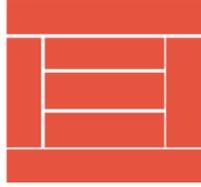


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EXCEL DEVELOPMENT (HOLDINGS) LIMITED

怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

This announcement is made by the Company on a voluntary basis.

The Board is pleased to announce that on 20 October 2016 (after the trading hours of the Stock Exchange), ChongQing Xunli Commercial Management Limited* (重慶訊利商業管理有限公司), a wholly-owned subsidiary of the Company, and ChongQing North Automobile Company Limited* (重慶比速汽車有限公司), entered into a Strategic Cooperation Agreement.

Pursuant to the Strategic Cooperation Agreement, ChongQing Xunli shall provide services and advices to ChongQing North Automobile, including but not limited to business production and operation management, consultation of sales service and the support and expansion of sales channel.

This is a voluntary announcement made by Excel Development (Holdings) Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”).

On 20 October 2016, ChongQing Xunli Commercial Management Limited* (重慶訊利商業管理有限公司) (“**ChongQing Xunli**”), a wholly-owned subsidiary of the Company, and ChongQing North Automobile Company Limited* (重慶比速汽車有限公司) (“**ChongQing North Automobile**”, collectively with ChongQing Xunli, the “**Strategic Parties**”), entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”), in relation to the provision of services and advices to ChongQing North Automobile by ChongQing Xunli including but not limited to business production and operation management, consultation of sales service and the support and expansion of sales channel.

MAJOR TERMS OF THE STRATEGIC COOPERATION AGREEMENT

The major terms of the Strategic Cooperation Agreement are as follows:

Date : 20 October 2016 (after trading hours)

Parties : (1) ChongQing Xunli Commercial Management Limited* (重慶訊利商業管理有限公司), a wholly-owned subsidiary of the Company; and
(2) ChongQing North Automobile Company Limited* (重慶比速汽車有限公司).

To the best knowledge, information and belief of the directors of the Company (the “**Directors**”) and after having made all reasonable enquiries, save and except that ChongQing North Automobile (i) purchases automobile engines from the Group; and (ii) leases a factory located in the People’s Republic of China (the “**PRC**”) to the Group, ChongQing North Automobile is a third party independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Subject

Pursuant to the Strategic Cooperation Agreement, ChongQing Xunli shall provide the below services to ChongQing North Automobile:

- (i) to assist ChongQing North Automobile to establish sales department, finance department, technical department and research and development department;
- (ii) to assist ChongQing North Automobile to select, employ and dismiss the key personnel and staff within the sales department, finance department, technical department and research and development department and provide training to all staff of ChongQing North Automobile;
- (iii) to be the sales and marketing consultant of ChongQing North Automobile and provide advices to ChongQing North Automobile;
- (iv) to assist ChongQing North Automobile to find business, to provide the automobile sales channel support and to procure better quality suppliers;
- (v) to provide advices to ChongQing North Automobile with respect to production management;
- (vi) to provide advices to ChongQing North Automobile with respect to its daily financial and operational matters;
- (vii) to provide advices on and assist in implementation on ChongQing North Automobile’s policies, rules and guidelines with respect to matters related to internal control, risk management, administration, accounting, budgeting, marketing, human resources and operations; and
- (viii) to provide services related to business operations, enhancement on products’ quality and market shares in accordance with the requirements by ChongQing North Automobile.

Service fees

Pursuant to the Strategic Cooperation Agreement, ChongQing North Automobile shall pay an annual basic service fee of RMB2,000,000 to ChongQing Xunli.

In addition, ChongQing North Automobile shall pay a service commission fee to ChongQing Xunli based on ChongQing North Automobile's annual net profit (as set out in the audited consolidated financial information of ChongQing North Automobile prepared in accordance with the Generally Accepted Accounting Principles of the PRC) in accordance to the terms as set below:

- (i) if the net profit of ChongQing North Automobile is equal to or greater than RMB100,000,000 and less than RMB300,000,000, ChongQing North Automobile shall pay ChongQing Xunli a service commission fee equal to 20% of the net profit recorded by ChongQing North Automobile; or
- (ii) if the net profit of ChongQing North Automobile is equal to or greater than RMB300,000,000 and less than RMB500,000,000, ChongQing North Automobile shall pay ChongQing Xunli a service commission fee equal to 25% of the net profit recorded by ChongQing North Automobile; or
- (iii) if the net profit of ChongQing North Automobile is equal to or greater than RMB500,000,000, ChongQing North Automobile shall pay ChongQing Xunli a service commission fee equal to 30% of the net profit recorded by ChongQing North Automobile.

Pursuant to the Strategic Cooperation Agreement, upon the services have been provided to ChongQing North Automobile for a twelve (12) month period, ChongQing North Automobile shall pay an annual basic service fee, together with a service commission fee (if any) to ChongQing Xunli before 30 April of every year for services provided in the preceding year.

Term

An initial term of six (6) years will commence from the date of entering into the Strategic Management Agreement and the Strategic Management Agreement shall be automatically renewable with consecutive terms of one (1) year each, if there are no any objection(s) from the Strategic Parties.

REASONS FOR ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

The Company is incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange, is an investment holding company. The Group is principally engaged in civil engineering works as well as building construction and maintenance in Hong Kong and the development, production and sales of automotive engines.

ChongQing Xunli is a wholly owned subsidiary of the Company and is principally engaged in business production and operation management and the provision of consultation with respect to sales services, channel sales support and business enhancement.

ChongQing North Automobile is a company established in PRC with limited liability and is principally engaged in the manufacturing and sales of automobiles, car engines and car components and the research and development of technology in relation to automobile production.

The board of Directors (the “**Board**”) believes that the Strategic Cooperation Agreement can provide the Group with a steady stream of income as pursuant to the Strategic Cooperation Agreement, ChongQing North Automobile has to pay ChongQing Xunli a fixed service fee of RMB2,000,000 and a service commission fee of 20% or 25% or 30% of the net profit (if any), depending on the net profit of ChongQing North Automobile.

The Board is also of the view that by entering into the Strategic Cooperation Agreement, it can further enhance the business relationship between the Group and ChongQing North Automobile which is favorable to the Company’s long term business perspective with respect to its expansion of business footprint within the PRC automobile industry.

Given the abovementioned, the Board considers that the terms of the Strategic Cooperation Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

By order of the Board
Excel Development (Holdings) Limited
Wong Hin Shek
Chairman

Hong Kong, 20 October 2016

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Xing Bin; and the independent non-executive Directors are Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing.

* *The Chinese names have been translated into English in this announcement for reference only.*