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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)

website: <http://www.irasia.com/listco/hk/hopson>

**MAJOR TRANSACTION:
ACQUISITION OF LAND (LAND A) LOCATED IN BEIJING, PRC**

AND

**MAJOR TRANSACTION:
ACQUISITION OF LAND (LAND C) LOCATED IN BEIJING, PRC**

Capitalised terms used in this cover page have the same meanings as those defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 3 to 8 of this circular.

* *for identification purposes only*

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DEFINITIONS

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

“Acquisition A”	acquisition of Land A by the Group
“Acquisition C”	acquisition of Land C by the Group
“Acquisitions”	collectively, Acquisition A and Acquisition C and each an “Acquisition”
“associate”	as defined under the HKLR
“Bidding A”	the public bidding process in relation to Land A held by Beijing Municipal Land Management and Reserve Centre [#] (北京市土地整理儲備中心), a unit under the Beijing Land Resources Bureau [#] (北京市國土資源局)
“Bidding C”	the public bidding process in relation to Land C held by Beijing Municipal Land Management and Reserve Centre [#] (北京市土地整理儲備中心), a unit under the Beijing Land Resources Bureau (北京市國土資源局)
“BMCPNR”	Beijing Municipal Commission of Planning and Natural Resources [#] (北京市規劃和自然資源委員會)
“Board”	the board of Directors
“Circular Date”	the date of this circular, being 24 June 2020
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the HKSX
“connected person”	as defined under the HKLR
“Directors”	directors of the Company
“First Announcement”	the announcement of the Company in relation to Acquisition A and dated 11 May 2020
“Group”	the Company and its subsidiaries
“HKLR”	the Rules Governing the Listing of Securities on the HKSX
“HKSX”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	Hong Kong Special Administrative Region

DEFINITIONS

“Land A”	collectively, plots L-24 and L-26, Fenzhongsi Village, Nanyuanxiang, Fengtai District, Beijing (北京市豐台區南苑鄉分鐘寺村)
“Land C”	plot L-41, Fenzhongsi Village, Nanyuanxiang, Fengtai District, Beijing (北京市豐台區南苑鄉分鐘寺村)
“Latest Practicable Date” or “LPD”	18 June 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“PRC”	the People’s Republic of China which, for the purpose of this circular only, excludes Taiwan, Hong Kong and the Macao Special Administrative Region
“Purchase Price A”	the purchase price payable for Acquisition A, being RMB7.22 billion
“Purchase Price C”	the purchase price payable for Acquisition C, being RMB6.54 billion
“Purchaser A”	Beijing Hehong Dasheng Enterprise Management Limited* (北京合宏達盛企業管理有限公司)
“Purchaser C”	Beijing Heying Ruiheng Property Development Company Limited* (北京合盈銳恆房地產開發有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Announcement”	the announcement of the Company in relation to, among other things, Acquisition C and dated 20 May 2020
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“sq.m.”	square metres

* *For identification purpose only.*

For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.

^ *Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.*



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HOPSON DEVELOPMENT HOLDINGS LIMITED

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website: <http://www.irasia.com/listco/hk/hopson>

Executive Directors:

CHU Kut Yung (*Chairman*)
XI Ronggui (*Chief Executive Officer*)
AU Wai Kin
XIE Bao Xin
BAO Wenge

Independent non-executive Directors:

LEE Tsung Hei, David
TAN Leng Cheng, Aaron
CHING Yu Lung

Principal Office:

Unit 4903–10, 49/F
The Center, 99 Queen's Road Central,
Central, Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

24 June 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION:
ACQUISITION OF LAND (LAND A) LOCATED IN BEIJING, PRC**

AND

**MAJOR TRANSACTION:
ACQUISITION OF LAND (LAND C) LOCATED IN BEIJING, PRC**

1. INTRODUCTION

Reference is made to the First Announcement wherein the Board announced that on 9 May 2020, BMCPNR informed Purchaser A that it had succeeded in bidding for the land use rights in respect of Land A.

* *for identification purposes only*

LETTER FROM THE BOARD

Reference is also made to the Second Announcement wherein the Board announced that on 19 May 2020, BMCPNR informed Purchaser C that it had succeeded in bidding for the land use rights in respect of Land C.

The purpose of this circular is to provide you with, among other things, further details of each of Acquisition A and Acquisition C and other information required under the HKLR.

