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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: ACQUISITION OF TWO COMPANIES AND
THE RELEVANT SHAREHOLDER'S LOANS**

The Agreement

On 29 August 2019, the Vendor, the Purchaser (an indirect wholly-owned subsidiary of the Company), Hangzhou Yisheng, Hangzhou Dingrui and the Project Company entered into the Agreement whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Target Assets at the Total Consideration. Upon Completion, each of the Target Group Companies will become an indirect wholly-owned subsidiary of the Company. The principal asset of the Project Company is the Land.

Listing Rules Implications

The Acquisition 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 29 August 2019 (after trading hours), the Parties entered into the Agreement whereby, among other things, the Vendor agreed to sell, and the Purchaser agreed to buy, the Target Assets at the Total Consideration. A summary of the principal terms of the Agreement and the relevant information are set out below.

2. THE AGREEMENT

2.1 Date

29 August 2019

2.2 Parties

Vendor
Purchaser
Hangzhou Yisheng
Hangzhou Dingrui
Project Company

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons.

2.3 Assets to be acquired by the Group under the Agreement

The assets to be acquired by the Purchaser pursuant to the Agreement are the Target Assets, which comprise the following:

- (i) the HD Sale Equity, being 100% equity interest in Hangzhou Dingrui;
- (ii) the HY Sale Equity, being 100% equity interest in Hangzhou Yisheng;
- (iii) the HD Loan, being the entire amount of loan due and owing to the Vendor by Hangzhou Dingrui as at the date of the Agreement, being RMB164,641,790; and
- (iv) the HY Loan, being the entire amount of loan due and owing to the Vendor by Hangzhou Yisheng as at the date of the Agreement, being RMB619,397,091.

Upon Completion, each of the Target Group Companies will become an indirect wholly-owned subsidiary of the Company and the financial results of each of the Target Group Companies will be consolidated into the financial statements of the Group. The principal asset of the Project Company is the Land. Please refer to section 6 of this announcement for details of the Land.

As at the date of the Agreement, the Vendor has disclosed the Accounts to the Purchaser. In the event there exists any pre-Accounts Date matters which has not been disclosed by the Vendor to the Purchaser (the “**Non-disclosure**”), the Vendor shall be responsible for the liabilities incurred, or the responsibilities assumed, by the Target Group Companies after the Completion arising from the Non-disclosure, and the Purchaser and the Target Group Companies shall not be responsible for the same.

2.4 Purchase prices and basis of determination

The Total Consideration shall be RMB1,364,038,881 in cash, which comprises the following:

- (i) RMB295,800,000 for the HY Sale Equity;
- (ii) RMB619,397,091 for the HY Loan;
- (iii) RMB284,200,000 for the HD Sale Equity; and
- (iv) RMB164,641,790 for the HD Loan.

The Total Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser by reference to (i) the Land Transfer Price; (ii) the respective paid up capital of Hangzhou Dingrui and Hangzhou Yisheng; and (iii) the respective amount of the HD Loan and the HY loan.

The Group intends to finance the Total Consideration by the internal resources of the Group.

2.5 Payment of the Total Consideration

The Total Consideration shall be payable by the Purchaser by instalments in the following manners:

Amount (RMB)	Percentage of the Total Consideration	Time and manner of payment
409,211,664.30 (“ First Instalment ”) ^(Notes 1 and 4)	30%	Within two business days after the date of the Agreement by applying the Earnest Money as the First Instalment ^(Note 2) .
818,423,328.60 (“ Second Instalment ”) ^(Notes 1, 3 and 4)	60%	Within two business days after the Purchaser having completed and being satisfied with the due diligence review on the Target Group Companies.
136,403,888.10 (“ Final Instalment ”) ^(Note 5)	10%	Within two business days after the fulfilment of the following conditions on or before 16 September 2019: <ul style="list-style-type: none">1. all labour relationship of the Target Group Companies having terminated by the Vendor;2. the Purchaser and the Vendor having agreed on the results of due diligence review; and3. the full repayment of RMB6,492,630.72 by the Vendor to the Project Company.

