

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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>

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcements of the Company respectively dated 26 April 2018 and 2 July 2019, and the circulars of the Company respectively dated 28 May 2018 and 12 August 2019, all relating to the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) and the transactions contemplated thereunder between the Group and the Chu's Controlled Entities.

The 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) expired on 31 December 2020. Since the Group expects to continue certain recurring transactions contemplated under the 2018 Framework Agreement and to enter into certain new recurring transactions with the Chu's Controlled Entities and Mr. M.Y. Chu's Controlled Entities (together, the Chu Family's Controlled Entities) in the three financial years ending 31 December 2023, the Company entered into the 2021 Framework Agreement with Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu to govern the 2021–2023 Transactions on 30 April 2021.

LISTING RULES IMPLICATIONS

Mr. Chu is the controlling shareholder of the Company. 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 18.03% of the Shares. Accordingly, all of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu are connected persons of the Company under the Listing Rules, and the 2021 Framework Agreement and the 2021–2023 Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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 Payable Annual Caps and Receivable Annual Caps exceed 5%, the 2021 Framework Agreement and the 2021–2023 Transactions constitute non-exempt continuing connected transactions of the Company and are subject to the 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 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps for the three financial years ending 31 December 2023 at the SGM. Each of Sounda, Farrich, Ju Rong Investment and Ms. Chu 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 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps.

A circular containing, *inter alia*, details of the 2021 Framework Agreement, the 2021–2023 Transactions and the 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 24 May 2021.

A. BACKGROUND

Pursuant to the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement), which expired on 31 December 2020, the Group carried out certain recurring continuing connected transactions with the Chu's Controlled Entities. Since the Group expects to continue certain recurring transactions contemplated under the 2018 Framework Agreement and to enter into certain new recurring transactions with the Chu's Controlled Entities and Mr. M.Y. Chu's Controlled Entities (together, the Chu Family's Controlled Entities) in the three financial years ending 31 December 2023, the Company entered into the 2021 Framework Agreement with Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu to govern the 2021–2023 Transactions on 30 April 2021.

B. THE 2021–2023 TRANSACTIONS

1. Services to be provided/premises to be leased by the Chu Family’s Controlled Entities to the Group pursuant to the 2021 Framework Agreement:

Construction

The appointment of the Chu Family’s Controlled Entities by the Group to carry out construction works for certain property development projects of the Group (“**Transaction 1**”).

Consultancy service on cost control for construction work

The appointment of the Chu Family’s Controlled Entities by the Group to provide the Group with cost control services for its construction work (“**Transaction 2**”).

Office lease

The lease of certain premises located in Guangzhou, Shanghai and Shenzhen by the Chu Family’s Controlled Entities to the Group for office use (“**Transaction 3**”).

Information technology related services and ERP System services

The appointment of the Chu Family’s Controlled Entities by the Group to provide information technology related services and ERP Systems services to the Group (“**Transaction 4**”).

Marketing services

The appointment of the Chu Family’s Controlled Entities by the Group to provide marketing services to the Group (“**Transaction 5**”).

Management of a property development project

The appointment of the Chu Family’s Controlled Entities by the Group to provide services to the Group in relation to the management of a property development project of the Group (“**Transaction 6**”).

2. Services to be provided/premises to be leased by the Group to the Chu Family's Controlled Entities pursuant to the 2021 Framework Agreement:

Building design

The appointment of the Group by the Chu Family's Controlled Entities to provide building design services for certain property development projects of the Chu Family's Controlled Entities ("**Transaction 7**").

Management of vacant properties

The appointment of the Group by the Chu Family's Controlled Entities to manage vacant properties of property development projects of the Chu Family's Controlled Entities ("**Transaction 8**").

Office lease

The lease of certain premises located in Guangzhou, Shanghai and Beijing by the Group to the Chu Family's Controlled Entities for use as offices ("**Transaction 9**").

Operational and building management

The appointment of the Group by the Chu Family's Controlled Entities to provide operational and building management services for certain property development projects of the Chu Family's Controlled Entities ("**Transaction 10**").

Construction

The appointment of the Group by the Chu Family's Controlled Entities to provide construction services for certain property development projects of the Chu Family's Controlled Entities ("**Transaction 11**").

Refurbishments and renovations

The appointment of the Group by the Chu Family's Controlled Entities to refurbish and renovate buildings and facilities of property development projects of the Chu Family's Controlled Entities, in preparation for the sale of such buildings and facilities ("**Transaction 12**").

Smart technology services

The appointment of the Group by the Chu Family's Controlled Entities to provide smart technology services to the Chu Family's Controlled Entities ("**Transaction 13**").

