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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>

**DISCLOSEABLE TRANSACTION: DISPOSALS OF
TWO WHOLLY-OWNED SUBSIDIARIES WHO ARE SHAREHOLDERS OF
A PRC JOINT VENTURE AND THE RELEVANT SHAREHOLDER'S LOANS**

THE AGREEMENT

On 30 November 2018, (i) Hopson International (a wholly-owned subsidiary of the Company) as seller in relation to each of the sale of the Easy Sale Assets and the Mega Sale Assets; (ii) Big Market as seller in relation to the sale of the SP Sale Assets; (iii) Treasure Abundance Limited as purchaser; and (iv) the Company as the guarantor of Hopson International entered into the Agreement whereby, among other things, (A) Hopson International agreed to sell (x) the Easy Sale Assets to the Purchaser at the Final Easy Purchase Price; and (y) the Mega Sale Assets to the Purchaser at the Final Mega Purchase Price; and (B) Big Market agreed to sell the SP Sale Assets to the Purchaser at the Final SP Purchase Price subject to, among other things, the fulfilment (or waiver, if applicable) of the conditions precedent set out in the Agreement. Each of the Final Easy Purchase Price, the Final Mega Purchase Price and the Final SP Purchase Price will be determined after Completion. Under the Agreement, the Parties agreed the following good faith estimated purchase prices denominated in both RMB and USD: the Estimated Easy Purchase Price of RMB1,501,003,285 (USD217,612,399.30), the Estimated Mega Purchase Price of RMB453,031,712 (USD65,679,614.87) and the Estimated SP Purchase Prices. Each of the Estimated Easy Purchase Price, the Estimated Mega Purchase Price and the Estimated SP Purchase Price is subject to the Adjustment (if any) after Completion. However, the Final Easy Purchase Price shall not exceed USD228,493,019.26 while the Final Mega Purchase Price shall not exceed USD68,963,595.61 in any event.

The companies to be disposed of by Hopson International pursuant to the Agreement are Easy and Mega. The company to be disposed of by Big Market pursuant to the Agreement is SP. Easy, Mega, SP and the Domestic Shareholder are the shareholders of the Project Company. As at the Announcement Date, the Project Company owns the Target Property, which is an office building located in the Dongcheng District of Beijing, PRC. Easy, SP and the Domestic Shareholder are entitled to the benefits attributable to the Target Property in the proportion of 45%, 45% and 10%. The Project Company was treated by the Company as a joint venture as disclosed in the Latest Annual Report.

LISTING RULES IMPLICATIONS

The Hopson Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A discloseable transaction is subject to the notification and announcement requirements but is not required to be approved by the Shareholders.

1. INTRODUCTION

The Board announces that on 30 November 2018 (after trading hours), the Parties entered into the Agreement whereby, among other things: (i) Hopson International agreed to sell, and the Purchaser agreed to buy, the Hopson Sale Assets at the Final Hopson Purchase Price; and (ii) Big Market agreed to sell, and the Purchaser agreed to buy, the SP Sale Assets at the Final SP Purchase Price.

2. THE AGREEMENT

Set out below is a summary of the principal terms of the Agreement and the relevant information.

2.1 Date

30 November 2018 (after trading hours).

2.2 Parties

The parties to the Agreement are:

- (a) Hopson International as seller in relation to the Hopson Sale Assets;
- (b) Big Market as seller in relation to the SP Sale Assets;
- (c) the Company as the guarantor for Hopson International; and
- (d) Treasure Abundance Limited as purchaser.

To the best knowledge and belief of the Directors having all reasonable enquires, each of Big Market and the Purchaser and their respective ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules).

2.3 Assets to be disposed of under the Agreement

The assets to be disposed of by Hopson International are the Easy Sale Assets and the Mega Sale Assets. Upon completion of the Hopson Disposal, each of Easy and Mega will cease to be a subsidiary of the Company and the Group will also cease to have any interest in the Project Company as a shareholder.

The assets to be disposed of by Big Market are the SP Sale Shares and the SP Shareholder's Loan.

2.4 Purchase prices and basis of determination

(a) *Final Easy Purchase Price*

The Final Easy Purchase Price shall be an amount in RMB equal to: (i) 50% of the Project Company Value, less (ii) the aggregate amount of all the liabilities and debts of Easy (excluding the Easy Shareholder's Loan; but including any and all costs and expenses of Hopson International or its affiliates arising in connection with the transactions contemplated by the Agreement, that have been (or may be) incurred by or booked or charged to Easy) as at Completion, less (iii) the Outstanding Mega Loan Amount ("**Final Easy Purchase Price**").

