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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: DISPOSAL OF SHARES IN A PRC BANK

DISPOSAL OF SHARES IN A PRC BANK

(i) Vendor A (a wholly-owned subsidiary of the Company); (ii) Vendor B (a wholly-owned subsidiary of the Company); and (iii) the Purchaser entered into the SPA whereby, among other things, the Vendors agreed to sell the Sale Shares (approximately 3.638% of the BRCB Shares in issue) to the Purchaser at the Total Purchase Price (RMB2,156,960,000). It is anticipated that upon Closing, Vendor B will cease to hold any BRCB Shares while Vendor A will continue to hold 82,370,000 BRCB Shares (approximately 0.678% of the BRCB Shares in issue).

IMPLICATIONS UNDER HKLR

The Disposal constitutes a discloseable transaction of the Company under the HKLR. 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 11 December 2020 (after trading hours), (i) Vendor A (a wholly-owned subsidiary of the Company); (ii) Vendor B (a wholly-owned subsidiary of the Company); and (iii) the Purchaser entered into the SPA whereby, among other things, the Vendors agreed to sell, and the Purchaser agreed to purchase, the Sale Shares. Further information on, among other things, the SPA is set out below.

2. THE SPA AND RELEVANT INFORMATION

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

2.1 Date

11 December 2020 (after trading hours).

2.2 Parties

The parties to the SPA are the Purchaser and the Vendors.

2.3 Assets to be disposed of by the Group under the SPA and the Total Purchase Price

Pursuant to the SPA, the Vendors shall sell the Sale Shares (442,000,000 BRCB Shares) to the Purchaser at the Total Purchase Price (RMB2,156,960,000). The average price is approximately RMB4.88 per share.

The BRCB Shares owned by the Vendors (i.e. a total of 524,370,000 BRCB Shares) were acquired with a total cost of approximately RMB1,430,100,000 and were booked as “Financial assets at fair value through other comprehensive income” in the balance sheet of the Group for the six months ended 30 June 2020. Please refer to section 3 of this announcement for more information on BRCB.

2.4 Payment of the Total Purchase Price

The Purchaser shall pay the Total Purchase Price as disclosed below:

- (a) 30% of the Total Purchase Price (RMB647,088,000) shall be paid within 10 working days after the fulfillment of the Closing Conditions, of which RMB263,249,160 shall be paid to Vendor A and RMB383,838,840 shall be paid to Vendor B; and
- (b) 70% of the Total Purchase Price (RMB1,509,872,000) shall be paid within 10 working days after the occurrence of the Closing, of which RMB614,248,040 shall be paid to Vendor A and RMB895,623,960 shall be paid to Vendor B.

2.5 Basis for the determination of the Total Purchase Price

The Total Purchase Price is equivalent to the appraisal value of the Sale Shares in the Valuation Report, being RMB2,156,960,000.

The Total Purchase Price is determined after arm’s length negotiations between the Purchaser and the Vendors with reference to the appraisal results of the Sale Shares under the Valuation Report adopting the market approach. The appraisal value of the Sale Shares was determined by the Valuer who was appointed by the Purchaser.

As the Valuer is suitably qualified by virtue of it being a member of the China Appraisal Society[#] (中國資產評估協會) and the Valuation Report was prepared in accordance with the applicable requirements and standards, such as the Administrative Rules on the Valuation of State-owned Assets[#] (國有資產評估管理辦法) issued by the State Council of PRC[#] (中國國務院) and the valuation standards published by the China Appraisal Society[#] (中國資產評估協會), the Directors consider that the Total Purchase Price is fair and reasonable.

2.6 Closing Conditions

Closing is subject to the satisfaction of the following conditions:

- (a) the valuation results of the Sale Shares as at the Reference Date having been approved or filed with the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality or other competent authorities; and
- (b) China Banking and Insurance Regulatory Commission — Beijing Office[#] (中國銀行保險監督管理委員會北京監管局) having issued the approvals in respect of the change of shareholders contemplated by the Disposal.

None of the parties to the SPA can waive any of the Closing Conditions.

2.7 Closing

Subject to the fulfilment of the Closing Conditions, the Closing shall take place within 10 working days after the fulfillment of the Closing Conditions.

As at the Announcement Date, it is anticipated that upon Closing, Vendor B will cease to hold any BRCB Shares while Vendor A will continue to hold 82,370,000 BRCB Shares (approximately 0.678% of the BRCB Shares in issue).

3. INFORMATION ON BRCB

3.1 General information

BRCB is a joint stock limited liability company established in the PRC whose principal business includes, among other things, taking deposits from the public, granting loans and domestic settlement.