C. PRINCIPAL TERMS OF THE 2021 FRAMEWORK AGREEMENT

On 30 April 2021, the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu entered into the 2021 Framework Agreement, which set out, among other things, the principal terms of the 2021–2023 Transactions as follows:

Date: 30 April 2021

Parties:

- (1) the Company
- (2) Mr. Chu
- (3) Mr. Y.H. Chu
- (4) Mr. W.H. Chu

Scope of services:

1. Each of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu shall procure the relevant member(s) of the Chu Family's Controlled Entities or their respective sub-contractors to perform the services (other than Transaction 3), as the case may be, set out in paragraph 1 of Section B of this announcement and shall procure the relevant member(s) of the Chu Family's Controlled Entities to lease certain office premises to the Group.
2. The Company shall procure the relevant member(s) of the Group or their respective sub-contractors to perform the services (other than Transaction 9) set out in paragraph 2 of Section B of this announcement and shall procure the relevant member(s) of the Group to lease certain office premises to the Chu Family's Controlled Entities.

Term: For a term commencing from the date when the 2021 Framework Agreement becomes unconditional and ending on 31 December 2023.

Condition precedent: The 2021 Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at a general meeting of the Company.

Specific terms for the 2021–2023 Transactions: Each of the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu shall procure the relevant members of the Group and the Chu Family’s Controlled Entities to enter into a separate sales contract or agreement for each of the engagements/orders/leases in respect of each of the 2021–2023 Transactions. The sales contracts or agreements shall contain specific terms of the engagements/orders/leases which are consistent with the terms and principles set forth in the 2021 Framework Agreement. In general, the terms of the engagements/orders/leases in respect of the 2021–2023 Transactions must be fair and reasonable so far as the Group is concerned and each individual sales contract or agreement that the Group and the Chu Family’s Controlled Entities shall enter into must pass through the Group’s internal approval procedures in order to ensure that each of the engagements/orders/leases in respect of each of the 2021–2023 Transactions shall be conducted on normal commercial terms offered by Independent Third Parties or better so far as the Group is concerned.

D. DETAILS OF THE 2021–2023 TRANSACTIONS

Set out below are particulars of the 2021–2023 Transactions and the relevant pricing bases set out in the 2021 Framework Agreement:

1. Transaction 1 — Construction

Scope: The Group agrees to appoint the Chu Family’s Controlled Entities to carry out construction works for certain property development projects of the Group.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family’s Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to (i) the market prices offered by independent third parties for providing similar services and (ii) the latest stipulated standards and guidelines prescribed by 建設委員會 (Construction Committee) of the region where the project is located, such as (a) 《建設工程工程量清單計價規範》 (GB50500-2013) (Code of valuation with bill quantity of construction works) published by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC) in 2012, and (b) 廣東省建設工程計價依據(2018) (Costing Basis of Construction and Installation Works, Guangdong Province (2018) published by 廣東省建設廳 (Construction Department of Guangdong Province) in 2019 for property projects in Guangzhou.

2. Transaction 2 — Consultancy service on cost control for construction work

Scope: The Group agrees to appoint the Chu Family's Controlled Entities to provide the Group with cost control services for its construction work.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family's Controlled Entities and other terms for this transaction shall be determined with reference to (i) market prices offered by independent third parties for providing similar services and (ii) the standards and guidelines prescribed by the relevant governmental authorities of where the project is located, such as (a) 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函》(粵價函[2011]742號) (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province*) issued by 廣東省物價局 (Price Control Administrative Bureau of Guangdong Province*) in 2011, and (b) 《廣東省建設工程造價管理規定》 (Rules governing the fees chargeable for construction projects of Guangdong province*) issued by 廣東省人民政府 (People's Government of Guangdong Province) in 2014.

3. Transaction 3 — Office lease

Scope: The Chu Family's Controlled Entities agree to lease certain premises located in Guangzhou, Shanghai and Shenzhen to the Group for office use.

Bases for determining price and other terms: The rent payable by the Group to the Chu Family's Controlled Entities and the other terms shall be determined with reference to the prevailing market rents paid by lessees who are independent third parties for leasing similar premises located in nearby areas, or leasing premises of the same grading.

4. Transaction 4 — Information technology related services and ERP Systems services

Scope: The Group agrees to appoint the Chu Family’s Controlled Entities to provide information technology related services to the Group, including the planning, consulting, development, implementing, marketing and maintaining of the Group’s information technology systems for the management of smart offices, labour, operations, financing and the property industry.

The Group agrees to appoint the Chu Family’s Controlled Entities to also provide ERP Systems services to the Group, including the establishing and maintaining of ERP Systems.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family’s Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to the market prices offered by independent third parties for providing similar services.

5. Transaction 5 — Marketing services

Scope: The Group agrees to appoint the Chu Family’s Controlled Entities to provide marketing services to the Group, including marketing services in relation to the expansion of online and offline customers of property projects of the Group, the expansion of resources required by the property projects of Group, the set-up of offline marketing channels, and the suggestion of operational strategies with respect to sales agents, the media and system platforms.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family’s Controlled Entities and the other terms for this transaction shall be determined with reference to the market rate, including the market rates for property projects located in first tier cities, second and third tier cities and the outer regions, of the PRC.

