individual contracts or agreements for the Transactions, consider the terms of the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps to be fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

I. LISTING RULES IMPLICATIONS

Both Mr. Y.H. Chu and Mr. W.H. Chu are the sons of Mr. Chu and the brothers of Ms. Chu. In addition, as at the date of this announcement, Mr. Y.H. Chu also indirectly owned approximately 17.76% of the shares of the Company. Accordingly, both Mr. Y.H. Chu and Mr. W.H. Chu are connected persons of the Company under the Listing Rules and the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and shareholders' approval requirements where the Existing Payable Annual Caps and/or the Existing Receivable Annual Caps will be exceeded or there is a material change to the terms of the 2018 Framework Agreement.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules of the Revised Payable Annual Caps for the year ending 31 December 2020 (being the largest among the Revised Total Annual Caps) exceed 5%, the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) and the Transactions constitute non-exempt continuing connected transactions of the Company and are subject to reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Company proposes to seek the Independent Shareholders' approval of the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps for the two financial years ending 31 December 2020 at the SGM. Each of Sounda, Hopson Education Funds and Farrich will abstain from voting at the SGM.

Since the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) and the Transactions constitute continuing connected transactions for the Company due to the connection between Mr. Y.H. Chu and Mr. W.H. Chu and each of Mr. Chu and Ms. Chu, each of Mr. Chu and Ms. Chu

abstained from voting on the resolutions of the Board approving the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps.

J. GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders and Pelican Financial has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps.

A circular containing, *inter alia*, details of the Supplemental Framework Agreement, the Transactions and the Revised Annual Caps, the letter from Pelican Financial, the recommendation of the Independent Board Committee and a notice convening the SGM is expected to be despatched to the Shareholders on or before 22 July 2019.

K. TERMS USED IN THIS ANNOUNCEMENT

“2015 Framework Agreement”	the conditional framework agreement dated 22 April 2015 entered into between the Company and Hanjiang in relation to certain continuing connected transactions between the Group and Hanjiang Group which expired on 31 December 2017
“2018 Announcement”	the announcement of the Company dated 26 April 2018 in relation to the 2018 Framework Agreement and the Existing Transactions contemplated thereunder
“2018 Circular”	the circular of the Company dated 25 May 2018 in relation to the 2018 Framework Agreement and the Existing Transactions contemplated thereunder
“2018 Framework Agreement”	the conditional framework agreement dated 26 April 2018 entered into between the Company, Mr. Y.H. Chu and Mr. W.H. Chu in relation to the Existing Transactions
“Annual Caps”	the maximum aggregate annual transaction amount for each of the Existing Transactions and Transaction 12

“associate(s)”	the meaning given to that term in the Listing Rules
“Board”	board of Directors
“Chu’s Controlled Entities”	companies which are associates of either Mr. Y.H. Chu or Mr. W.H. Chu
“Company”	Hopson Development Holdings Limited
“connected person”	the meaning given to that term in the Listing Rules
“controlling shareholder”	the meaning given to that term in the Listing Rules
“Directors”	directors of the Company
“Existing Payable Annual Caps”	the maximum aggregate annual transaction amount payable by the Group for services to be provided by Chu’s Controlled Entities to the Group pursuant to the 2018 Framework Agreement for each of the two financial years ending 31 December 2020
“Existing Receivable Annual Caps”	the maximum aggregate annual transaction amount receivable by the Group for services to be provided to Chu’s Controlled Entities by the Group pursuant to the 2018 Framework Agreement for each of the two financial years ending 31 December 2020
“Existing Transactions”	collectively Transactions 1 to 11 as described in section A of this announcement
“Existing Transactions by Chu’s Controlled Entities”	collectively Transactions 1 to 5 as described in section A of this announcement
“Existing Transactions by Group”	collectively Transactions 6 to 11 as described in section A of this announcement