2. ACQUISITION A

Parties:	(i) BMCPNR, as transferor (ii) Purchaser A, as successful bidder
Location of Land A:	Fenzhongsi Village, Nanyuanxiang, Fengtai District, Beijing (北京市豐台區南苑鄉分鐘寺村)
Area:	A site area (建設用地面積) of 35,782.376 sq.m. and a gross floor area (建築控制規模面積) of 107,437 sq.m.
Term of land use rights:	70 years commencing from the date on which the relevant land use rights transfer agreement has been signed
Use of the Land:	Residential
Purchase Price:	RMB7.22 billion

3. ACQUISITION C

Parties:	(i) BMCPNR, as transferor (ii) Purchaser C, as successful bidder
Location of Land C:	Fenzhongsi Village, Nanyuanxiang, Fengtai District, Beijing (北京市豐台區南苑鄉分鐘寺村)
Area:	A site area (建設用地面積) of 29,750.725 sq.m. and a gross floor area (建築控制規模面積) of 88,484 sq.m.
Term of land use rights:	70 years commencing from the date on which the relevant land use rights transfer agreement has been signed
Use of the land:	Residential
Purchase price:	RMB6.54 billion

LETTER FROM THE BOARD

4. FURTHER INFORMATION ON PURCHASE PRICE A AND PURCHASE PRICE C

- (a) The purchase price for Acquisition A is RMB7.22 billion payable in cash, which represents the bid price submitted by Purchaser A through Bidding A. As at the LPD, the relevant land use rights transfer agreement had already been signed and the entire Purchase Price A had already been paid. As disclosed in the First Announcement, the Group financed Purchase Price A by internal resources.
- (b) The purchase price for Acquisition C is RMB6.54 billion payable in cash, which represents the bid price submitted by Purchaser C through Bidding C. As at the LPD, (i) the deposit of RMB950 million had already been paid as disclosed in the Second Announcement; (ii) the relevant land use rights transfer agreement had already been signed; and (iii) it was expected that the balance of Purchase Price C (RMB5.59 billion) would have been fully paid on or about 26 June 2020. As disclosed in the Second Announcement, the Group intends to finance Purchase Price C by internal resources.
- (c) Purchase Price A was arrived at as a result of successful bidding of Land A by Purchaser A at Bidding A which was conducted in accordance with the relevant PRC laws and regulations. Purchase Price C was arrived at as a result of successful bidding of Land C by Purchaser C at Bidding C which was conducted in accordance with the relevant PRC laws and regulations. The Group determined the bid price for Land A and Land C after taking into account, among other things, (i) the base price set by BMCPCR (being RMB5.719 billion in the case of Land A and RMB4.744 billion in the case of Land C); (ii) current property market conditions adjacent to Fenzhongsu Village, Nanyuanxiang, Fengtai District, Beijing; and (iii) the location and development potential of Land A and Land C. No independent valuation in respect of Land A or Land C has been taken as reference for setting the bid prices.

Both Land A and Land C are state-owned lands and are located in Beijing. The relevant biddings were approved by the Beijing Municipal Government and conducted in accordance with the relevant requirements of the PRC and Beijing, including 中華人民共和國土地管理法 (Land Administration Law of PRC[#]) and 招標拍賣掛牌出讓國有建設用地使用權規定 (Provisions on Granting State-Owned Construction Land Use Rights Through Tenders, Auction and Listing for Bidding[#]). To the best knowledge and belief of the Directors having made all reasonable enquiries, land use rights of the state-owned lands of PRC for industry, commerce, tourism, entertainment or commodity residential purposes, such as Land A and Land C, must be transferred through tenders, auction or listing for bidding according to the Provisions on Granting State-Owned Construction Land Use Rights Through Tenders, Auction and Listing for Bidding and the price must be determined in accordance with 招標拍賣掛牌出讓國有土地使用權規範(試行) (Criteria on Assignment of the State-owned Land Use Right Through Invitation for Tenders, Auction or Listing for Bidding (For Trial Implementation)[#]) and 城鎮土地估價規程 (GB/T 18508-2014) (Criteria for Valuation on Urban Land (GB/T 18508-2014)[#]). According to these regulations, the initial price will be determined after taking into

LETTER FROM THE BOARD

account the result of land valuation, industrial policies relevant to the use of the lands and the current land market. Accordingly, the Company considers that the base prices set by BMCPNR in respect of each of Land A and Land C are fair and reasonable.

