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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>*

**CONNECTED TRANSACTION  
ACQUISITION OF COMPANY WHICH OPERATES  
A HOT SPRING RESORT IN THE MAINLAND CHINA**

The Board announces that on 19 December 2014, Baozheng, an indirect wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with Beijing Zhujiang and Guangdong Zhujiang, pursuant to which Baozheng conditionally agreed to purchase and Beijing Zhujiang and Guangdong Zhujiang conditionally agreed to sell the Target Interest at the consideration of not more than RMB440,000,000.

As at the date of this announcement, Beijing Zhujiang is an indirect wholly-owned subsidiary of Guangdong Zhujiang. Guangdong Zhujiang is owned as to an aggregate of 97% by two corporate shareholders which are directly or indirectly owned as to 99% by Mr. Chu Wai Hong. As Mr. Chu Wai Hong is a son of Mr. Chu, the ultimate controlling shareholder of the Company and an executive Director and the Chairman of the Company, and a brother of Ms. Chu Kut Yung, an executive Director and the Deputy Chairman of the Company, each of Beijing Zhujiang and Guangdong Zhujiang is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules.

As the applicable percentage ratios of the Acquisition for the Company exceed 0.1% but are less than 5%, the Acquisition is subject to reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## SALE AND PURCHASE AGREEMENT

**Date:** 19 December 2014

**Parties:** (1) Beijing Zhujiang, as vendor;  
(2) Guangdong Zhujiang, as vendor; and  
(3) Baozheng, as purchaser

### Target Interest

Pursuant to the Sale and Purchase Agreement, (i) Baozheng conditionally agreed to purchase and Beijing Zhujiang conditionally agreed to sell 30% of the equity interests in the Target Company, (ii) Baozheng conditionally agreed to purchase and Guangdong Zhujiang conditionally agreed to sell 70% of the equity interests in the Target Company. After Completion, Baozheng shall own 100% equity interest in the Target Company.

### Consideration and settlement

The Consideration shall comprise the Debt Settlement Consideration and the Equity Interest Consideration, which amount in aggregate is capped at RMB440,000,000 (HK\$554,400,000).

The amount of the Debt Settlement Consideration shall be equivalent to that of the Shareholder Group's Indebtedness recorded in the management account of the Target Company as at the Reference Date (the "**Indebtedness Amount**").

The amount of the Equity Interest Consideration shall be an amount representing (i) a discount of 25.15% to the fair value of the net assets of the Target Company as at the Reference Date according to the valuation report of DTZ Debenham Tie Leung Limited or any other valuer as appointed by Baozheng (the "**Discounted NAV Amount**"), if the total amount of the Indebtedness Amount and the Discounted NAV Amount equals to or is less than RMB440,000,000 (HK\$554,400,000); or (ii) the balance of RMB440,000,000 (HK\$554,400,000) after deducting the Indebtedness Amount, if the total amount of the Indebtedness Amount and the Discounted NAV Amount exceeds RMB440,000,000 (HK\$554,400,000).

Under the Sale and Purchase Agreement, it is agreed as follows in respect of the settlement of the Consideration:

- (a) Each of the Vendors has agreed that/to procure that the interests and benefits of all the Shareholder Group's Indebtedness shall be assigned to Guangdong Zhujiang prior to the Completion Date, such that Guangdong Zhujiang will have become the legal creditor to the Target Company in respect of the Shareholder Group's Indebtedness as at Completion.

- (b) Baozheng shall pay the Equity Interest Consideration in cash to the Vendors in the proportion of their respective shareholding in the Target Company on the Completion Date and shall pay the Debt Settlement Consideration in cash to Guangdong Zhujiang to settle the Shareholder Group's Indebtedness for the Target Company within twenty-four months after the Completion Date.

The Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to the Property Valuation Report, the Assets & Liabilities Valuation Report and the Shareholder Group's Indebtedness of RMB413,188,568 (HK\$520,617,596) as at 31 October 2014. Under the Property Valuation Report, the market value of the Resort Property as at 31 October 2014 amounts to RMB510,000,000 (HK\$642,600,000). Based on the Assets & Liabilities Valuation Report, the fair value of the total assets of the Target Company as at 31 October 2014 amounts to RMB525,807,848 (HK\$662,517,888) comprising, among other things, the value of the Resort Property of RMB510,000,000 (HK\$642,600,000) and the value of other fixed assets of RMB2,484,518 (HK\$3,130,493) while the fair value of the total liabilities of the Target Company as at 31 October 2014 amounts to RMB489,988,659 (HK\$617,385,710). Accordingly, the fair value of the net assets of the Target Company as at 31 October 2014 is approximately RMB35,819,189 (HK\$45,132,178).

It is expected that the Group will finance the Acquisition by its internal resources.

### **Conditions Precedent**

Completion of the Acquisition is subject to the fulfilment or waiver (where applicable), on or prior to the Long Stop Date, of all the Conditions Precedent set forth below:

- (a) Baozheng (including its agent and professional advisers) having completed its due diligence review of the legal, accounting, financial conditions and the operation positions of the Target Company and the result of such review is satisfactory to Baozheng;
- (b) the Shareholder Group's Indebtedness having been assigned to Guangdong Zhujiang and Guangdong Zhujiang having become the legal creditor to the Target Company in respect of the Shareholder Group's Indebtedness, and Guangdong Zhujiang having provided Baozheng with copies of the relevant instrument evidencing the Shareholder Group's Indebtedness having been assigned to Guangdong Zhujiang;
- (c) the Pledge having been released and the formalities for the release of the Pledge having been completed;

- (d) there being no outstanding indebtedness between the Target Company and each of the Vendors and their respective associates other than the Shareholder Group's Indebtedness;
- (e) Baozheng having received a legal opinion of the legal advisers as to the laws of PRC engaged by Baozheng on issues such as the validity and enforceability of the Sale and Purchase Agreement, the operations and assets of the Target Company, the release of the Pledge, the legality and validity of the assignment of the Shareholder Group's Indebtedness to Guangdong Zhujiang and the release and discharge of all outstanding indebtedness owed by the Target Company to the original creditors (other than Guangdong Zhujiang) under the Shareholder Group's Indebtedness addressed to Baozheng in form and substance satisfactory to Baozheng; and
- (f) the warranties of the Vendors under the Sale and Purchase Agreement remaining true, correct and not misleading from the date of the Sale and Purchase Agreement up to the Completion Date.

Baozheng may waive any of the Conditions Precedent while the Vendors may not waive any one of the Conditions Precedent. If the Conditions Precedent shall not have been fulfilled (or waived by Baozheng in accordance with the Sale and Purchase Agreement) by the Long Stop Date, without prejudice to the rights of the parties to the Sale and Purchase Agreement in respect of any antecedent breach of its terms, the Sale and Purchase Agreement, other than certain surviving clauses, shall be of no further effect.

### **Completion**

Completion shall take place on the fifteenth business day after satisfaction (or waiver in accordance with the Sale and Purchase Agreement) of all Conditions Precedent or on such other date as the parties may agree.

After Completion, the Target Company will become a wholly-owned subsidiary of Baozheng and its results will be consolidated with that of the Group.

### **INFORMATION ON THE TARGET COMPANY AND THE HOT SPRING RESORT**

The Target Company is a limited liability company incorporated in the PRC with a registered capital of RMB20,000,000. It owns the land use rights in respect of and the legal title to the Resort Property and it has commenced the operation of the Hot Spring Resort since 2004. The Hot Spring Resort which is located at the west side of New Baobai Road, Zhouliang Village, Baodi District, Tianjin\* (天津市寶坻區周良莊鎮新寶白公路西側) and at about 300 metres from the south exit of the Jinji Expressway\* (津薊高速公路), an express way which links the city centre of Tianjin with Ji Zhou (薊

州) with renowned sight seeing tourist spots. As the Hot Spring Resort situates in the centre point of three major cities in the northern China, namely Beijing, Tianjin and Tangshan, the Hot Spring Resort benefits from the accessibility to the existing well-developed transportation networks.