(b) *Final Mega Purchase Price*

The Final Mega Purchase Price shall be an amount in RMB equal to: (i) HKD1.00, plus (ii) the Outstanding Mega Loan Amount, less (iii) the aggregate amount of all the liabilities and debts of Mega (excluding the Mega Shareholder's Loan; but including any and all costs and expenses of Hopson International or its affiliates arising in connection with the transactions contemplated by the Agreement, that have been (or may be) incurred by or booked or charged to Mega) as at Completion ("**Final Mega Purchase Price**").

(c) *Estimated Purchase Price*

Each of the Final Easy Purchase Price, the Final Mega Purchase Price and the Final SP Purchase Price will be determined after Completion. Under the Agreement, the Parties agreed the following good faith estimated purchase prices denominated in both RMB and USD: the Estimated Easy Purchase Price of RMB1,501,003,285 (USD217,612,399.30), the Estimated Mega Purchase Price of RMB453,031,712 (USD65,679,614.87) and the Estimated SP Purchase Price which are subject to Adjustment as described in section 2.6 of this announcement.

(d) *Basis of determination*

The Estimated Easy Purchase Price and the Estimated Mega Purchase Price were determined through arm's length negotiations among the Parties by reference to the factors set out in subsections (a) and (b) above and the basis for the preparation of the Completion Balance Sheet, and represent a good faith estimation of the final purchase prices for the transfer of the Easy Sale Assets and the Mega Sale Assets. In the case of the Estimated Easy Purchase Price, the Board has also taken into account the valuation of the Target Property in the amount of RMB4,415,000,000 as at 31 October 2018 ("**Hopson Valuation**") according to the valuation report issued by a property valuer appointed by the Group.

2.5 Purchase Price Payment

Both the Deposit and the Final Purchase Price shall be paid in USD. Set out below is a summary of the terms on payment of the Deposit and the conditions for payment of the purchase price for the Disposals and the relevant information:

(a) *Deposit*

Prior to the later of (i) the 15th business day after the Agreement Date and (ii) the 3rd business day after both the Purchaser and the Sellers have been notified in writing by the Escrow Agent of the details of the Escrow Account, the Purchaser shall pay the Deposit into the Escrow Account.

(b) *70% of the Estimated Purchase Price*

(i) *Conditions for payment*

Payment of 70% of the Estimated Purchase Price is subject to the following conditions:

(A) Completion having occurred; and

(B) full repayment of the Existing Onshore Loan together with accrued interest on the Completion Date by (I) the New Onshore Loan (or part thereof); and (II) the Sellers repaying the Intercompany Loans to the Project Company, of which RMB528,579,153.77 and 50% of the outstanding interest on the Existing Onshore Loan shall be repaid by Hopson International.

(ii) *Payment of 70% of the Estimated Purchase Price*

Upon satisfaction of the conditions set out in subsection (i) above:

- (A) the Escrow Agent shall release (I) the Hopson Deposit to Hopson International; and (II) the Big Market Deposit to Big Market; and
- (B) the Purchaser shall pay (I) an amount equal to 70% of the aggregate of the Estimated Easy Purchase Price and the Estimated Mega Purchase Price less the Hopson Deposit; and (II) an amount equal to 70% of the Estimated SP Purchase Price less the Big Market Deposit.

In the event that the Long Stop Date is extended (see section 2.11 of this announcement), the amount of each of the Estimated Easy Purchase Price, the Estimated Mega Purchase Price and the Estimated SP Purchase Price shall be adjusted by reference to an estimated balance sheet of each Target Group Company as at Completion to be prepared by the Sellers.

(c) *30% of the Final Purchase Price*

- (i) Subject to subsection (iii) below, 30% of the Final Purchase Price shall be paid within 15 business days after satisfaction of the following conditions (“**Holdback Conditions**”):
 - (A) the Underground Title Division having been completed within 12 months after Completion; and
 - (B) all the taxes and relevant expenses in connection with, among other things, the South Tower Transfer and the Underground Title Division having been paid in full within 12 months after Completion.
- (ii) If any one of the Holdback Conditions is not satisfied within 12 months after Completion, the Sellers and the Purchaser may explore and agree on an alternative transaction, including a possible sale of the Hopson Sale Assets and the SP Sale Assets by the Purchaser back to the Sellers.
- (iii) If all the Holdback Conditions are fulfilled in 12 months after Completion and the Purchaser fails to pay the balance of the Purchase Price in accordance with the Agreement, the Purchaser and the non-defaulting Seller(s) shall discuss in good faith. If no agreement is reached, any non-defaulting Seller may terminate the Agreement, in which case (A) the Purchaser and the Sellers shall restore the relevant transactions to the status before the Agreement, and (B) the Purchaser shall pay a compensation to the non-defaulting Seller(s) equals to 5% of the relevant Final Purchase Price payable to the non-defaulting Seller(s).