6. Transaction 6 — Management of a property development project

Scope: The Group agrees to appoint the Chu Family’s Controlled Entities to provide services to the Group in relation to the management of a property development project of the Group, including but not limited to services in relation to the management of the division of labour, project teams, human resources, financial matters, operational matters, and settlement of costs. The said project involves the redevelopment of Lingshan village, a village located in Guangzhou.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family’s Controlled Entities and the other terms for this transaction shall be determined with reference to the market rate.

7. Transaction 7 — Building design

Scope: The Chu Family’s Controlled Entities agree to appoint the Group to provide building design services for certain property development projects of the Chu Family’s Controlled Entities in regions including Xian, Beijing, Guangzhou, Hebei, Shanghai, Chengdu and Tianjin.

Bases for determining price and other terms: The fees payable by the Chu Family’s Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to (i) the market prices offered by independent third parties for providing similar design services and (ii) the latest standards and guidelines prescribed by the relevant local authority on the fees for providing similar services (if any).

8. Transaction 8 — Management of vacant properties

Scope: The Chu Family's Controlled Entities agree to appoint the Group to manage vacant properties of property development projects of the Chu Family's Controlled Entities.

Bases for determining price and other terms: The fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to (i) the standards and costs for the provision of such services in regions including the Guangdong province, Zhejiang province, Tianjin, Beijing and Shanghai, (ii) contracts on hand, and (iii) the market prices offered by independent third parties for providing similar services.

9. Transaction 9 — Office lease

Scope: The Group agrees to lease certain premises located in Guangzhou, Shanghai and Beijing to the Chu Family's Controlled Entities for use as offices.

Bases for determining price and other terms: The rent payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined with reference to the market rents charged by independent third parties for leasing out similar types of properties.

10. Transaction 10 — Operational and building management

Scope: The Chu Family's Controlled Entities agree to appoint the Group to provide operational and building management services for certain property development projects of the Chu Family's Controlled Entities, including pre-development management, operations management, and information technology systems management.

Bases for determining price and other terms: The services fee payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to the pricing standards of independent third parties for providing similar services in the industry.

11. Transaction 11 — Construction

Scope:	The Chu Family's Controlled Entities agree to appoint the Group to provide construction services for certain property development projects of the Chu Family's Controlled Entities.
Bases for determining price and other terms:	The construction fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to (i) the market prices offered by independent third parties for providing similar services, and (ii) the latest stipulated standards and guidelines prescribed by 建設委員會 (Construction Committee) of the region where the projects are located, such as (a) 《建設工程工程量清單計價規範》 (GB50500-2013) (Code of valuation with bill quantity of construction works) published by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC) in 2012, (b) 《天津市建築工程預算基價》 (Tianjin city construction project budgeting standard*) published by 天津市住房和城鄉建設委員會 (Tianjin Housing and Urban-Rural Construction Commission) in 2020, and (c) 《江蘇省建築與裝飾工程計價定額》 (Calculation of fees for construction and renovation projects of the Jiangsu province*) published by 江蘇省住房和城鄉建設廳 (Jiangsu Provincial Department of Housing and Urban — Rural Construction Office*) in 2014.

12. Transaction 12 — Refurbishments and renovations

Scope:	The Chu Family's Controlled Entities agree to appoint the Group to refurbish and renovate buildings and facilities of property development projects of the Chu Family's Controlled Entities, in preparation for the sale of such buildings and facilities.
Bases for determining price and other terms:	The fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to the pricing standards of independent third parties for providing similar services in the industry.

13. Transaction 13 — Smart technology services

Scope:	The Chu Family's Controlled Entities agree to appoint the Group to provide smart technology services to the Chu Family's Controlled Entities, including smart supervision services, preliminary management services through the use of existing centralised smart supervisory systems, smart management consultancy services for vacant properties, and the consultation services in relation to the integration of online and offline operations for businesses and the community.
Bases for determining price and other terms:	The services fee payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to the pricing standards of independent third parties for providing similar services in the industry.

E. INTERNAL CONTROL MEASURES

To ensure that the terms of the individual sales contract or agreement in respect of the 2021–2023 Transactions 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 shall, before the Group enters into any individual sales contract or agreement in respect of the 2021–2023 Transactions with the Chu Family's Controlled Entities, first obtain quotations and terms for providing services/leases of similar level and types from at least two Independent Third Parties for reference. The relevant operational team of the Group shall then review and evaluate the terms proposed to be offered by/to the Chu Family's Controlled Entities to/by our Group and compare such terms with that obtained from the Independent Third Parties. The head of such operational team shall be responsible for approving the individual sales contract or agreement in respect of the 2021–2023 Transactions that the Group enters into with the Chu Family's Controlled Entities in order to ensure that each of the engagements/orders/leases in respect of each of the 2021–2023 Transactions shall 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 shall 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 2021–2023 Transactions.