3.2 Financial information

Set out below is the financial information of BRCB for the financial periods referred to below extracted from the annual reports of BRCB for year 2018 and 2019 respectively:

	For the twelve months ended 31 December 2018 RMB'000	For the twelve months ended 31 December 2019 RMB'000
Profit before tax and extraordinary items	8,942,915	9,988,344
Profit after tax and extraordinary items	7,252,111	8,229,435
	As at 31 December 2018 RMB'000	As at 31 December 2019 RMB'000
Total assets	881,128,145	958,590,441
Total liabilities	829,655,110	897,992,442
Net assets	51,473,035	60,597,999

4. INFORMATION ON THE PARTIES TO THE SPA

4.1 The Group and the Vendors

The Company is an investment holding company. The Company's subsidiaries, associates and joint ventures are principally engaged in residential property development, commercial property investment, property management, infrastructure and equity investment businesses.

Both Vendor A and Vendor B are the indirect wholly-owned subsidiaries of the Company established in the PRC whose principal business is property development.

4.2 The Purchaser

The Purchaser is an enterprise wholly-controlled by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality[#] (北京市人民政府國有資產監督管理委員會) whose scope of business includes, among other things, investment and investment management. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are parties who are independent of, and not connected with, the Company and its connected persons.

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

Based on the Total Purchase Price and after deduction of the currently estimated taxes (such as PRC corporate income tax) arising from the Disposal, professional fees and other expenses attributable to the transactions contemplated by the SPA, it is expected that an unaudited gain of approximately HK\$917,197,000 calculated by reference to the fair value of the BRCB Shares owned by the Group (i.e. 524,370,000 BRCB Shares) based on the audited consolidated financial statements of the Group ended 31 December 2019 will be accrued to other comprehensive income of the Group.

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

6. INTENDED USE OF THE SALE PROCEEDS

As at the Announcement Date, the Group expects that the net Total Purchase Price is estimated to be RMB1,919,083,000 after deduction of the estimated taxes and other expenses disclosed in section 5 of this announcement. The Group intends to apply the net Total Purchase Price for the Group's future investments and/or as the Group's working capital.

7. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE SPA

As disclosed in section 2.3 of this announcement, on the basis of the cost of approximately RMB1,430,100,000 and a total of 524,370,000 BRCB Shares held by the Vendors, the average cost for the Vendors is approximately RMB2.73 per share. On this basis, the Group is expected to make a profit of approximately 78.75% per share by selling the Sale Shares at the price of RMB4.88 per share. An unaudited gain is also expected to accrue to the Group as disclosed in section 5 of this announcement. As the Disposal is expected to produce a satisfactory return, the Company believes that it is a good opportunity to realise part of its investment in BRCB and utilise the sale proceeds for the purposes disclosed in section 6 of this announcement. On the other hand, BRCB makes stable dividend payments each year, the Group therefore retains its certain investments in BRCB as a stable source of cash flow.

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

8. IMPLICATIONS UNDER HKLR

As the highest applicable percentage ratios (as defined under Rule 14.07 of the HKLR) in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the HKLR 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:

“Announcement Date”	the date of this announcement, being 11 December 2020
“Board”	the board of directors of the Company
“BRCB”	Beijing Rural Commercial Bank Co., Ltd. [#] (北京農村商業銀行股份有限公司)
“BRCB Share”	a share of BRBC
“Closing”	the closing of the Disposal
“Closing Conditions”	the conditions for the Closing
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the HKSX
“Director”	a director of the Company
“Disposal”	the disposal of the Sale Shares by the Vendors pursuant to the SPA
“Group”	the Company and its subsidiaries
“HKLR”	the Rules Governing the Listing of Securities on the HKSX
“HKSX”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macao Special Administrative Region
“Purchaser”	Beijing State-Owned Capital Operation and Management Center [#] (北京國有資本經營管理中心)
“Reference Date”	the date on which the Valuation was based, being 30 June 2020
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	442,000,000 BRCB Shares, comprising 179,815,000 BRCB Shares owned by Vendor A and 262,185,000 BRCB Shares owned by Vendor B
“SPA”	the agreement for sale and purchase of the Sale Shares entered into among the Vendors and the Purchaser and dated 11 December 2020
“Shareholders”	holders of the shares of the Company
“Total Purchase Price”	RMB2,156,960,000, being the total purchase price payable by the Purchaser for the acquisition of the Sale Shares pursuant to the SPA
“Valuation”	the valuation of the Sale Shares as at the Reference Date conducted by the Valuer
“Valuation Report”	the report on the Valuation issued by the Valuer
“Valuer”	the valuer appointed by the Purchaser
“Vendor A”	Zhongxian International Company Limited [#] (中先國際控股有限公司)
“Vendor B”	Shanghai Dazhan Investment Management Company Limited [#] (上海大展投資管理有限公司)
“Vendors”	collectively, Vendor A and Vendor B

By order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman

Hong Kong, 11 December 2020

As at the Announcement Date, the Board comprises eight 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. 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 the PRC established companies or entities (if any) and the 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.*

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