2.6 Adjustment to the Estimated Purchase Price

(a) *The Adjustment*

Each of the Final Easy Purchase Price, the Final Mega Purchase Price and the Final SP Purchase Price shall be determined within 50 business days after Completion by reference to the Completion Balance Sheet, taking into account, among other things, the assets and liabilities of the relevant Target Group Companies as at the Completion Date. Any difference between the Estimated Purchase Price and the Final Purchase Price shall be added to or deducted from the payment of the remaining 30% of the Final Purchase Price.

(b) *The maximum purchase price in respect of the Hopson Disposal*

Notwithstanding the results of the Adjustment, the Final Easy Purchase Price and the Final Mega Purchase Price shall not exceed USD228,493,019.26 and USD68,963,595.61 respectively.

2.7 Conditions

Completion of the Disposals is subject to the fulfilment (or waiver, where applicable) of the Sellers CPs and the Purchaser CPs which are summarized in sections 2.8 and 2.9 below respectively.

2.8 Sellers CPs

The principal Sellers CPs are summarized below:

- (a) the warranties given by the Sellers being true and accurate;
- (b) the covenants and agreements (other than those expressly excluded) that are to be complied with by any Seller on or before Completion having been complied with in all material respects;
- (c) no event which has a material adverse effect on the Target Property or any Target Group Company has occurred or is reasonably likely to occur;

- (d) no injunction which prohibits any Seller from entering into or performing its obligations under any Transaction Documents has been granted;
- (e) (subject to the satisfaction of the Purchaser CP summarized in section 2.9(e) below) the Project Company having obtained the written consent of the Existing Onshore Loan Lender with respect to the Disposals and the creation of a secondary lien over the Target Property in favour of the New Financiers;
- (f) (subject to the satisfaction of the Purchaser CP summarized in section 2.9(e) below) the Sellers having obtained the written consent of the Existing Onshore Loan Lender with respect to the entry into the financing documents with the New Financiers in relation to the Purchaser Financing and the prepayment of the Existing Onshore Loan;
- (g) (subject to the satisfaction of the Purchaser CP summarized in section 2.9(e) below) the Project Company having entered into the applicable financing documents with the New Financiers in relation to the New Onshore Loan;
- (h) a settlement having been reached between the Project Company and the relevant PRC tax authority in respect of the tax disputes specified under the Agreement and all amounts payable pursuant to such settlement having been paid by the Project Company in full;
- (i) (A) the Domestic Shareholder having offered the Domestic Shareholder Equity for sale at a price agreed by the Parties by reference to the Reference Price; (B) the Domestic Shareholder Equity Acquisition having occurred; and (C) the transfer of the Domestic Shareholder Equity having been duly registered with the relevant governmental authorities in PRC; and
- (j) the Concert Hall Transfer having been completed.

Subject to the special arrangements in respect of the Sellers CP summarized in subsection 2.8(i) above, the Purchaser may waive any of the Sellers CPs above (other than the one summarized in subsection (d) above) by giving notice to the Sellers on or before the Long Stop Date or the Extended Long Stop Date (as applicable). Please refer to section 2.10 below for a summary of special arrangements in respect of the Sellers CP summarized in subsection 2.8(i) above.

2.9 Purchaser CPs

The principal Purchaser CPs are summarized below:

- (a) the warranties given by the Purchaser being true and accurate;
- (b) the covenants that are to be complied with by the Purchaser on or before Completion having been complied with in all material respects;

- (c) the Purchaser having obtained a mandate letter in relation to at least 45% of the Estimated Purchase Price from a bank;
- (d) no injunction which prohibits the Purchaser from entering into or performing its obligations under any Transaction Documents has been granted; and
- (e) the Purchaser having provided to the Sellers the forms of the financing agreements with the New Financiers in relation to the New Onshore Loan.

The Sellers acting jointly may waive any of the Purchaser CPs above (other than the one summarized in subsection (d) above) by giving notice to the Purchaser on or before the Long Stop Date or the Extended Long Stop Date (as applicable).

2.10 Special arrangements relating to Sellers CP summarized in section 2.8(i)

- (a) If the Sellers CP summarized in section 2.8(i) of this announcement cannot be fulfilled in accordance with the Agreement, at the request of the Purchaser, the Sellers shall, or shall cause their subsidiaries to acquire the Domestic Shareholder Equity from the Domestic Shareholder and then transfer the Domestic Shareholder Equity to the Purchaser Designated Buyer at the Reference Price.
- (b) If the Purchaser Designated Buyer's offer to acquire the Domestic Shareholder Equity was accepted but any other Sellers CP is not fulfilled before the Long Stop Date or the Extended Long Stop Date (as applicable), (i) at the request of the Purchaser, the Sellers shall purchase the Domestic Shareholder Equity from, and at the price paid by, the Purchaser Designated Buyer, and (ii) the Purchaser may terminate the Agreement.

