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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**

(i) Hopson International as vendor in relation to the Hopson Sale Assets; (ii) BMI as vendor in relation to the BMI Sale Assets; and (iii) Golden Harmony Investments Limited as purchaser entered into the Agreement whereby, among other things, Hopson International shall sell the Hopson Sale Assets to the Purchaser at the Hopson Total Consideration (i.e. RMB1,838,909,654.26) and BMI shall sell the BMI Sale Assets to the Purchaser at the BMI Total Consideration (i.e. RMB1,826,270,922.37) subject to, among other things, the fulfillments (or waiver, if applicable) of the Initial Conditions and the Completion Conditions. The Total Consideration is subject to the Adjustment. However, the Total Consideration as adjusted shall not increase or decrease the original Total Consideration by more than 20%.

The companies to be disposed of by Hopson International pursuant to the Agreement are Easy and Mega. The company to be disposed of by BMI pursuant to the Agreement is SP. Easy, Mega, SP and the Remaining 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, the PRC. Easy, SP and the Remaining Shareholder are entitled to the benefits attributable to the Target Property in the proportion of 45%, 45% and 10%. The Project Company was treated 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 27 September 2017 (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 Hopson Total Consideration (subject to the Adjustment) and (ii) BMI agreed to sell, and the Purchaser agreed to buy, the BMI Sale Assets at the BMI Total Consideration (subject to the Adjustment). A summary of the principal terms of the Agreement and the relevant information are set out below.

## **2. THE AGREEMENT**

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

### **2.1 Date**

27 September 2017 (after trading hours).

### **2.2 Parties**

The parties to the Agreement are:

- (a) Hopson International as vendor in relation to the Hopson Sale Assets;
- (b) BMI as vendor in relation to the BMI Sale Assets; and
- (c) Golden Harmony Investments Limited as purchaser.

To the best knowledge and belief of the Directors having all reasonable enquires, each of BMI 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 Hopson Sale Shares and the Hopson Shareholder's Loans. Upon completion of the sale and purchase of the Hopson Sale Shares, 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 BMI are the BMI Sale Shares and the BMI Shareholder's Loan.

## 2.4 Consideration and basis of its determination

The Total Consideration is RMB3,665,180,576.63, representing the aggregate of the components and the relevant amounts as set out below:

<b>Consideration</b>	<b>Amount (RMB)</b>
Easy Share Consideration	970,518,160.65
Easy Shareholder's Loan Consideration	411,822,106.10
Mega Share Consideration	1
Mega Shareholder's Loan Consideration	456,569,386.51
<b><i>Hopson Total Consideration</i></b>	<b><i>1,838,909,654.26</i></b>
BMI Sale Shares Consideration	1,819,180,733.37
BMI Shareholder's Loan Consideration	7,090,189.00
<b><i>BMI Total Consideration</i></b>	<b><i>1,826,270,922.37</i></b>
<b>Total Consideration</b>	<b>3,665,180,576.63</b>

The Total Consideration was determined based on arm's length negotiations and by reference to the unaudited pro forma financial information of the Project Company and the Target Companies as at 31 October 2017 prepared on the basis of the respective financial information of the Project Company and the Target Companies as at 30 June 2017. The said unaudited pro forma financial information has reflected, among other things, (i) the net assets value of each of the Easy Share, the Mega Share and the BMI Sale Shares as at 31 October 2017; and (ii) the anticipated amount of each of the Easy Shareholder's Loan, the Mega Shareholder's Loan and the BMI Shareholder's Loan as at 31 October 2017. With respect to the Easy Share Consideration, the Board has also taken into account the valuation of the Target Property in the amount of RMB4.5 billion as at 30 June 2017 according to the valuation report issued by a PRC valuer appointed by the Group.

The Total Consideration is subject to the Adjustment, details of which are summarised in section 2.7 of this announcement.