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 the 2021–2023 Transactions shall be conducted on normal commercial terms or better which are fair and reasonable to the Company and the Shareholders as a whole.

F. PROPOSED ANNUAL CAPS

(I) Set out below are the Annual Caps proposed by the Directors for each of the three financial years ending 31 December 2023 in respect of the 2021–2023 Transactions and the relevant breakdowns:

A. *Services to be provided/premises to be leased by the Chu Family’s Controlled Entities to the Group pursuant to the 2021 Framework Agreement:*

2021–2023 Transactions	2021 Annual Cap	2022 Annual Cap	2023 Annual Cap
1. Transaction 1 — Construction	RMB1,311,460,000 (equivalent to approximately HK\$1,560,637,000)	RMB1,582,620,000 (equivalent to approximately HK\$1,883,318,000)	RMB1,308,040,000 (equivalent to approximately HK\$1,556,568,000)
2. Transaction 2 — Consultancy service on cost control for construction work	RMB39,090,000 (equivalent to approximately HK\$46,517,000)	RMB34,150,000 (equivalent to approximately HK\$40,639,000)	RMB36,700,000 (equivalent to approximately HK\$43,673,000)
3. Transaction 3 — Office lease	RMB13,180,000 (equivalent to approximately HK\$15,684,000)	RMB13,650,000 (equivalent to approximately HK\$16,244,000)	RMB13,440,000 (equivalent to approximately HK\$15,994,000)
4. Transaction 4 — Information technology related services and ERP Systems services	RMB126,600,000 (equivalent to approximately HK\$150,654,000)	RMB83,880,000 (equivalent to approximately HK\$99,817,000)	RMB94,390,000 (equivalent to approximately HK\$112,324,000)
5. Transaction 5 — Marketing services	RMB987,900,000 (equivalent to approximately HK\$1,175,601,000)	RMB1,458,890,000 (equivalent to approximately HK\$1,736,079,000)	RMB2,468,650,000 (equivalent to approximately HK\$2,937,694,000)
6. Transaction 6 — Management of a property development project	RMB47,460,000 (equivalent to approximately HK\$56,477,000)	RMB15,820,000 (equivalent to approximately HK\$18,826,000)	RMB63,280,000 (equivalent to approximately HK\$75,303,000)
Total Payable Annual Caps	RMB2,525,690,000 (equivalent to approximately HK\$3,005,570,000)	RMB3,189,010,000 (equivalent to approximately HK\$3,794,923,000)	RMB3,984,500,000 (equivalent to approximately HK\$4,741,556,000)

B. Services to be provided/premises to be leased by the Chu Family's Controlled Entities to the Group pursuant to the 2021 Framework Agreement:

2021–2023 Transactions	2021 Annual Cap	2022 Annual Cap	2023 Annual Cap
7. Transaction 7 — Building design	RMB244,220,000 (equivalent to approximately HK\$290,622,000)	RMB200,130,000 (equivalent to approximately HK\$238,155,000)	RMB108,390,000 (equivalent to approximately HK\$128,984,000)
8. Transaction 8 — Management of vacant properties	RMB72,170,000 (equivalent to approximately HK\$85,882,000)	RMB76,550,000 (equivalent to approximately HK\$91,095,000)	RMB85,830,000 (equivalent to approximately HK\$102,138,000)
9. Transaction 9 — Office lease	RMB87,120,000 (equivalent to approximately HK\$103,673,000)	RMB96,100,000 (equivalent to approximately HK\$114,359,000)	RMB98,300,000 (equivalent to approximately HK\$116,977,000)
10. Transaction 10 — Operational and building management	RMB2,191,230,000 (equivalent to approximately HK\$2,607,564,000)	RMB2,020,700,000 (equivalent to approximately HK\$2,404,633,000)	RMB1,491,160,000 (equivalent to approximately HK\$1,774,480,000)
11. Transaction 11 — Construction	RMB1,025,950,000 (equivalent to approximately HK\$1,220,881,000)	RMB482,540,000 (equivalent to approximately HK\$574,223,000)	RMB153,020,000 (equivalent to approximately HK\$182,094,000)
12. Transaction 12 — Refurbishments and renovations	RMB53,420,000 (equivalent to approximately HK\$63,570,000)	RMB37,440,000 (equivalent to approximately HK\$44,554,000)	RMB41,190,000 (equivalent to approximately HK\$49,016,000)
13. Transaction 13 — Smart technology services	RMB531,840,000 (equivalent to approximately HK\$632,890,000)	RMB775,530,000 (equivalent to approximately HK\$922,881,000)	RMB1,364,480,000 (equivalent to approximately HK\$1,623,731,000)
Total Receivable Annual Caps	RMB4,205,950,000 (equivalent to approximately HK\$5,005,082,000)	RMB3,688,990,000 (equivalent to approximately HK\$4,389,900,000)	RMB3,342,370,000 (equivalent to approximately HK\$3,977,420,000)