2.11 Timeline for fulfilment of the Conditions

The Conditions shall be satisfied or waived (where applicable) on or before the Long Stop Date. However, if the Domestic Shareholder has offered the Domestic Shareholder Equity for sale as contemplated in the Agreement on or before the Long Stop Date and all the Sellers CPs (other than completion of the Domestic Shareholder Equity Acquisition and government registration of the same) have been satisfied on or before the Long Stop Date, then the Long Stop Date shall be automatically extended by a period of three months ("**Extended Long Stop Date**").

2.12 Consequences if the Conditions are not fulfilled

(a) *Termination by the Purchaser due to non-fulfilment of the Sellers CPs*

If the unsatisfied Condition is a Sellers CP (other than the Sellers CP summarized in section 2.8(i) of this announcement), the Purchaser may terminate the Agreement whereupon the following will apply:

Consequence	Sellers CPs
The Deposit shall be returned to the Purchaser	Event of material adverse effect (2.8(c))
(i) The Deposit shall be returned to the Purchaser and (ii) the Sellers shall pay USD3 million to the Purchaser as liquidated damages and compensation for transaction costs and expenses incurred	<ul style="list-style-type: none">● Failure to comply with Bulletin 7 (2.8(b))● Failure to settle tax dispute (2.8(h))● Failure to complete the Concert Hall Transfer (2.8(j))
(i) The Deposit shall be returned to the Purchaser and (ii) the Sellers shall pay to the Purchaser an amount equal to the Deposit as liquidated damages	<ul style="list-style-type: none">● Warranties not true or accurate (2.8(a))● Failure to comply with covenants other than those relating to Bulletin 7 (2.8(b))● Injunction granted (2.8(d))● Failure of the Sellers CPs relating to the New Onshore Loan and repayment of the Existing Onshore Loan (2.8(e) to 2.8(g))

(b) *Termination by the Sellers due to non-fulfillment of the Purchaser CPs*

If the unsatisfied Condition is a Purchaser CP, the Sellers acting jointly may terminate the Agreement. In addition, the Deposit shall be released to the Sellers as liquidated damages.

(c) *Other scenarios: if the unsatisfied Condition is the Sellers CP summarized in section 2.8(i) of this announcement*

If the Agreement is terminated solely as a result of the non-fulfilment of the Sellers CP summarized in section 2.8(i) of this announcement, there are the following consequences:

Consequence	Scenario
(i) The Deposit shall be returned to the Purchaser and (ii) the Sellers shall pay USD3 million to the Purchaser as liquidated damages and compensation for transaction costs and expenses incurred by the Purchaser	This Sellers CP is not satisfied as a result of any reason attributable to any Seller
USD3 million shall be paid out of the Escrow Account to the Sellers as compensation for transaction costs and expenses incurred by them, and the balance in the Escrow Account shall be returned to the Purchaser	The Purchaser Designated Buyer fails to submit an offer to acquire the Domestic Shareholder Equity at the final offer price and no person has offered a higher price
The Deposit shall be returned to the Purchaser	Any other reason

2.13 Completion

Subject to the fulfilment (or waiver, where applicable) of the Conditions on or before the Long Stop Date or the Extended Long Stop Date (as applicable), Completion shall take place on the Completion Date. No Party shall be obliged to complete the Disposals unless the Hopson Disposal and the Big Market Disposal are completed simultaneously.

2.14 Intercompany Loans and Sellers Borne Expenses

As at the Agreement Date, the Sellers and their respective affiliates owed an aggregate net amount of RMB1,387,742,559.47 (“**Intercompany Loan Amount**”) to the Project Company (“**Intercompany Loans**”). The Sellers shall repay the Intercompany Loans in full prior to the Completion, including by way of settling on behalf of the Project Company the following expenses (“**Sellers Borne Expenses**”):

- (a) all payments relating to, among other things, the development, construction and renovation of the Target Property, including all the relevant taxes;

- (b) the principal amount outstanding under the Existing Onshore Loan plus all the interest accrued and outstanding up to the actual repayment date; and
- (c) all taxes and expenses arising out of or in connection with the Concert Hall Transfer, the South Tower Transfer and the Underground Title Division.