## 2.5 Deposit of escrow money and conditions for payment of the Total Consideration and relevant information

Set out below is a summary of the terms on deposit of the escrow money and the conditions for payment of the Total Consideration and the relevant information:

- (a) Within five business days after the Effective Date, the Purchaser shall pay RMB200,000,000 into the PRC Escrow Account as deposit, which shall be returned to the Purchaser after the HK Escrow Money has been paid into the HK Escrow Account and repayment by the Project Company of the Existing Project Company Loan and the interest accrued thereon as summarised in paragraph (c) below.
- (b) Within five business days upon the receipt by the Project Company of the New Project Company Loan, the Purchaser shall pay the HK Escrow Money into the HK Escrow Account.
- (c) Payment of the Total Consideration is conditional upon, among other things, repayment by the Project Company of the Existing Project Company Loan and the interest accrued thereon as summarised below:
  - (i) (A) Hopson International and its affiliates and (B) BMI and its affiliates shall, for the purposes of repaying the Existing Project Company Loan and repaying the Project Company the loans advanced by the Project Company, provide an aggregate amount of RMB1,238,382,458.00 (“**Vendors Repayment Amount**”), among which (x) RMB676,283,353.00 shall be provided by Hopson International and its affiliates and (y) RMB562,099,105.00 shall be provided by BMI and its affiliates;
  - (ii) the Purchaser shall provide a loan to the Project Company in the amount of the Shortfall Amount (as defined in paragraph (iii) below); and
  - (iii) the Vendors and the Purchaser shall then procure the repayment by the Project Company of the Existing Project Company Loan by means of the New Project Company Loan, the Vendors Repayment Amount and the Shortfall Amount. The “**Shortfall Amount**” means the amount of the Existing Project Company Loan after deduction of the New Project Company Loan and the Vendors Repayment Amount; and
- (d) the Vendors and the Purchaser shall procure the Project Company to repay the interest accrued on the Existing Project Company Loan, and if the Project Company shall have insufficient cash flow for such repayment, the Purchaser shall provide a loan (“**Interest Loan**”) to the Project Company for such interest repayment.

## 2.6 Payment of the Total Consideration and relevant information

The Vendors and the Purchaser shall procure the HK Escrow Agent to pay the Total Consideration (subject to the Adjustment) out of the HK Escrow Account to the Vendors by four instalments as summarised below:

- (a) first instalment shall be made within three business days after (x) fulfilment or waiver of all the Completion Conditions; (y) repayment by the Project Company of the Existing Project Company Loan and the interest accrued thereon as described in section 2.5 of this announcement; and (z) the Purchaser having been registered as a shareholder of each of the Target Companies, as follows:
  - (i) 75% of the Hopson Total Consideration to Hopson International; and
  - (ii) 80% of the BMI Total Consideration to BMI;
- (b) second instalment shall be made within two business days after completion of the disposal by the Project Company of the title to the aboveground of the Music Hall, as follows:
  - (i) 5% of the Hopson Total Consideration to Hopson International; and
  - (ii) 5% of the BMI Total Consideration to BMI;
- (c) third instalment shall be made within two business days upon completion of the transfer by the Project Company of the title certificate to the aboveground of the South Building, and with respect to Hopson International only, the payment of the South Building Tax by Hopson International, as follows:
  - (i) 15% of the Hopson Total Consideration to Hopson International; and
  - (ii) 10% of the BMI Total Consideration to BMI; and
- (d) fourth instalment shall be made within two business days after completion of the 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 Music Hall and the South Building shall be transferred out of the Project Company) as follows:
  - (i) 5% of the Hopson Total Consideration to Hopson International; and
  - (ii) 5% of the BMI Total Consideration to BMI.

As the Group was entitled to 100% of the benefits attributable to the South Building before its disposal, Hopson International shall be responsible for the payment of the South Building Tax under the Agreement. If Hopson International fails to settle the South Building Tax in accordance with the Agreement and the Purchaser has elected to pay such tax, the Purchaser shall be entitled to deduct the third instalment of the Hopson Total Consideration and, if the third instalment shall be insufficient to set-off the South Building Tax, further deduct from the fourth instalment of the Hopson Total Consideration. Based on the information available to the Company as at the Announcement Date, the Company expects that the amount of the South Building Tax to be approximately RMB530,000,000, of which approximately RMB320,000,000 had been paid. The estimated outstanding South Building Tax of RMB210,000,000 (“**Outstanding South Building Tax**”) is expected to be financed by the Hopson Total Consideration. If the Hopson Total Consideration shall not have been received by the Group at the material time or otherwise insufficient to settle the Outstanding South Building Tax, the Group intends to pay the Outstanding South Building Tax by internal resources.