- (II) The management of the Company determined the proposed Annual Caps based on the estimated annual transaction amounts for each of the three financial years ending 31 December 2023 in respect of each of the 2021–2023 Transactions. Set out below are the bases upon which such annual transaction amounts are estimated:**

Transaction 1 — Construction

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; (ii) the approximate aggregate gross floor area of the construction projects to be carried out by the Chu Family’s Controlled Entities located in Guangzhou and Huizhou; (iii) the proportion of the subject construction project expected to be completed in each of the three years ending 31 December 2023; and (iv) the historical data relating to the provision of the same services by the Chu Family’s Controlled Entities to the Group.

Transaction 2 — Consultancy service on cost control for construction work

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; (ii) the approximate aggregate construction floor area of the property projects to be completed by the Group in Tianjin, Guangzhou and Shanghai, and the northern (including Shanxi, Bazhou, Langfang and Beijing) and Huizhou of the PRC, which require such services from the Chu Family’s Controlled Entities; and (iii) the historical data relating to the provision of the same services by the Chu Family’s Controlled Entities to the Group.

Transaction 3 — Office lease

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) the proposed leased premises identified and the aggregate size thereof.

Transaction 4 — Information technology related services and ERP Systems services

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) the scope and extent of the services to be provided by the Chu Family’s Controlled Entities to the Group.

Transaction 5 — Marketing services

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; (ii) the location of the proposed property projects, and (iii) the estimated contracted sales of the Group.

Transaction 6 — Management of a property development project

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) the aggregate investment cost to be contributed by the Group for the said project.

Transaction 7 — Building design

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) our Directors' estimation of the aggregate sizes and types of the property development projects of the Chu Family's Controlled Entities for which building design work is proposed to be assigned to the Group.

Transaction 8 — Management of vacant properties

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) the aggregate gross floor area of vacant properties under management.

Transaction 9 — Office lease

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) the proposed leased premises identified and the aggregate size thereof.

Transaction 10 — Operational and building management

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; (ii) our Directors' estimation of the number and size of the property development projects of the Chu Family's Controlled Entities which require the Group's services; and (iii) the estimated total construction costs and expenses of the aforesaid property development projects.

Transaction 11 — Construction

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; (ii) the approximate aggregate gross floor area of the property development projects of the Chu Family's Controlled Entities to be carried out by the Group located in Tianjin, Kunshan and Guangdong.

Transaction 12 — Refurbishments and renovations

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; (ii) our Directors' estimation of the level of demand for the Group's refurbishment and renovation services, and (iii) our Directors' estimate of the total number of new apartments to be delivered by the Chu Family's Controlled Entities.

Transaction 13 — Smart technology services

The relevant estimated transaction amounts were assessed based on (i) the relevant pricing basis under the 2021 Framework Agreement; and (ii) our Director's estimate of the demand for the Group's smart technology services for the three years ending 31 December 2023.

G. HISTORICAL TRANSACTION AMOUNTS OF THE 2021–2023 TRANSACTIONS

Set out below are the annual caps and the actual transaction amounts of the transactions which were also carried out between the Group and the Chu's Controlled Entities under the 2018 Framework Agreement (as supplemented by the Supplemental Framework Agreement) for the three financial years ended 31 December 2020:

Transactions	Year ended 31 December 2018		Year ended 31 December 2019		Year ended 31 December 2020	
	Annual caps	Approximate transaction amount	Annual caps	Approximate transaction amount	Annual caps	Approximate transaction amount
Transaction 1 — Construction (ie: Transaction 1 of the 2021–2023 Transactions)	RMB483,493,000 (equivalent to approximately HK\$575,357,000)	RMB73,856,000 (equivalent to approximately HK\$87,889,000)	RMB1,022,388,000 (equivalent to approximately HK\$1,216,642,000)	RMB872,689,000 (equivalent to approximately HK\$1,038,500,000)	RMB1,149,632,000 (equivalent to approximately HK\$1,368,062,000)	RMB462,228,000 (equivalent to approximately HK\$550,051,000)
Transaction 2 — Electrical installation, low voltage system and intelligent building system installation and consultancy service on cost control for construction work (ie: Transaction 2 of the 2021–2023 Transactions)	RMB83,077,000 (equivalent to approximately HK\$98,862,000)	RMB22,697,000 (equivalent to approximately HK\$27,009,000)	RMB72,471,000 (equivalent to approximately HK\$86,240,000)	RMB10,164,000 (equivalent to approximately HK\$12,095,000)	RMB79,114,000 (equivalent to approximately HK\$94,146,000)	RMB40,266,000 (equivalent to approximately HK\$47,917,000)
Transaction 3 — Office lease (ie: Transaction 3 of the 2021–2023 Transactions)	RMB8,860,000 (equivalent to approximately HK\$10,543,000)	RMB6,466,000 (equivalent to approximately HK\$7,695,000)	RMB8,964,000 (equivalent to approximately HK\$10,667,000)	RMB8,406,000 (equivalent to approximately HK\$10,003,000)	RMB9,153,000 (equivalent to approximately HK\$10,892,000)	RMB8,927,000 (equivalent to approximately HK\$10,623,000)
Transaction 4 — Information technology related services (ie: Transaction 4 of the 2021–2023 Transactions)	RMB57,345,000 (equivalent to approximately HK\$68,241,000)	RMB42,556,000 (equivalent to approximately HK\$50,642,000)	RMB60,645,000 (equivalent to approximately HK\$72,168,000)	RMB11,880,000 (equivalent to approximately HK\$14,137,000)	RMB65,645,000 (equivalent to approximately HK\$78,118,000)	RMB20,473,000 (equivalent to approximately HK\$24,363,000)

Transactions	Year ended 31 December 2018		Year ended 31 December 2019		Year ended 31 December 2020	
	Annual caps	Approximate transaction amount	Annual caps	Approximate transaction amount	Annual caps	Approximate transaction amount
Transaction 5 — Marketing (ie: Transaction 5 of the 2021–2023 Transactions)	RMB200,440,000 (equivalent to approximately HK\$238,524,000)	RMB200,360,000 (equivalent to approximately HK\$238,428,000)	RMB799,995,000 (equivalent to approximately HK\$951,994,000)	RMB604,577,000 (equivalent to approximately HK\$719,447,000)	RMB1,000,222,000 (equivalent to approximately HK\$1,190,264,000)	RMB675,960,000 (equivalent to approximately HK\$804,392,000)
Transaction 6 — Building design (ie: Transaction 7 of the 2021–2023 Transactions)	RMB40,820,000 (equivalent to approximately HK\$48,576,000)	RMB25,960,000 (equivalent to approximately HK\$30,892,000)	RMB72,378,000 (equivalent to approximately HK\$86,130,000)	RMB62,032,000 (equivalent to approximately HK\$73,818,000)	RMB55,638,000 (equivalent to approximately HK\$66,209,000)	RMB53,918,000 (equivalent to approximately HK\$64,162,000)
Transaction 7 — Management of vacant properties and delivery of sold property units (ie: Transaction 8 of the 2021–2023 Transactions)	RMB29,113,000 (equivalent to approximately HK\$34,644,000)	RMB25,732,000 (equivalent to approximately HK\$30,621,000)	RMB32,024,000 (equivalent to approximately HK\$38,109,000)	RMB29,689,000 (equivalent to approximately HK\$35,330,000)	RMB35,227,000 (equivalent to approximately HK\$41,920,000)	RMB32,000,000 (equivalent to approximately HK\$38,080,000)
Transaction 8 — Heating services	NA	NA	RMB2,710,000 (equivalent to approximately HK\$3,225,000)	RMB1,292,000 (equivalent to approximately HK\$1,537,000)	RMB2,540,000 (equivalent to approximately HK\$3,023,000)	RMB861,000 (equivalent to approximately HK\$1,025,000)
Transaction 9 — Hotel management	RMB7,039,000 (equivalent to approximately HK\$8,376,000)	RMB3,290,000 (equivalent to approximately HK\$3,915,000)	RMB7,048,000 (equivalent to approximately HK\$8,387,000)	RMB4,399,000 (equivalent to approximately HK\$5,235,000)	RMB8,519,000 (equivalent to approximately HK\$10,138,000)	RMB6,925,000 (equivalent to approximately HK\$8,241,000)
Transaction 10 — Shop and office lease (ie: Transaction 9 of the 2021–2023 Transactions)	RMB35,675,000 (equivalent to approximately HK\$42,453,000)	RMB8,473,000 (equivalent to approximately HK\$10,083,000)	RMB37,058,000 (equivalent to approximately HK\$44,099,000)	RMB22,634,000 (equivalent to approximately HK\$26,934,000)	RMB37,746,000 (equivalent to approximately HK\$44,918,000)	RMB20,822,000 (equivalent to approximately HK\$24,778,000)
Transaction 11 — Commercial real estate management (ie: Transaction 10 of the 2021–2023 Transactions)	RMB153,901,000 (equivalent to approximately HK\$183,142,000)	RMB41,348,000 (equivalent to approximately HK\$49,204,000)	RMB314,683,000 (equivalent to approximately HK\$374,473,000)	RMB116,769,000 (equivalent to approximately HK\$138,955,000)	RMB297,351,000 (equivalent to approximately HK\$353,848,000)	RMB279,527,000 (equivalent to approximately HK\$332,637,000)
Transaction 12 — Construction (ie: Transaction 11 of the 2021–2023 Transactions)	NA	NA	RMB200,000,000 (equivalent to approximately HK\$238,000,000)	RMB14,312,000 (equivalent to approximately HK\$17,031,000)	RMB250,000,000 (equivalent to approximately HK\$297,500,000)	RMB162,803,000 (equivalent to approximately HK\$193,736,000)