- (d) With respect to the factor stated in section (c)(ii) above, set out below is further information: in relation to Land A, the selling price for the residential properties located in comparable locations in Beijing ranges from approximately RMB110,000 to RMB120,000 per sq.m. After taking into account Purchase Price A, the Company believes that certain profit can be made from the development of Land A. In relation to Land C, the selling price for the residential properties located in comparable locations in Beijing ranges from approximately RMB100,000 to RMB110,000 per sq.m. After taking into account Purchase Price C, the Company believes that certain profit can be made from the development of Land C.
- (e) With respect to the factor stated in section (c)(iii) above, set out below is further information: in relation to both Land A and Land C, they are located between the Third Ring (三環) and the Fourth Ring (四環), the heart of a tier one city, namely Beijing, the capital of the PRC and are scarce in supply as disclosed in section 8 below. In relation to Land A, (A) the project is situated at the heart of Beijing and the central business district in the north can be reached quickly. It has facilities such as the Capital Library of China[#] (首都圖書館) nearby and possesses good development potential; (B) since it is located between the Third Ring Road (三環路) and the Fourth Ring Road (四環路), it enjoys convenience in terms of transport; and (C) it is close to the Third Ring (三環), which will be developed into a district consolidating commercial and educational facilities and therefore has huge development potential. In relation to Land C, (A) the project is situated at the heart of Beijing and the central business district in the north can be reached quickly. It has facilities such as Longtan Park (龍潭湖公園) (one of the well-known parks in the districts in Beijing) nearby and possesses good development potential; (B) since it is located between the Third Ring Road (三環路) and the Fourth Ring Road (四環路) and near the Fenzhongsi Subway Station, it enjoys convenience in terms of transport; and (C) the district in which it is situated will be established with consolidated facilities, including commercial and medical facilities and therefore has huge development potential.

5. INFORMATION ON LAND A AND LAND C AND THE DEVELOPMENT PROJECT

Land A and Land C are separately located at Fenzhongsi Village, Nanyuanxiang, Fengtai District, Beijing and are for residential use. The Group plans to develop Land A into eight blocks of residential buildings with an aggregate gross floor area of approximately 107,437 sq.m. The project for Land A will target customers who are looking for property that is between medium to high range in terms of quality. The properties under this project will seek to strike a balance delivering the highest quality property relative to a reasonable price. With respect to Land C, the Group plans to develop it into seven blocks of residential buildings with an aggregate gross floor area of approximately 88,484 sq.m.. The project for Land C will be positioned as “elementary

LETTER FROM THE BOARD

improved properties” and target customers who are first-time homeowners or customers who wish to upgrade the quality of their existing homes for the first time. The properties under this project will be small to medium flats with sizes below 140 sq.m.. As at the Latest Practicable Date, it is expected that (i) the construction work in respect of Land A would commence in or about October 2020 and the pre-sale would commence in or about December 2020; and (ii) the construction work in respect of Land C would commence in or about January 2021 and the pre-sale would commence in or about March 2021.

6 FINANCIAL EFFECT OF EACH OF ACQUISITION A AND ACQUISITION C

In relation to each Acquisition, as the Group (A) financed Purchase Price A by internal resources as disclosed in section 4(a) above; and (B) intends to finance Purchase Price C by internal resources as disclosed in section 4(b) above, (i) (in the case of Acquisition A) the properties under development for sale of the Group increased by approximately RMB7.22 billion and the Group’s net cash position was decreased by approximately RMB7.22 billion; and (ii) (in the case of Acquisition C) the properties under development for sale of the Group increased by approximately RMB6.54 billion and the Group’s net cash position was decreased by approximately RMB6.54 billion. The Company considers that there was not any material effect on the earnings of the Group as a result of Acquisition A or Acquisition C.

7. INFORMATION ON THE PARTIES

The Company is an investment holding company. The Company’s subsidiaries, associates and joint ventures principally engage in residential property development, commercial property investment, property management and infrastructure business.

Each of Purchaser A and Purchaser C is a company established in the PRC which the Company indirectly owns 100% of its interests and whose principal business is property development.

BMCPNR is a PRC governmental authority in its capacity as the owner of all the lands, mineral resources, forest and water of Beijing. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, BMCPNR and its ultimate beneficial owners are parties who are independent of, and not connected with, the Company and its connected persons.

8. REASONS FOR ENTERING INTO, AND BENEFITS OF, EACH OF ACQUISITION A AND ACQUISITION C

Each of Land A and Land C is located between the Third Ring (三環) and the Fourth Ring (四環), the heart of a tier one city, namely Beijing, the capital of the PRC and are scarce in supply. Each of the Acquisitions is in line with the Group’s long term strategy in land bank by replenishing the Group’s land bank located in tier one cities. Each of the Acquisitions represents a good investment opportunity and, as disclosed above, allows the Group to expand its land bank and in turn enhance the Group’s potential to bring income to the Group.

