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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 A COMPANY
WHICH OWNS AN OFFICE PROPERTY IN HONG KONG AND
THE RELEVANT SHAREHOLDER'S LOAN**

THE SUB SALE SPA

On 11 October 2018, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Vendor Guarantor entered into the Sub Sale SPA whereby the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire issued share capital of the Target Company together with the relevant shareholder's loan at the Total Consideration. The amount of the Total Consideration shall be finally determined after Completion by reference to the Acquisition Value (being HK\$1,118,000,000) and the assets and liabilities of the Target Company as at the Completion Date. However, the amount of the final Total Consideration shall not be more than HK\$1,173,900,000 or less than HK\$1,062,100,000.

Completion of the Sub Sale SPA is subject to the fulfilment (or waiver, if applicable) of the conditions precedent provided under the Sub Sale SPA. Upon completion of the Sub Sale SPA, the Target Company will become an indirect wholly-owned subsidiary of the Company. The principal asset of the Target Company is the Target Property, i.e. the 49th Floor of The Center, an office property located in Central, Hong Kong. As at the Announcement Date, the Group intends to hold the Target Property for self-use as its office in Hong Kong.

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

- (a) The Principal Vendor is the beneficial owner of the Target Assets as at the Announcement Date.
- (b) The Target Company is the beneficial owner of the Target Property.
- (c) The Vendor and Crest Lake entered into a non-legally binding letter of intent dated 19 September 2018 (“**LOI**”) whereby, among other things, the Vendor intended to sell to Crest Lake (or another subsidiary of the Company) the Target Assets.
- (d) After the entering into of the LOI, the Vendor and the Group entered into the negotiation for a legally binding agreement on the sale and purchase of the Target Assets.
- (e) Prior to the entering into of the Sub Sale SPA, the Principal Vendor (as vendor) and the Vendor (as purchaser) have entered into the Principal SPA.

2. THE SUB SALE SPA

The Board announces that on 11 October 2018 (after trading hours), the Parties entered into the Sub Sale SPA 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 Sub Sale SPA and the relevant information are set out below.

2.1 Date

11 October 2018 (after trading hours).

2.2 Parties

The parties to the Sub Sale SPA are the Vendor, the Vendor Guarantor and the Purchaser.

2.3 Assets to be acquired by the Group under the Sub Sale SPA

The assets to be acquired by the Purchaser pursuant to the Sub Sale SPA are the Target Assets. Upon completion of the Sub Sale SPA, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group. The principal asset of the Target Company is the Target Property. Please refer to section 4 of this announcement for information on the Target Property.

2.4 Amount of the Total Consideration and the relevant adjustment mechanism

The Total Consideration shall be the Adjusted Asset Value determined and as adjusted after Completion as summarized below:

- (a) the Adjusted Asset Value as at the Completion Date shall be the Acquisition Value plus the net current assets or minus the net current liabilities (as the case may be) of the Target Company as at the Completion Date by reference to the Pro Forma Completion Accounts;
- (b) if the Adjusted Asset Value as ascertained on the basis of the Audited Completion Accounts is different from the Adjusted Asset Value as ascertained on the basis of the Pro Forma Completion Accounts, adjustment of the Adjusted Asset Value shall be made on the basis of the Audited Completion Accounts as set out in paragraph (c) below;
- (c) adjustment of the Adjusted Asset Value on the basis of the Audited Completion Accounts, if any, shall be made as follow:
 - (i) if the Adjusted Asset Value determined with reference to the Audited Completion Accounts exceeds (or is less negative than) the Adjusted Asset Value determined with reference to the Pro Forma Completion Accounts, the Purchaser shall pay the Vendor an amount equal to such excess provided that the maximum amount payable by the Purchaser shall not in any event exceed HKD55,900,000 (which is equivalent to 5% of the Acquisition Value); or
 - (ii) if the Adjusted Asset Value determined with reference to the Audited Completion Accounts is less than (or more negative than) the Adjusted Asset Value determined with reference to the Pro Forma Completion Accounts, the Vendor shall pay the Purchaser an amount equal to such difference provided that the maximum amount payable by the Vendor shall not in any event exceed HKD55,900,000 (which is equivalent to 5% of the Acquisition Value); and
- (d) notwithstanding paragraph (c) above, the amount of the Total Consideration shall not be more than HK\$1,173,900,000 (which is equivalent to 105% of the Acquisition Value) and shall not be less than HK\$1,062,100,000 (which is equivalent to 95% of the Acquisition Value).

As at the Announcement Date, the Group intends that not less than 50% of the Total Consideration will be financed by bank financing and the balance by the internal resources of the Group.