Notes:

1. The First Instalment and the Second Instalment shall be deposited into a custodian account co-managed by the Vendor and the Purchaser.
2. On 23 August 2019, the Parties entered into the MOU. Pursuant to the MOU, among other things, the Purchaser paid the Earnest Money of RMB409,211,664.30 to a custodian account co-managed by the Vendor and the Purchaser within two business days from the date of the MOU. The Earnest Money shall be applied as the First Instalment in the event that the Parties enter into a definitive agreement in relation to the Acquisition, but shall be refunded to the Purchaser if the Parties shall fail to enter into a definitive agreement on or before 31 August 2019.
3. The due diligence review shall be completed within four business days after the date of the Agreement. For details of the due diligence review, please refer to section 2.6 of this announcement.
4. The First Instalment and the Second Instalment shall be released to the Vendor upon completion of the change of industrial and commercial registration procedures for the transfer of the Sale Equities to the Purchaser and the issuance of the new business registrations for Hangzhou Dingrui and Hangzhou Yisheng.
5. The amount of Final Instalment is subject to the deduction of any liabilities identified in the due diligence review and with the approval of the Vendor.

2.6 Due Diligence

The Purchaser shall conduct legal and financial due diligence review on the Target Group Companies. The due diligence review shall be completed within four business days after the date of the Agreement. In the event that any material variation is identified in the due diligence review in respect of the asset value, amount of liabilities and the aggregate contract sums of the Target Group Companies as disclosed by the Vendor, the Purchaser shall be entitled to deduct the such amount of liabilities from the Final Instalment payable to the Vendor with the approval of the Vendor.

In the event that the Purchaser is not satisfied with the results of the due diligence review, the Purchaser has the right to serve on the Vendor a notice of termination (the “**Termination Notice**”) within five business days after the date of this Agreement to unilaterally terminate the Agreement. The Vendor shall return the First Instalment to an account designated by the Purchaser within two business days upon receiving the Termination Notice. If the Purchaser shall fail to serve the Termination Notice within five business days after the date of the Agreement, the Purchaser’s right to terminate the Agreement unilaterally shall lapse.

2.7 Purchaser Borne Expenses

The Vendor has incurred/will incur a total amount of RMB2,114,305 for payment of various expenses to support the operations of the Target Group Companies in their ordinary and usual course for the period up to 1 September 2019 (the “**Purchaser Borne Expenses**”). The Purchaser Borne Expenses shall be borne by the Purchaser. The Project Company shall enter into consultancy agreements with parties nominated by the Vendor for the payment of the

Purchaser Borne Expenses (the “**Consultancy Agreements**”) within 30 days from the date of the Agreement, and the Purchaser shall procure the Project Company to pay the Purchaser Borne Expenses to such nominated parties of the Vendor within five days from the date of the Consultancy Agreements.

2.8 Shareholders’ Loan

As at the date of the Agreement, the Project Company had a payable of not less than RMB1,440,737,205 (the “**Payable**”) which include, among other things, the payable for the Remaining Land Transfer Price. The Vendor and Purchaser agree that, upon Completion, Hangzhou Yisheng and Hangzhou Dingrui shall provide shareholders’ loan to the Project Company to satisfy the payment obligations of the Payable.

2.9 Warranties

The Vendor warrants that, among other things,

- (a) it shall have the legal, enforceable and full right to dispose the Sale Equities free from any security interest or third party right whatsoever, and no third party shall have a right of recourse against the Purchaser in this respect. In the event of breach of such warranty, the Vendor shall assume all financial and legal responsibilities resulting directly or indirectly therefrom; and
- (b) (i) as at the date of the Agreement, the Land was free and clear from all charges, encumbrances or third-party rights of whatsoever nature; (ii) the land use rights of the Land is not subject to any order of seizure, freezing or other limitation of any kind by any Chinese authority which would obstruct its transfer; and (iii) in the event that there shall be any disputes involving third parties’ rights, the Vendor shall assume full responsibility and all loss arising therefrom.

2.10 Completion

The date of the Completion shall be the date of the completion of the change of industrial and commercial registration procedures at the relevant government authorities of the PRC for the transfer of the Sale Equities to the Purchaser and the issuance of the new business registrations for Hangzhou Dingrui and Hangzhou Yisheng.