LETTER FROM THE BOARD

Having taken into account the above reasons and benefits, the Directors (including all the independent non-executive Directors) consider that the terms of each Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

9. IMPLICATIONS UNDER HKLR

As the highest applicable percentage ratio as defined under Rule 14.07 of the HKLR in respect of each Acquisition is 25% or more but is less than 100%, each Acquisition constitutes a major transaction for the Company under Chapter 14 of the HKLR.

Each Acquisition constitutes a Qualified Property Acquisition under Rule 14.04(10C) of the HKLR as it involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under Rule 19A.04 of the HKLR) through a tender, auction or listing-for-sale governed by PRC law (as defined under Rule 19A.04 of the HKLR). The Board confirms that each Acquisition is undertaken by the Group on a sole basis and in the Group's ordinary and usual course of business. Each Acquisition is therefore subject to reporting and announcement requirements but is exempt from shareholders' approval requirements pursuant to Rule 14.33A(1) of the HKLR.

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set forth in the appendices to this circular.

Yours faithfully,
By order of the Board
CHU Kut Yung
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 respectively was set out in the annual reports of the Company for these three financial years respectively and are available on the website of the HKEX set out below:

Financial year ended**Website**

31 December 2017

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0419/ltn20180419307.pdf>

Note 1: this annual report was published on 19 April 2018.

Note 2: (i) see pages 238 to 240 for information for the last three financial years with respect to the profits and losses, financial record and position; and (ii) see pages 127 to 237 for the audited balance sheet and profits and losses together with the notes.

31 December 2018

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417175.pdf>

Note 1: this annual report was published on 17 April 2019.

Note 2: (i) see pages 282 to 284 for information for the last three financial years with respect to the profits and losses, financial record and position; and (ii) see pages 158 to 281 for the audited balance sheet and profits and losses together with the notes.

31 December 2019

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0416/2020041600200.pdf>

Note 1: this annual report was published on 16 April 2020.

Note 2: (i) see pages 286 to 288 for information for the last three financial years with respect to the profits and losses, financial record and position; and (ii) see pages 166 to 285 for the audited balance sheet and profits and losses together with the notes.

2. INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2020, being the last practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK\$77,864 million, and the details are as follow.

	<i>HK\$'000</i>
Bank and financial institution borrowings	
— Secured and with guarantee	54,382,139
— Secured and without guarantee	6,357,253
— Unsecured and without guarantee	1,561,625
Commercial mortgage-backed securities	
— Secured and guaranteed	7,882,816
Senior notes	
— Secured and guaranteed	7,679,940

Charge on assets

As at 30 April 2020, certain assets of the Group with an aggregate carrying value of HK\$83,628 million and the Group's equity interest in subsidiaries of HK\$8,943 million was pledged with banks and financial institutions for loan facilities used by subsidiaries.

Lease liabilities

As at 30 April 2020, the Group had secured and unguaranteed lease liabilities of approximately HK\$681 million related to the lease of land and properties in the PRC which were secured by rental deposits and unguaranteed.

Contingent liabilities

As at 30 April 2020, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$13,308 million.

Certain subsidiaries of the Group are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have debt securities issued and outstanding, and authorised or otherwise created but unissued, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 April 2020.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP FOR THE YEAR ENDING 31 DECEMBER 2020

The following are the unaudited operating results of the Group for the first five months of 2020, (i) the Group's contracted sales amounted to approximately RMB6,507 million, representing a decrease of 22.1% as compared to approximately RMB8,350 million in the same period of 2019; and (ii) the Group recorded contracted sales of approximately 558,767 square metres in gross floor area and an average selling price of RMB11,645 per square metre, representing a decrease of 13.0% compared to the average selling price of RMB13,381 per square metre in the same period in 2019.

With regard to year 2020 as a whole, the Group will, as disclosed in the section headed "6. Prospects and Arrangement: II. Future Prospects of the Group" on page 27 of the annual report of the Company for year 2019, actively facilitate the development and destocking of residential properties targeting at rigid demand and improvement demand in the Beijing-Tianjin-Hebei Region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, thereby speeding up cash inflow. Meanwhile, the Group will, as usual, adhere to the strategic planning on industry diversification, focusing on enhancing quality of high-end residential products to maintain high margin.