The Purchaser shall be entitled to deduct the purchase prices payable to the Sellers if the Sellers Borne Expenses could not be paid by the Project Company due to the deficiency of the Intercompany Loan Amount covering such payment.

Based on the information available to the Company as at the Announcement Date, Hopson International and its affiliates owed an aggregate net amount of approximately RMB953,579,153.77 to the Project Company (“**Hopson Intercompany Loan Amount**”) out of the Intercompany Loan Amount and it is expected that the amount of the Sellers Borne Expenses to be borne by Hopson International would be approximately RMB747,500,000. The Group intends to finance the payment of the Hopson Intercompany Loan Amount by internal resources.

2.15 Guarantee on performance by Hopson International

The Company guarantees to the Purchaser that Hopson International will perform when due all its obligations under or pursuant to the Agreement.

2.16 Other principal terms

Any agreement, representation, warranty, indemnity or undertaking made or given by the Sellers binds and is given by them severally and not jointly nor jointly and severally.

3. INFORMATION ON EASY

Set out below is certain information on Easy as at the Announcement Date:

Place of incorporation	:	Hong Kong
Issued capital	:	HK\$1 which had been fully paid up
Principal business	:	Investment holding
Sole shareholder	:	Hopson International
Subsidiary	:	Nil

Set out below is the audited financial information of Easy for the two financial years ended 31 December 2016 and 2017 respectively extracted from its audited financial statements prepared in accordance with the HKFRS:

	For the year ended	
	31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax and extraordinary items	(14)	(19)
Loss after tax and extraordinary items	(14)	(19)
	As at 31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	460,209	492,471
Total liabilities	460,370	492,663
Net liabilities	161	192

Easy is entitled to 45% of the benefits attributable to the Target Property, the relevant information of which had been disclosed in the Latest Annual Report as the Group's investment in joint ventures.

4. INFORMATION ON MEGA

Set out below is certain information on Mega as at the Announcement Date:

Place of incorporation	:	Hong Kong
Issued capital	:	HK\$1 which had been fully paid up
Principal business	:	Investment holding
Sole shareholder	:	Hopson International
Subsidiary	:	Nil

Set out below is the audited financial information of Mega for the two financial years ended 31 December 2016 and 2017 respectively extracted from its audited financial statements prepared in accordance with the HKFRS:

	For the year ended	
	31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax and extraordinary items	(11)	(20)
Loss after tax and extraordinary items	(11)	(20)
	As at 31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	510,284	546,002
Total liabilities	510,445	546,194
Net liabilities	161	192

5. INFORMATION ON THE PROJECT COMPANY

Set out below is certain information on the Project Company as at the Announcement Date:

Place of establishment	:	PRC
Type of company	:	Sino-foreign cooperative joint venture
Registered and paid up capital	:	US\$47,890,000
Principal business as described in the business licence	:	Development, construction, leasing and management of the hotel, concert hall and offices under the project of the Art Centre
Operation period	:	11 September 2002 to 10 September 2032
Shareholders (percentage of paid up capital owned)	:	Mega as to 51% Easy as to 46% SP as to 1.9% The Domestic Shareholder as to 1.1%

The Project Company was treated by the Company as a joint venture as disclosed in the Latest Annual Report. Save and except for the Target Property and the Concert Hall, cash and bank balances, accounts receivables and prepayments, the Project Company does not have any other major asset as at the Announcement Date.

Set out below is the audited financial information of the Project Company for the two years ended 31 December 2016 and 2017 respectively as disclosed on page 187 of the Latest Annual Report:

	For the year ended	
	31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax and extraordinary items	193,560	183,359
Profit for the year and total comprehensive income	134,210	116,440
Share by the Group of profit and total comprehensive income	56,868	38,703

Note: as disclosed in the Latest Annual Report, the information above reflected the amount presented in the financial statements of the Project Company, adjusted for differences in accounting policies between the Group and the Project Company.

6. INFORMATION ON THE ART CENTRE AND THE TARGET PROPERTY

The Art Centre was a property development project undertaken by the Project Company. It consists of the Concert Hall, the South Tower and the Target Property, an office building. Pursuant to the relevant contractual arrangements in relation to the Project Company, the Group was entitled to 100% of the benefits attributable to the South Tower. With respect to the Target Property, Easy, SP and the Domestic Shareholder are entitled to the benefits attributable to them in the proportion of 45%, 45% and 10%. The South Tower was disposed of by the Group in December 2008 pending completion of the transfer of the title thereof to the transferee. The Group is not entitled to any interest in respect of the Concert Hall.

As disclosed on page 186 of the Latest Annual Report, the Group's 45% share of the net assets of the Target Property was HK\$1,404,118,000 as at 31 December 2016 and HK\$1,569,593,000 as at 31 December 2017. The above information reflected the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the Project Company.