The Hot Spring Resort has over 140 guest rooms and 6 villas, restaurants, conference rooms, shops and spa services and facilities. Guests of the Hot Spring Resort may enjoy hot spring in various garden areas which are featured with different functions and atmosphere. The water of the hot spring at the Hot Spring Resort contains sodium metasilicate (偏硅酸) and other minerals which are good for wellness from the Chinese medical perspective.

As at 31 December 2013, the Target Company had audited net liabilities of approximately RMB48,033,157 (HK\$60,521,778).

According to the audited financial statements for the two financial years ended 31 December 2013 of the Target Company, it recorded net losses of approximately RMB15,792,000 (HK\$19,898,000) and RMB15,762,000 (HK\$19,860,000) respectively.

#### **INFORMATION ON BEIJING ZHUJIANG AND GUANGDONG ZHUJIANG**

Beijing Zhujiang is an indirect wholly-owned subsidiary of Guangdong Zhujiang. Guangdong Zhujiang is owned as to an aggregate of 97% by two corporate shareholders which are directly or indirectly owned as to 99% by Mr. Chu Wai Hong. The group of companies comprising Guangdong Zhujiang is principally engaged in residential property development and property investment.

The Vendors have invested approximately RMB433,189,000 (HK\$545,818,000) in the Target Company, and such investment costs comprise registered capital of RMB20,000,000 (HK\$25,200,000) and loans or other advances of approximately RMB413,189,000 (HK\$520,618,000).

#### **INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the development of residential properties in Mainland China. The Group is also engaged in property investment, hotel operations and property management.

Since 1995, the Group has started to establish its brand on a nationwide scale through deploying appropriate corporate strategy and business model. The principal focus is on three core economic zones, namely Pearl River Delta, Huanbohai area and Yangtze River Delta, with Guangzhou, Beijing, Tianjin and Shanghai as the core cities.

The Hot Spring Resort is located at the entrance of the main road of Jing Jin New Town (京津新城), one of the major property projects developed in Tianjin by the Group, and is near to Hyatt Regency Jing Jin City Resort and Spa (京津新城凱悅酒店), a five star hotel in Tianjin which is strategically invested by the Group in Jing Jin New Town. The Directors consider that the Acquisition is in line with the Group's business strategy to invest in Huanbohai area. It is expected that the Hot Spring Resort and Hyatt Regency Jing Jin City Resort and Spa may complement each other through their respective customers, ancillary facilities and services and the Acquisition will bring synergy to the Group's hotel operation business in Jing Jin New Town, which will in turn drive the property development in Jing Jin New Town. The Directors note the current financial performance of the Target Company and are confident that the Group will be able to formulate appropriate reform and development plans, which is expected to include improvement of the existing ancillary facilities and development of villa recreational areas, for the Hot Spring Resort after Completion.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Beijing Zhujiang is an indirect wholly-owned subsidiary of Guangdong Zhujiang. Guangdong Zhujiang is owned as to an aggregate of 97% by two corporate shareholders which are directly or indirectly owned as to 99% by Mr. Chu Wai Hong. As Mr. Chu Wai Hong is a son of Mr. Chu, the ultimate controlling shareholder of the Company and an executive Director and the Chairman of the Company, and a brother of Ms. Chu Kut Yung, an executive Director and the Deputy Chairman of the Company, each of Beijing Zhujiang and Guangdong Zhujiang is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules.

As the applicable percentage ratios of the Acquisition for the Company exceed 0.1% but are less than 5%, the Acquisition is subject to reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Since the Acquisition constitutes a connected transaction for the Company due to the connection between the Vendors and Mr. Chu and Ms. Chu Kut Yung, each of them, deemed to have a material interest in the Acquisition, abstained from voting on the resolutions of the Board approving, among others, the Sale and Purchase Agreement and Acquisition.