2.5 Apportionment of the Total Consideration

For the purpose of apportionment of different parts of the Total Consideration, the consideration for the acquisition of the Debt shall be an amount equal to the face amount of the Debt while the consideration for the acquisition of the Sale Share shall be an amount equal to the net amount of the Total Consideration less the consideration for the Debt.

2.6 Payment of the Total Consideration

The Total Consideration has been paid or is payable in cash as follows:

Amount (HKD)	Approximate percentage of the Acquisition Value	Timeline and other information
111,800,000 (“Initial Deposit”)	10%	Date of the Sub Sale SPA. <i>Note 1: The Earnest Money has been applied to form part of this amount.</i> <i>Note 2: The Initial Deposit has been paid to the solicitors of the Vendor as stakeholders.</i> <i>Note 3: The Initial Deposit and the Further Deposit shall be released to the Vendor (i) upon Completion or (ii) before Completion if the difference between (x) the Acquisition Value and (y) the Initial Deposit plus the Further Deposit shall exceed the amount required to obtain the release from the security created under the Existing Encumbrance Documents.</i>
55,900,000 (“Further Deposit”)	5%	On the business day immediately after the Target Company has served notices of termination to certain tenants of the existing tenancies in respect of the Target Property in accordance with the Sub Sale SPA. <i>Note 1: The aforesaid notice of termination shall be served within five business days after the date of the Sub Sale SPA.</i>

Amount (HKD)	Approximate percentage of the Acquisition Value	Timeline and other information
Completion Amount (approximately 950,300,000)	85%	At Completion.
<i>Note: assuming that the Acquisition Value represents the Total Consideration.</i>		<p><i>Note 2: The Further Deposit will be paid to the solicitors of the Vendor as stakeholders.</i></p> <p><i>Note 3: Same as note 3 in respect of the Initial Deposit in the above.</i></p> <p><i>Note: The Completion Amount shall be an amount equal to the Adjusted Asset Value minus the Initial Deposit and Further Deposit paid. The Adjusted Asset Value will be determined as summarized in section 2.4 of this announcement.</i></p>

2.7 Basis for the determination of the Total Consideration

The Total Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser by reference to the information available to the Company based on discussions made with the Company's property adviser and banker about the valuation of the Target Property and the recent transactions of property market in Hong Kong.

2.8 Conditions

Completion of the Acquisition is subject to the fulfilment (or waiver, where applicable) of the Conditions on or before the Completion Date. A summary of the Conditions is set out below:

- (a) completion of the Principal SPA having taken place;
- (b) the Vendor having proved the Target Company has a good marketable title to the Target Property;
- (c) no material adverse change to the Target Property having occurred on or before the Completion Date;
- (d) the warranties given by the Vendor remaining true, accurate and not misleading in all respects before and on the Completion Date; and

- (e) all criteria, steps and procedural requirements under the Existing Encumbrance Documents and the relevant security and finance documents for the consummation, implementation and completion of transactions under (i) the Principal SPA and the relevant transaction documents; and (ii) the Sub Sale SPA and the relevant transaction documents having been satisfied.

None of the Conditions can be waived by the Vendor. Except for the Condition set out in (a) above, the Purchaser may waive any of the Conditions.

2.9 Completion

Subject to the fulfilment (or waiver, where applicable) of the Conditions on or before the Completion Date, Completion shall take place on the Completion Date.

2.10 Guarantee given by the Vendor Guarantor

The Vendor Guarantor guarantees the due and punctual performance by the Vendor of its obligations under the Sub Sale SPA and the relevant transaction documents.

3. INFORMATION ON THE TARGET COMPANY

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

Place of incorporation	:	BVI
Principal business	:	Acquisition, holding and leasing of the Target Property
Sole shareholder	:	Principal Vendor
Subsidiary	:	Nil

Set out below is the audited financial information of the Target Company 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	For the year ended 31 December 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax and extraordinary items	74,958	139,276
Profit after tax and extraordinary items	72,675	137,601

	As at 31 December 2016	As at 31 December 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	430,284	559,892
Total liabilities	243,715	500,722
Net Assets	186,569	59,170

4. INFORMATION ON THE TARGET PROPERTY

The Target Property is located in The Center, a grade A office building located in Central, Hong Kong. It has a total gross floor area of approximately 25,695 square feet and is subject to existing tenancies as at the Announcement Date.

5. THE PRINCIPAL SPA

Prior to the Parties entering into the Sub Sale SPA, the Principal Vendor (as vendor) and the Vendor (as purchaser) have entered into the Principal SPA. As disclosed in section 2.8(a) of this announcement, completion of the Principal SPA having occurred is one of the Conditions. Upon completion of the Principal SPA, the Vendor will become the beneficial owner of the Target Assets.