H. INFORMATION OF THE GROUP AND CHU FAMILY'S CONTROLLED ENTITIES

The Group is principally engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in Mainland China, and investments business. The 2021–2023 Transactions shall 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. The Chu's Controlled Entities invest in various projects including infrastructure, land, energy and resources, new energy vehicles, pharmaceuticals, robots, 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 the 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) and 市政公用工程施工總承包貳級資質企業 (Level 2 Main Contractor for Municipal Public Construction Projects*) by the relevant government authority in the PRC. First class main contractors are qualified to undertake larger scale projects than non-first class contractors, while contractors may only be classified as a Level 2 Main Contractor upon fulfilling certain requirements prescribed by the relevant government authority in the PRC in relation to the contractor's total valuation, experience and qualifications. Guangdong Hanjiang offers a comprehensive range of services, employing experts to manage and control the quality, safety and costs of their construction projects with modern management methods. Guangdong Hanjiang is a reputable contractor in the industry, has a proven track record and possesses the relevant technical capabilities and expertise in handling a wide range of construction projects.

Relying on technologies such as big data and artificial intelligence, Mr. M.Y. Chu's Controlled Entities are committed to building an ecological platform for technology empowerment, and intends to become a multi-business, all-round technical solution and service provider.

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

I. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE 2021 FRAMEWORK AGREEMENT

The purpose of entering into the 2021 Framework Agreement is to regulate the 2021–2023 Transactions which are recurrent, regular and continuing in nature between the Group and the Chu Family's Controlled Entities. The Group has been transacting with the Previous Contracting Parties, which have since become members of the Chu Family's Controlled Entities as a result of the restructuring of Hanjiang, since 2003. Over the years, the Group and the Previous Contracting Parties have built up a close and good working relationship. Given the Previous Contracting Parties' proven track record, qualification, expertise, reputation, experience and highly competitive pricing, the Group is of the view that the continued appointment of the Chu Family's Controlled Entities for the provision of services under Transaction 1, Transaction 2, Transaction 4 and Transaction 5, the continued leasing of office premises from the Chu Family's Controlled Entities under Transaction 3 and the new appointment of the Chu Family's Controlled Entities for the provision of services under Transaction 6, are in the interests of the Company and its Shareholders as a whole.

In view of the long-term and good working relationship between the Group and the Previous Contracting Parties and the good payment records of the Previous Contracting Parties, the Group considers that the continued provision of services under Transaction 7, Transaction 8, Transaction 10 and Transaction 11, the continued leasing of office premises to the Chu Family's Controlled Entities under Transaction 9, and the new provision to the Chu Family's Controlled Entities of services under Transaction 12 and Transaction 13, 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.

Having considered the experience of certain members of Mr. M.Y. Chu's Controlled Entities, their respective proven track record in the industry and that the proposed pricing terms charged by Mr. M.Y. Chu's Controlled Entities are comparable to that of the independent third parties for the provision of similar services, the Group is of the view that the appointment of Mr. M.Y. Chu's Controlled Entities, in addition to the Chu's Controlled Entities, for the provision of services under Transaction 4 is in the best interests of the Company and its shareholders as a whole.

The entering into of the 2021 Framework Agreement will provide a single basis on which the Company shall comply with the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules, thereby reducing the Company's administrative burden and costs for complying with such requirements in relation to the execution of a separate sales contract or agreement for each of the engagements/orders/leases under each of the 2021–2023 Transactions.

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 2021–2023 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 2021–2023 Transactions, consider the terms of the 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps to be fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

J. LISTING RULES IMPLICATIONS

Mr. Chu is the controlling shareholder of the Company. 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 18.03% of the Shares. Accordingly, all of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu are connected persons of the Company under the Listing Rules, and the 2021 Framework Agreement and the 2021–2023 Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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 Payable Annual Caps and Receivable Annual Caps exceed 5%, the 2021 Framework Agreement and the 2021–2023 Transactions constitute non-exempt continuing connected transactions of the Company and are subject to the 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 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps for the three financial years ending 31 December 2023 at the SGM. Each of Sounda, Farrich, Ju Rong Investment and Ms. Chu will abstain from voting at the SGM.