## DEFINITIONS

Terms used in this announcement shall have the same meanings as those defined below:

“Acquisition”	the acquisition of the Target Interest by Baozheng from Beijing Zhujiang and Guangdong Zhujiang pursuant to the Sale and Purchase Agreement
“Assets & Liabilities Valuation Report”	the report on the fair value of the assets and liabilities of the Target Company as at 31 October 2014 issued by DTZ Debenham Tie Leung Limited, an Independent Third Party, dated 19 December 2014
“associate(s)”	has the meaning as ascribed to this term under the Listing Rules
“Baozheng”	Tianjin Baozheng South Trade Co., Ltd* (天津寶正南方貿易有限公司), a limited liability company incorporated in the PRC which is an indirect wholly-owned subsidiary of the Company
“Beijing Zhujiang”	Beijing Zhujiang Real Estate Development Co., Ltd* (北京珠江房地產開發有限公司), a limited liability company incorporated in the PRC
“Board”	the board of Directors
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	the date of Completion
“Conditions Precedent”	the conditions required to be satisfied or waived (as the case may be) before Completion may take place under the Sale and Purchase Agreement
“connected person”	has the meaning as ascribed to this term under the Listing Rules

“Consideration”	the total consideration of up to RMB440,000,000 (HK\$554,400,000) payable by Baozheng to the Vendors under the Acquisition
“Debt Settlement Consideration”	part of the Consideration which shall be payable by Baozheng to Guangdong Zhujiang to settle the Shareholder Group’s Indebtedness
“Directors”	the directors of the Company
“Equity Interest Consideration”	part of the Consideration payable by Baozheng to the Vendors other than that for settlement of the Shareholder Group’s Indebtedness
“Guangdong Zhujiang”	Guangdong Zhujiang Investment Co., Ltd.* (廣東珠江投資股份有限公司), a limited liability company incorporated in the PRC
“Group”	the Company and its subsidiaries
“Hot Spring Resort”	Dijing Hot Spring Resort* (帝景溫泉度假村) operated by the Target Company at the Resort Property
“Independent Third Party”	a person who is not a connected person of the Company and is not connected with any connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2015, or a later date as the Vendors and Baozheng may agree
“Mr. Chu”	Mr. Chu Mang Yee, the chairman of the Board
“Pledge”	the pledge over the Resort Property by the Target Company in favour of Agricultural Bank of China Limited, Tianjin Dagang branch (中國農業銀行股份有限公司天津大港支行)
“PRC”	the People’s Republic of China



“Property Valuation Report”	the valuation report on the market value of the Resort Property as at 31 October 2014, with the valuation conducted based on the adoption of the depreciated replacement cost approach, issued by DTZ Debenham Tie Leung Limited, an Independent Third Party, dated 19 December 2014
“Reference Date”	the last day of the calendar month immediately before that in which Completion taking place
“Resort Property”	the development known as Dijing Hot Spring Resort* (帝景溫泉度假村) with a total gross floor area of approximately 36,793.27 square metres and the parcel of land located at Shangjingyayuan in Jingjin Hot Spring City, Zhouliangzhuang Town, Baodi District, Tianjin, the PRC with site areas of approximately 330,512.40 square metres on which such development is erected
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 December 2014 entered into between Beijing Zhujiang and Guangdong Zhujiang as vendors and Baozheng as purchaser for the sale and purchase of the Target Interest
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder Group’s Indebtedness”	the balance of all the outstanding indebtedness owed by the Target Company to Beijing Zhujiang and Guangdong Zhujiang and their respective associates after offsetting the outstanding indebtedness owed to the Target Company by Beijing Zhujiang and Guangdong Zhujiang and their respective associates, the interests and benefits of which will be assigned to Guangdong Zhujiang on or prior to the Completion Date in accordance with the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Interest”	100% equity interest in the Target Company

“Target Company”	Tianjin Royal Garden Hot Spring Development Co., Ltd* (天津珠江帝景溫泉開發有限公司), a limited liability company incorporated in the PRC which as at the date of this announcement is owned as to 70% by Guangdong Zhujiang and 30% by Beijing Zhujiang
“Vendors”	Beijing Zhujiang and Guangdong Zhujiang

*Note:* The figures in RMB are converted into HK\$ at the rate of RMB1.00: HK\$1.26 and the figures throughout this announcement for indicative purpose only.

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

Hong Kong, 19 December 2014

*As at the date of this announcement, the Board comprises nine directors. The executive directors are Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive directors are Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver, and Mr. Tan Leng Cheng, Aaron.*

\* *For identification purposes only*