7. INFORMATION ON THE PARTIES

7.1 The Group and Hopson International

The Company is an investment holding company. The Company's subsidiaries, associates and joint ventures are principally engaged in property development, property investment, hotel operations and property management.

Hopson International is a company incorporated in BVI whose principal business is investment holding.

7.2 Big Market

Big Market is a company incorporated in BVI whose principal business is investment.

7.3 The Purchaser

The Purchaser is a company incorporated in BVI whose principal business is investment.

8. GAIN OR LOSS EXPECTED TO BE ACCRUED TO THE GROUP

Based on the Estimated Hopson Purchase Price and (i) assuming that there is no Adjustment; and (ii) after deduction of the currently estimated taxes (such as Hong Kong stamp duty, the taxes payable pursuant to Bulletin 7 with respect to the Hopson Disposal and PRC corporate income tax) arising from the Hopson Disposal, professional fees and other expenses attributable to the transactions contemplated by the Agreement, it is expected that an unaudited loss of approximately HK\$359,761,000 calculated by reference to the unaudited net asset value of the Hopson Sale Assets as at 30 June 2018 will be accrued to the Group.

The final financial impact of the Hopson Disposal is subject to audit and may also be subject to, among other things, the actual tax liabilities arising from the Hopson Disposal and the carrying value of the Hopson Sale Assets at Completion. Hence, the final financial impact of the Hopson Disposal is subject to change and may be different from the disclosure above.

9. INTENDED USE OF PROCEEDS

As at the Announcement Date, the Group expects that the net Estimated Hopson Purchase Price will be approximately HK\$2,078,602,000 after deduction of the estimated taxes and other expenses referred to in section 8 of this announcement. The Group intends to apply the net Estimated Hopson Purchase Price for the Group's future investments and/or as the Group's working capital.

10. REASONS FOR ENTERING INTO THE AGREEMENT

Taking into consideration of the proceeds from the Hopson Disposal and the current office market in Beijing, the Directors consider that the Hopson Disposal represents an appropriate opportunity for the Group to dispose of the Hopson Sale Assets at a reasonable price and that the proceeds from the Hopson Disposal can provide funds for the Group to capture future investment opportunities and/or as working capital. The Directors noted that:

- (i) the Group's 45% share of the Agreed Valuation (being approximately RMB2,033,067,600) represents a premium of approximately 2.33% as compared to 45% of the Hopson Valuation (being approximately RMB1,986,750,000);
- (ii) the Estimated Hopson Purchase Price (being approximately RMB1,954,034,997 or USD283,292,014.17) represents a discount of approximately (A) 1.65% as compared to 45% of the Hopson Valuation; and (B) 3.89% as compared to 45% of the Agreed Valuation respectively; and

(iii) it is expected that an unaudited loss will be accrued to the Group as disclosed in section 8 above.

Notwithstanding the disclosures in (ii) and (iii) above, the Directors consider the Estimated Hopson Purchase Price to be fair and reasonable because:

- (a) the Hopson Valuation only assumed there was a willing buyer of the Target Property in the open market and the discounts referred to in (ii) above are non-material;
- (b) the Directors had taken into account the current office market of Beijing, namely PRC government policy of transferring Beijing's "non-capital" functions to the Xiongan New Area located in Hebei Province, which would result in state-owned enterprises and other companies relocating their offices from Beijing, thus reducing the demand for office space in Beijing; and
- (c) conclusion of the Agreement required acceptance of the terms by both Hopson International (which is only one of the joint venture partners in the Project Company) and Big Market as well as co-operation of the Domestic Shareholder.

After balancing the factors mentioned above, including the Board's assessment of the prospects of the Beijing office market, the Directors consider that the Estimated Hopson Purchase Price is fair and reasonable and that it is an opportune time to dispose of the Hopson Sale Assets in accordance with the Agreement notwithstanding that there is an expected unaudited loss, and after taking into account the factors set out above and the terms of the Agreement, the Directors (including all the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

11. IMPLICATIONS UNDER THE LISTING RULES

As more than one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Hopson Disposal exceed 5% but are less than 25% and all the applicable percentage ratios are less than 25%, the Hopson Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is not required to be approved by the Shareholders.