6. INFORMATION ON THE PARTIES

6.1 The Group and the Purchaser

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.

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

6.2 The Vendor and the Vendor Guarantor

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

The Vendor Guarantor is a director and the majority shareholder of the Vendor.

To the best knowledge and belief of the Directors, having made all reasonable enquires, (i) the Vendor and its ultimate beneficial owner(s) are Independent Third Parties; and (ii) the Vendor Guarantor is an Independent Third Party.

7. REASONS AND BENEFITS FOR ENTERING INTO THE SUB SALE SPA

As at the Announcement Date, the Group intends to hold the Target Property for self-use as its office in Hong Kong subject to, among other things, the expiration or earlier termination of all the existing tenancies in or around April 2019. The Acquisition can also broaden the fixed asset base of the Group.

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

8. 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.

DEFINITIONS

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

“Acquisition”	acquisition of the Target Assets by the Purchaser
“Acquisition Value”	the value attributed to the Target Property as agreed between the Vendor and the Purchaser, being HK\$1,118,000,000
“Adjusted Asset Value”	the adjusted value of the Target Company as at the Completion Date (immediately before the Completion)
“Announcement Date”	the date of this announcement, being 11 October 2018
“Audited Completion Accounts”	the audited accounts of the Target Company for the period commenced from 1 January 2018 and ending on the Completion Date (but immediately before the Completion) prepared by the Auditors in accordance with HKFRS, comprising the audited statement of financial position of the Target Company and the audited income statement of the Target Company in respect of such period
“Auditors”	such Hong Kong certified public accountants as agreed between the Vendor and the Purchaser
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“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 Sub Sale SPA
“Completion Amount”	the part of the Total Consideration payable by the Purchaser at Completion
“Completion Date”	14 December 2018 or such other business day as the Parties may agree in writing
“Conditions”	the conditions for the Completion
“connected person”	as defined under the Listing Rules
“Crest Lake”	Crest Lake Limited (冠力有限公司), a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Debt”	(i) all amounts owing and payable by the Target Company to the Principal Vendor immediately before the completion of the Principal SPA and (ii) all amounts owing and payable by the Target Company to the Vendor immediately before Completion
“Directors”	directors of the Company from time to time
“Earnest Money”	the refundable earnest money in the amount of HK\$30,000,000 paid by the Group to the Vendor pursuant to the LOI
“Existing Encumbrance Documents”	the documents which created the existing mortgage and charge over the Sale Share and the Target Property
“Further Deposit”	as defined in section 2.6 of this announcement
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is independent of, and not connected with, the Company or any of its connected persons
“Initial Deposit”	as defined in section 2.6 of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LOI”	as defined in section 1(c) of this announcement

“Parties”	the parties to the Sub Sale SPA, namely the Vendor, the Vendor Guarantor and the Purchaser
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macao Special Administrative Region
“Principal SPA”	the sale and purchase agreement dated 11 October 2018 and entered into between the Principal Vendor and the Vendor whereby, among other things, the Principal Vendor agreed to sell, and the Vendor agreed to purchase, the Target Assets
“Principal Vendor”	an Independent Third Party which is the beneficial owner of the Target Assets as at the date of the Principal SPA
“Pro Forma Completion Accounts”	the unaudited pro forma accounts of the Target Company for the period commenced from 1 January 2018 and (on a projection basis) ending on the Completion Date (but immediately before Completion), comprising the unaudited pro forma statement of financial position of the Target Company and the unaudited pro forma income statement of the Target Company in respect of such period
“Purchaser”	Sound Zone Properties Limited (尚駿置業有限公司), a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Sale Share”	the one and the only issued share in the Target Company that constitutes the entire issued share capital of the Target Company
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub Sale SPA”	the sale and purchase agreement in relation to the Target Assets entered into among the Vendor, the Vendor Guarantor and the Purchaser and dated 11 October 2018
“Target Assets”	collectively, the Sale Share and the Debt
“Target Company”	The Center (49) Limited, a company incorporated in BVI and the beneficial owner of the Target Property
“Target Property”	49th Floor of The Center
“The Center”	the erections and buildings located at No. 99, Queen’s Road Central, Hong Kong and known as “THE CENTER (中環中心)”
“Total Consideration”	the total consideration payable by the Purchaser for the Acquisition

“Vendor” Fully Fun Limited, a company incorporated in BVI

“Vendor Guarantor” CHEUNG Shun Kut, a director and the majority shareholder of the Vendor

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

Hong Kong, 11 October 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*