Since the 2021 Framework Agreement and the 2021–2023 Transactions constitute continuing connected transactions for the Company due to Mr. Chu being the controlling shareholder of the Company, and the connection between Mr. Y.H. Chu and Mr. W.H. Chu with each of Mr. Chu and Ms. Chu, Ms. Chu abstained from voting on the resolutions of the Board approving the 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps.

K. 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 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps.

A circular containing, *inter alia*, details of the 2021 Framework Agreement, the 2021–2023 Transactions and the 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 24 May 2021.

L. TERMS USED IN THIS ANNOUNCEMENT

“Annual Caps”	the maximum aggregate annual transaction amount for the 2021–2023 Transactions collectively under the 2021 Framework Agreement for each of the three financial years ending 31 December 2023
“associates”	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
“Chu Family’s Controlled Entities”	the Chu’s Controlled Entities and Mr. M.Y. Chu’s Controlled Entities

“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
“ERP Systems”	Enterprise Resource Planning systems
“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 the holder of 395,246,625 Shares, representing approximately 18.03% 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), one of the Previous Contracting Parties and 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), one of the Previous Contracting Parties and a member of the Chu’s Controlled Entities
“Hanjiang Group”	Hanjiang, its subsidiaries, its associated companies and its associates
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps
“Independent Shareholders”	Shareholders who are independent of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu and their respective associates including Sounda, Farrich, Ju Rong Investment and Ms. Chu
“Independent Third Parties”	persons who are not connected persons of the Company

“Ju Rong Investment”	Ju Rong Investment Holdings Limited 聚融投資控股有限公司, a company incorporated in Hong Kong and whose entire issued share capital is owned by Ms. Chu. It is the holder of 1,014,000 Shares, representing approximately 0.05% of the issued share capital of the Company as at the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	Mr. Chu Mang Yee, the controlling shareholder of the Company, a former executive Director and the former Chairman of the Board
“Mr. M.Y. Chu’s Controlled Entities”	companies which are associates of Mr. Chu
“Mr. W.H. Chu”	Mr. Chu Wai Hong, the son of Mr. Chu and a brother of Ms. Chu
“Mr. Y.H. Chu”	Mr. Chu Yat Hong, the son of Mr. Chu and a brother of Ms. Chu
“Ms. Chu”	Ms. Chu Kut Yung, an executive Director, the Chairman of the Board, daughter of Mr. Chu and sister of Mr. W.H. Chu and Mr. Y.H. Chu
“Payable Annual Caps”	the maximum aggregate annual transaction amount payable by the Group for services/leases to be provided/leased by Chu Family’s Controlled Entities to the Group under the 2021 Framework Agreement for each of the three financial years ending 31 December 2023
“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 (Chapter 571 of the laws of Hong Kong), 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 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps
“PRC”	the People’s Republic of China
“Previous Contracting Parties”	members of Hanjiang Group that entered into transactions with the Group under the 2015 Framework Agreement, which have become members of the Chu’s Controlled Entities as a result of the restructuring of Hanjiang

“Receivable Annual Caps”	the maximum aggregate annual transaction amount receivable by the Group for services/leases to be provided/leased to the Chu Family’s Controlled Entities by the Group under the 2021 Framework Agreement for each of the three financial years ending 31 December 2023
“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 2021 Framework Agreement, the 2021–2023 Transactions and the Annual Caps
“Shareholders”	holders of Shares
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“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 the holder of 1,160,363,809 Shares, representing approximately 52.95% 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 dated 2 July 2019 entered into between the Company, Mr. Y.H. Chu and Mr. W.H. Chu, which amends and supplements the 2018 Framework Agreement, and which expired on 31 December 2020
“2015 Framework Agreement”	the conditional framework agreement dated 22 April 2015 entered into between the Company and Hanjiang in relation to the certain recurrent transactions which expired on 31 December 2017
“2018 Framework Agreement”	the conditional framework agreement dated 26 April 2018 entered into between the Company and Mr. Y.H. Chu and Mr. W.H. Chu in relation to the certain recurrent transactions which expired on 31 December 2020
“2021 Framework Agreement”	the conditional framework agreement dated 30 April 2021 entered into between the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu in relation to the 2021–2023 Transactions

“2021–2023 Transactions” the Transaction 1 to the Transaction 13 as described in the section headed “The 2021–2023 Transactions” of this announcement proposed to be entered into between the Group and the Chu Family’s Controlled Entities pursuant to the 2021 Framework Agreement

In this announcement, the conversion of RMB into HK\$ has been made at the rate of RMB1.00: HK\$1.19. 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 Kut Yung
Chairman

Hong Kong, 30 April 2021

As at the date of this announcement, the Board comprises seven Directors. The executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron, and Mr. Ching Yu Lung.

* *For identification purposes only*