DEFINITIONS

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

“Adjustment”	the adjustment (if any) to the Estimated Easy Purchase Price, the Estimated Mega Purchase Price and/or the Estimated SP Purchase Price as summarized in section 2.6 of this announcement
“Agreed Valuation”	the gross asset value of the Target Property agreed among the Parties, being RMB4,517,928,000
“Agreement”	the agreement dated 30 November 2018 in relation to the Disposals and entered into among the Parties
“Agreement Date”	the date of the Agreement, being 30 November 2018
“Announcement Date”	the date of this announcement, being 30 November 2018
“Art Centre”	the property development known as “Dongfangwenhua Art Centre* (東方文化藝術中心)” consisting of the Target Property, the South Tower and the Concert Hall and situated at No. 9, North Chaoyang Road, Dongcheng District, Beijing, PRC
“Big Market”	Big Market Investments Limited, a company incorporated in BVI and the seller of the SP Sale Assets
“Big Market Deposit”	the deposit to be paid to Big Market at the same time when the Hopson Deposit would be paid to Hopson International
“Big Market Disposal”	the disposal of the SP Sale Assets by Big Market
“Board”	the board of Directors
“Bulletin 7”	Bulletin 2015 No. 7 — the PRC Income Tax Treatment of an Indirect Transfer of Assets by a Non-resident Enterprise issued by the State Administration of Taxation* (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》(國家稅務總局2015年第7號公告)) on 3 February 2015
“BVI”	the British Virgin Islands
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposals in accordance with the Agreement

“Completion Balance Sheet”	the balance sheets of each of Easy, Mega, SP and the Project Company for the purposes of determining the Final Purchase Price
“Completion Date”	the 15th business day following the day on which the last in time of the Conditions shall have been satisfied or waived in accordance with the Agreement (or such other date as the Sellers and the Purchaser may agree)
“Concert Hall”	the concert hall located in the Art Centre
“Concert Hall Transfer”	transfer of the Concert Hall by the Project Company to the Domestic Shareholder or a third party designated by the Domestic Shareholder
“Conditions”	collectively, the Sellers CPs and the Purchaser CPs
“Deposit”	an amount of USD14,500,000
“Directors”	directors of the Company
“Disposals”	collectively, the Hopson Disposal and the Big Market Disposal
“Domestic Shareholder”	Beijing Dongfangwenhua Assets Operation Company* (北京東方文化資產經營公司), the PRC shareholder of the Project Company which owns 1.1% of the paid up capital of the Project Company
“Domestic Shareholder Equity”	all the equity interests held by the Domestic Shareholder in the Project Company
“Domestic Shareholder Equity Acquisition”	the proposed acquisition of the Domestic Shareholder Equity by the Purchaser Designated Buyer
“Easy”	Favor Easy Limited 康至有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company through Hopson International
“Easy Sale Assets”	collectively, the Easy Share and the Easy Shareholder’s Loan
“Easy Share”	the one and the only share of Easy in issue and owned by Hopson International as at the Announcement Date
“Easy Shareholder’s Loan”	the interest-free shareholder’s loan owed by Easy to Hopson International, the outstanding principal being HKD463,934,819 as at the Agreement Date
“Escrow Account”	the bank account held with the Escrow Agent for the purposes of the Agreement
“Escrow Agent”	the agent of the Escrow Account, which is a licensed bank in Hong Kong

“Estimated Easy Purchase Price”	a good faith estimate of the Final Easy Purchase Price, being RMB1,501,003,285 (USD217,612,399.30)
“Estimated Hopson Purchase Price”	collectively, the Estimated Easy Purchase Price and the Estimated Mega Purchase Price
“Estimated Mega Purchase Price”	a good faith estimate of the Final Mega Purchase Price, being RMB453,031,712 (USD65,679,614.87)
“Estimated Purchase Price”	collectively, the Estimated Hopson Purchase Price and the Estimated SP Purchase Price
“Estimated SP Purchase Price”	a good faith estimate of the Final SP Purchase Price
“Existing Onshore Loan”	the loan due and owing by the Project Company to the Existing Onshore Loan Lender in the outstanding principal amount of RMB1,309,362,034.57 as at the Agreement Date
“Existing Onshore Loan Lender”	a PRC bank which is the lender of the Existing Onshore Loan
“Extended Long Stop Date”	has the meaning given to it in section 2.11 of this announcement
“Final Easy Purchase Price”	has the meaning given to it in section 2.4(a) of this announcement
“Final Hopson Purchase Price”	collectively, the Final Easy Purchase Price and the Final Mega Purchase Price
“Final Mega Purchase Price”	has the meaning given to it in section 2.4(b) of this announcement
“Final Purchase Price”	collectively, the Final Hopson Purchase Price and the Final SP Purchase Price
“Final SP Purchase Price”	the final purchase price for the SP Sale Assets as determined in accordance with the Agreement
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Holdback Conditions”	has the meaning given to it in section 2.5(c)(i) of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region
“Hopson Deposit”	a deposit in the amount of USD7,250,000