3. INFORMATION ON HANGZHOU DINGRUI

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

Date of establishment	:	3 November 2015
Place of establishment	:	PRC
Type of company	:	Limited liability company
Registered and paid up capital	:	Registered capital: RMB710,228,500 Paid up capital: RMB284,200,000
Principal business as described in the business licence	:	Real estate information consultancy
Operation period	:	3 November 2015 – 2 November 2035
Sole shareholder	:	Vendor
Subsidiary	:	Nil

4. INFORMATION ON HANGZHOU YISHENG

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

Date of establishment	:	20 July 2018
Place of establishment	:	PRC
Type of company	:	Limited liability company
Registered and paid up capital	:	Registered capital: RMB739,217,400 Paid up capital: RMB295,800,000
Principal business as described in the business licence	:	Real estate consulting
Operation period	:	20 July 2018 – long term
Sole shareholder	:	Vendor
Subsidiary	:	Project Company

5. INFORMATION ON THE PROJECT COMPANY

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

Date of establishment	:	7 May 2019
Place of establishment	:	PRC
Type of company	:	Other limited liability company
Registered and paid up capital	:	Registered capital: RMB100,000,000 Paid up capital: Nil
Principal business as described in the business licence	:	Real estate development, property leasing, and exterior and interior decorations engineering works
Operation period	:	7 May 2019 – 6 May 2039
Shareholder	:	Hangzhou Yisheng as to 51% Hangzhou Dingrui as to 49%
Subsidiary	:	Nil

Save and except for the Land, the Project Company does not have any other major asset as at the Announcement Date.

6. INFORMATION OF THE LAND

Land Location	:	Jiangan District, Hangzhou
Owner of Land	:	Project Company
Total Site Area	:	Approximately 48,953 sq.m.
Usage of Land Use Rights	:	Residential (including ancillary infrastructure)
Land Transfer Price	:	RMB2,715,810,000 comprising: (1) the first instalment of Land Transfer Price in the amount of RMB1,357,905,000 had been paid by Hangzhou Yisheng and the Project Company; and (2) the remaining Land Transfer Price in the amount of RMB1,357,905,000 (“ Remaining Land Transfer Price ”) shall be payable before 8 January 2020.

7. SUMMARY OF FINANCIAL RESULTS OF THE TARGET GROUP COMPANIES

Hangzhou Yisheng and Hangzhou Dingrui were incorporated specifically as the investment holding companies of the Project Company. Except for the holding of the Land which was acquired by the Project Company in May 2019, none of Hangzhou Yisheng, Hangzhou Dingrui and the Project Company has been engaged in any business operations. As at 31 July 2019, the unaudited total assets, the unaudited total liabilities and the unaudited total net liabilities of the Project Company were RMB1,360,321,006.49, RMB1,366,079,123.79, and RMB5,758,117.3, respectively. Rule 14.58(7) of the Listing Rules requires disclosure of the net profits (both before and after taxation) attributable to the Project Company for the last two financial years (the “**Required Financial Information**”) in this announcement. Since the Project Company was newly incorporated in May 2019, such Required Financial Information is not available.

8. INFORMATION ON THE PARTIES

8.1 The Group and Purchaser

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

The Purchaser, an indirect wholly-owned subsidiary of the Company, is a company established in the PRC whose principal business is property development in China.

8.2 The Vendor

The Vendor is a company established in the PRC whose principal business is development and sales of properties. The Vendor is an indirect non-wholly owned subsidiary of Seazen Holdings. The principal activities of Seazen Holdings and its subsidiaries are property development and property investment in the PRC.

To the best knowledge and belief of the Directors having all reasonable enquires, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

9. REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENT

The Group is principally engaged in property development and commercial properties investment in various cities in the PRC including but not limited to Guangzhou, Beijing, Shanghai and Tianjin. The Acquisition is in the ordinary and usual course of business of the Group.

Hangzhou, being one of the core cities of the Yangtze River Delta Economic Zone, has been attracting a continuous influx of new residents. The Land is located in Jiangnan District of Hangzhou, which lies strategically on the eastward expansion development axle of Hangzhou with proximity to underground transportation as well as e-commerce technology industrial park. As such, the surroundings of the Land is well equipped with commercial ancillary services, offering

an ideal balance to cater to both commercial needs and residential needs. The Directors believe that the Land is of good development potential, the acquisition of the Land will enrich the Group's landbank in the area and will bring forth business opportunities and economic benefits to the Group. The Group expects to develop and construct a residential complex on the Land, and commence construction thereof later this year.