“Farrich”	Farrich Investments Limited, a company incorporated in the British Virgin Islands and whose entire issued share capital is owned by Mr. Y. H. Chu, a son of Mr. Chu and a brother of Ms. Chu. It is a holder of 395,246,625 Shares, representing approximately 17.76% of the issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guangdong Hanjiang”	廣東韓江工程總承包有限公司 (Guangdong Hanjiang Engineering Construction Limited*), a member of the Chu’s Controlled Entities
“Guangdong Hechuang”	廣東合創工程總承包有限公司 (Guangdong Hechuang Construction Company Limited*), a wholly-owned subsidiary of the Company
“Guangdong Zhujiang”	廣東珠江工程總承包有限公司 (Guangdong Zhujiang Engineering Construction Limited*), a member of the Chu’s Controlled Entities
“Hanjiang”	廣東韓江建築安裝工程有限公司 (Guangdong Hanjiang Construction Installation Project Limited*), a connected person of the Company as at the date of the 2015 Framework Agreement, which subsequently undergone restructuring on 14 October 2016
“Hanjiang Group”	Hanjiang, its subsidiaries, its associated companies and its associates; where relevant members of Hanjiang Group have become members of Chu’s Controlled Entities as a result of the restructuring of Hanjiang on 14 October 2016
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hopson Education Funds”	Hopson Education Charitable Funds Limited, a company incorporated in Hong Kong and whose entire issued share capital is owned by Mr. Chu. It is a holder of 68,640,000 Shares, representing approximately 3.08% of the issued share capital of the Company, as at the date of this announcement
“Independent Board Committee”	an independent committee of the Board comprising Mr. Lee Tsung Hei, David, Mr. Tan Leng Cheng, Aaron and Mr. Ching Yu Lung, all independent non-executive Directors, established to advise the Independent Shareholders in respect of the Supplemental Framework Agreement, the Transactions and the Revised Total Annual Caps
“Independent Shareholders”	Shareholders who are independent of Mr. Y.H. Chu and Mr. W.H. Chu and their respective associates including Sounda, Hopson Education Funds and Farrich
“Independent Third Parties”	persons who are not connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	Mr. Chu Mang Yee, the controlling shareholder of the Company, an executive Director and the Chairman of the Board
“Mr. Y.H. Chu”	Mr. Chu Yat Hong, the son of Mr. Chu and a brother of Ms. Chu
“Mr. W.H. Chu”	Mr. Chu Wai Hong, the son of Mr. Chu and a brother of Ms. Chu
“Ms. Chu”	Ms. Chu Kut Yung, an executive Director, the Deputy Chairman of the Board and daughter of Mr. Chu

“Pelican Financial”	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps
“PRC”	the People’s Republic of China
“Revised Payable Annual Caps”	the maximum aggregate annual transaction amount payable by the Group for services to be provided by Chu’s Controlled Entities to the Group pursuant to the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) for each of the two financial years ending 31 December 2020
“Revised Receivable Annual Caps”	the maximum aggregate annual transaction amount receivable by the Group for services to be provided to Chu’s Controlled Entities by the Group pursuant to the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) for each of the two financial years ending 31 December 2020
“Revised Total Annual Caps”	the Revised Payable Annual Caps and the Revised Receivable Annual Caps
“Revised Transactions”	collectively Transaction 1, Transaction 5, Transaction 6 and Transaction 11, as described in the section A of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened to approve, among other things, the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), the Transactions and the Revised Total Annual Caps

“Shareholders”	holders of Shares
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“sq.m.”	square metres
“Sounda”	Sounda Properties Limited, a company incorporated in the British Virgin Islands and whose entire issued share capital is owned by Mr. Chu. It is a holder of 1,160,363,809 Shares, representing approximately 52.14% of the issued share capital of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Framework Agreement”	the conditional supplemental framework agreement entered into between the Company, Mr. Y.H. Chu and Mr. W.H. Chu, which amends and supplements the 2018 Framework Agreement
“Transaction 12”	the appointment of the Group by Chu’s Controlled Entities to provide construction work for certain property development projects of Chu’s Controlled Entities as described in section B of this announcement
“Transactions”	Existing Transactions and Transaction 12

In this announcement, the conversion of RMB into HK\$ has been made at the rate of RMB1.0000:HK\$1.1345. Such conversion rate is included in this announcement for indicative purpose only and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
Hopson Development Holdings Limited
Chu Mang Yee
Chairman

Hong Kong, 2 July 2019

As at the date of this announcement, the Board comprises nine Directors. The executive Directors are Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Xi Ronggui (Chief Executive Officer), Mr. Au Wai Kin, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Lee Tsung Hei, David, Mr. Tan Leng Cheng, Aaron and Mr. Ching Yu Lung.

* For identification purposes only