“Hopson Disposal”	disposal of the Hopson Sale Assets by Hopson International
“Hopson Intercompany Loan Amount”	has the meaning given to it in section 2.14 of this announcement
“Hopson International”	Hopson Development International Limited, a company incorporated in BVI, a direct wholly-owned subsidiary of the Company and the seller of the Hopson Sale Assets
“Hopson Sale Assets”	collectively, the Easy Sale Assets and the Mega Sale Assets
“Hopson Valuation”	has the meaning given to it in section 2.4(d) of this announcement
“Intercompany Loan Amount”	has the meaning given to it in section 2.14 of this announcement
“Intercompany Loans”	has the meaning given to it in section 2.14 of this announcement
“Latest Annual Report”	the annual report of the Group for the 12 months ended 31 December 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date which falls on the expiry of six months after payment of the Deposit into the Escrow Account (or such other date as the Sellers and the Purchaser may agree in writing)
“Mega”	Favor Mega Limited 凱大有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company through Hopson International
“Mega Sale Assets”	collectively, the Mega Share and the Mega Shareholder’s Loan
“Mega Share”	the one and the only share of Mega in issue and owned by Hopson International as at the Announcement Date
“Mega Shareholder’s Loan”	the interest-free shareholder’s loan owed by Mega to Hopson International, the outstanding principal being HKD514,342,356 as at the Agreement Date
“New Financiers”	the banks nominated by the Purchaser
“New Onshore Loan”	the new loan to be provided by the New Financiers to the Project Company
“Outstanding Mega Loan Amount”	a sum equal to the principal amount outstanding under the Mega Shareholder’s Loan as of the Completion Date

“Parties”	the parties to the Agreement, namely Hopson International, Big Market, the Purchaser and the Company, and “Party” means any one of them
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and the Macao Special Administrative Region
“Project Company”	Beijing Dongfangwenhua International Properties Company Limited* (北京東方文華國際置業有限公司), a Sino-foreign cooperative joint venture established in PRC
“Project Company Value”	an amount equal to 90% of the amount of (a) the Agreed Valuation plus (b) an amount representing certain assets of the Project Company (excluding the Target Property and the Intercompany Loans) as at Completion minus (c) the liabilities of the Project Company (other than, among other things, item (c) under section 2.14 of this announcement) as at Completion, as ascertained in accordance with the Completion Balance Sheet
“Purchaser”	Treasure Abundance Limited, a company incorporated in BVI
“Purchaser CPs”	the conditions precedents for the Sellers to consummate the Disposals
“Purchaser Designated Buyer”	a party to be nominated by the Purchaser as the buyer of the Domestic Shareholder Equity
“Purchaser Financing”	the debt financing to be raised by the Purchaser from the New Financiers in connection with the Purchaser’s acquisitions of the Hopson Sale Assets and the SP Sale Assets
“Reference Price”	a price to be determined by reference to, among other things, the assets and liabilities of the Project Company attributable to the Domestic Shareholder Equity
“RMB”	Renminbi, the lawful currency of PRC
“Sellers”	collectively, Hopson International and Big Market, and “Seller” means any one of them
“Sellers Borne Expenses”	has the meaning given to it in section 2.14 of this announcement
“Sellers CPs”	the conditions precedents for the Purchaser to consummate the Disposals
“Shareholders”	holders of the shares of the Company
“South Tower”	the south tower which forms part of the Art Centre

“South Tower Transfer”	the transfer of the legal title to the above-ground area of the South Tower together with the car parking lots allocated to the South Tower by the Project Company as transferor to a PRC bank as transferee
“SP”	Smooth Park Holdings Limited 柏順控股有限公司, a company incorporated in BVI
“SP Sale Assets”	collectively, SP Sale Shares and SP Shareholder’s Loan
“SP Sale Shares”	those ordinary shares of SP representing its entire issued share capital and owned by Big Market as at the Announcement Date
“SP Shareholder’s Loan”	the interest-free shareholder’s loan owed by SP to Big Market
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group Companies”	Easy, Mega, SP and the Project Company, and “Target Group Company” means any one of them
“Target Property”	the north tower which forms part of the Art Centre
“Transaction Documents”	the Agreement, the escrow agreement in relation to the Escrow Account and other agreements for the purposes of the Disposals
“Underground Title Division”	separation of the title certificate to the underground of the Target Property so that only the title to the underground of the Target Property shall be maintained by the Project Company (whereas the title to the underground of each of the Concert Hall and the South Tower shall be transferred out of the Project Company)
“USD” or “US\$”	United States dollar, the lawful currency of the United States of America

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

Hong Kong, 30 November 2018

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

* *For identification purpose only*

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