The Company noted the outbreak of coronavirus disease 2019 (COVID-19) at the end of year 2019 and had kept monitoring the situation closely. As the epidemic continues to stabilise in the PRC, more and more construction workers have resumed work in the PRC. Based on the assessment of the Directors on the Group's business and operation as at the LPD and subject to the situation of the development of the COVID-19, the Directors believed, as at the LPD, that COVID-19 did not have material adverse effect on the Group's continuing business operation and sustainability.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the completion of each Acquisition and the financial resources available to the Group (including but not limited to internally generated funds, cash and cash equivalents and financing facilities available), the Group has sufficient working capital for its present requirement, that is for at least the next 12 months from the Circular Date.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HKLR for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or members of the Group which were required to be notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or, which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in the HKLR to be notified to the Company and the HKEX were as follows:

The Company — Long position in the Shares

Name of Director	Nature of interest		Approximate percentage of Shares in issue
	Personal	Corporate	
Mr. Au Wai Kin (<i>Note 1</i>)	—	34,500,000	1.55%
Ms. Chu Kut Yung (<i>Note 2</i>)	1,000,000	1,014,000	0.09%

Notes:

1. Mr. Au Wai Kin held 34,500,000 Shares through Yield Plentiful Incorporated, a company wholly-owned and controlled by him.
2. Ms. Chu Kut Yung held 1,014,000 Shares through Ju Rong Investment Holdings Limited, a company wholly-owned by her.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they

were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were required pursuant to the Model Code to be notified to the Company and the HKEX.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests and short positions of the Shareholders (not being Directors or chief executives of the Company) in the shares and underlying shares of the Company which were notified to the Company and the HKEX pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Capacity and nature of interests	Number of issued Shares	Approximate percentage of Shares in issue
Sounda Properties Limited (<i>Note 1</i>)	Beneficial owner	1,160,363,809	52.14%
Farrich Investments Limited (“ Farrich ”) (<i>Note 2</i>)	Beneficial owner	395,246,625	17.76%
TheBest Investments Limited (“ TheBest ”) (<i>Note 2</i>)	Interest of controlled corporation	395,246,625	17.76%
Clear Build Investments Limited (“ Clear Build ”) (<i>Note 2</i>)	Interest of controlled corporation	395,246,625	17.76%
Mr. Chu Yat Hong (<i>Note 2</i>)	Interest of controlled corporation	395,246,625	17.76%
Mr. Chu Mang Yee (<i>Note 1</i>)	Interest of controlled corporation	1,229,000,809	55.22%

Notes:

1. Mr. Chu Mang Yee held 1,160,363,809 Shares through Sounda Properties Limited, a company wholly-owned by him, and 68,640,000 Shares through Hopson Education Charitable Funds Limited, an exempt charitable institution and a company limited by guarantee, of which Mr. Chu Mang Yee is the sole member.
2. 395,246,625 Shares were held by Farrich which is a wholly-owned subsidiary of TheBest. The entire issued share capital of TheBest is held by Clear Build which is in turn wholly-owned by Mr. Chu Yat Hong. Each of TheBest, Clear Build and Mr. Chu Yat Hong was deemed to be interested in 395,246,625 Shares under the SFO.

4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) As at the LPD, none of the Directors had, or have had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.
- (b) There was no contract or arrangement subsisting as at the Circular Date in which any of the Directors was materially interested and which is significant in relation to the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

6. COMPETING BUSINESS

As at the LPD, Mr. Lee Tsung Hei, David, an independent non-executive Director, was (i) a director of various companies which are engaged in the property development and property investment business; and (ii) the Chairman of the Investment Committee of a fund which was engaged in the property development and property investment business.

Save as disclosed above, none of the Directors and his/her respective close associates had an interest in a business apart from the Company's business which competed or was likely to compete, either directly or indirectly, with the Group's business as at the Latest Practicable Date.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

8. GENERAL

- (a) The company secretary of the Company is Ms. MOK Wai Kun, Barbara, a solicitor.
- (b) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is at Unit 4903-10, 49/F., The Center, 99 Queen's Road Central, Central, Hong Kong.
- (c) The Hong Kong branch registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited which is situated at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

9. MATERIAL CONTRACTS

None of the members of the Group had entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the issue of this circular and which is or may be material.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal office in Hong Kong at Unit 4903-10, 49/F., The Center, 99 Queen's Road Central, Central, Hong Kong from 9:30 a.m. to 5:00 p.m. during the period commencing from 24 June 2020 to 7 July 2020 (both dates inclusive):

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2019;
and
- (c) this circular.