Having established a foothold in Shanghai, the Group has been actively expanding and developing in the surrounding areas in Yangtze River Delta Economic Zone, including Hangzhou. Yangtze River Delta Economic Zone continues to be one of the main focuses of the Group's property development business. The Directors consider that there be plenty of potential in the property market of Hangzhou.

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

10. LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25% and all the other applicable percentage ratios are less than 5%, the Acquisition 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.

11. DEFINITIONS

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

“Accounts”	the balance sheets of each of the Target Group Companies as at the Accounts Date
“Accounts Date”	31 July 2019
“Acquisition”	acquisition of the Target Assets by the Purchaser
“Agreement”	the sale and purchase agreement dated 29 August 2019 and entered into among the Vendor, the Purchaser, Hangzhou Yisheng, Hangzhou Dingrui and the Project Company for the sale and purchase of the Target Assets
“Announcement Date”	the date of this announcement, being 29 August 2019
“Board”	the board of Directors

“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Agreement
“connected person”	as defined under the Listing Rules
“Consultancy Agreements”	as defined in section 2.7 of this announcement
“Directors”	directors of the Company from time to time
“Earnest Money”	the refundable earnest money of RMB409,211,664.30
“First Instalment”	as defined in section 2.5 of this announcement
“Group”	the Company and its subsidiaries
“Hangzhou Dingrui”	Hangzhou Dingrui Real Estate Consultancy Co., Ltd.* (杭州鼎睿房地產諮詢有限公司), a company established in the PRC
“Hangzhou Yisheng”	Hangzhou Yisheng Property Consultancy Co., Ltd.* (杭州億盛房地產諮詢有限公司), a company established in the PRC
“HD Loan”	the loan due and owing by Hangzhou Dingrui to the Vendor as at the date of the Agreement, being RMB164,641,790
“HD Sale Equity”	being 100% equity interest in Hangzhou Dingrui
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HY Loan”	the loan due and owing by Hangzhou Yisheng to the Vendor as at the date of the Agreement, being RMB619,397,091
“HY Sale Equity”	being 100% equity interest in Hangzhou Yisheng
“Independent Third Party”	a party who is independent of, and not connected with, the Company or any of its connected persons
“Land”	the piece of land identified as 杭政儲出(2019)21號 (No. 21 (2019), Hangzheng Chuchu*) with a site area of approximately 48,953 sq.m. situated at 中國杭州江幹區艮北新區 (Genbei New District, Jianggan District, Hangzhou, the PRC*)

“Land Transfer Price”	as defined in section 6 of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 23 August 2019 and entered into among the Vendor, the Purchaser, Hangzhou Yisheng, Hangzhou Dingrui and the Project Company for the sale and purchase of the Target Assets
“Non-disclosure”	as defined in section 2.3 of this announcement
“Parties”	the parties to the Agreement, namely the Vendor, the Purchaser, Hangzhou Yisheng, Hangzhou Dingrui and the Project Company, and “Party” means any one of them
“Payable”	as defined in section 2.8 of this announcement
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macao Special Administrative Region
“Project Company”	Hangzhou Xincheng Yuehong Real Estate Property Development Company Limited* (杭州新城悦宏房地產開發有限公司), a company established in the PRC
“Purchaser”	Shanghai Hopson Property Development Company Limited* (上海合生房地產開發有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Purchaser Borne Expenses”	as defined in section 2.7 of this announcement
“Remaining Land Transfer Price”	as defined in section 6 of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equities”	collectively, the HD Sale Equity and the HY Sale Equity
“Sale Loans”	collectively, the HD Loan and the HY Loan
“Seazen Holdings”	Seazen Holdings Co., Ltd.* (新城控股集團股份有限公司), a company established in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 601155)

“Second Instalment”	as defined in section 2.5 of this announcement
“Shareholders”	holders of the shares of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	collectively, the Sale Equities and the Sale Loans
“Target Group Companies”	Hangzhou Dingrui, Hangzhou Yisheng and the Project Company
“Termination Notice”	as defined in section 2.6 of this announcement
“Total Consideration”	the total consideration payable by the Purchaser for the Acquisition
“Vendor”	Hangzhou Future Land Dinghong Real Estate Development Co., Ltd.* (杭州新城鼎宏房地產開發有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of Seazen Holdings

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

Hong Kong, 29 August 2019

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