## **2.7 Adjustment to the Total Consideration**

- (a) Within 40 business days after the Completion Date, the Purchaser may carry out audit on the net asset value of the Project Company as at the Completion Date.
- (b) The net asset value of the Project Company as at the Completion Date (“**Completion NAV**”) shall be the amount equivalent to (i) 90% of the total of RMB4,200,000,000 and the net asset value of the Project Company as at the Completion Date (excluding, among other things, the book value of the Target Property, the net asset values of the South Building and the Music Hall), plus (ii) the net asset value of the Offshore Target Group as at the Completion Date.
- (c) The Adjusted Total Consideration shall be the total of the Completion NAV and the respective amounts of the Hopson Shareholder’s Loans and the BMI Shareholder’s Loan as at the Completion Date.
- (d) The Adjusted Total Consideration shall not increase or decrease the original Total Consideration by more than 20%. If (i) the Adjusted Total Consideration shall increase or decrease the original Total Consideration by more than 20% and (ii) the Vendors and the Purchaser cannot agree on the amount of the Total Consideration to be adjusted within 10 business days after the original Adjusted Total Consideration has been obtained, the Agreement shall be terminated.

## **2.8 Initial Conditions**

The Initial Conditions as summarised below shall be fulfilled within 40 business days after the Agreement Date (or such longer period as the Vendors and the Purchaser may mutually agree):

- (a) due diligence investigation on the Target Companies, the Project Company and the Target Property in respect of the period from 1 July 2016 to the Agreement Date by the Purchaser, including but not limited to the legal aspect, financial aspect and construction work, and no material adverse change has been found in such due diligence;
- (b) negotiation between the Purchaser and the Remaining Shareholder in relation to the transactions contemplated by the Agreement through the Vendors' arrangement; and
- (c) certain documents and information as specified under the Agreement, including but not limited to the information on the receivables and payables of the Project Company and an undertaking to pay the South Building Tax issued by the Company in favour of the Purchaser, having been provided by the Vendors and the Purchaser being satisfied with such documents and information.

If the Initial Conditions shall not have been fulfilled as provided under the Agreement, the Agreement shall be terminated.

## **2.9 Completion Conditions**

Completion of the sale and purchase of the Hopson Sale Assets and the BMI Sale Assets is subject to the fulfilment of the Completion Conditions on or before the Long Stop Date. Set out below is a summary of the Completion Conditions:

- (a) the Hopson Sale Shares, the BMI Sale Shares, the equity interests of the Project Company and the Target Property are free from any encumbrance;
- (b) the Vendors, the Target Companies and the Project Company have duly performed the Agreement and other documents in relation to the transactions contemplated by the Agreement;
- (c) there has been no material adverse change to the business, operation, assets or the conditions (financial or otherwise) of the Target Companies, the Project Company and the Target Property since the Agreement Date;
- (d) the Project Company is the sole legal and beneficial owner of the Target Property free from any encumbrance;

- (e) the Bank having issued its consent in respect of the repayment of the Existing Project Company Loan by the New Project Company Loan;
- (f) the Purchaser (or its nominee) and the Project Company having entered into the agreement in relation to the New Project Company Loan and the agreement in relation to the Interest Loan; and
- (g) the Project Company having dismissed all of its employees (other than directors, legal representative and those employed or appointed by the Remaining Shareholder).

Each of the Vendors and the Purchaser may waive any Completion Condition which the other party is responsible to fulfil wholly or partly in writing.

**2.10 Tax on the transactions contemplated by the Agreement and the Purchaser’s undertaking to bear certain tax**

Under the Agreement, the Vendors and the Purchaser shall each bear its own share of tax arising from the transactions contemplated by the Agreement (“**Transaction Tax**”). The Purchaser has issued a separate undertaking letter, pursuant to which it undertakes to bear a maximum of RMB300,000,000 of certain Transaction Tax arising under the applicable PRC laws and rules. If such PRC Transaction Tax payable by the Vendors shall be more than RMB300,000,000 but one of the Vendors (“**Relevant Vendor**”) shall pay less than RMB150,000,000 while another Vendor shall pay more than RMB150,000,000, then the latter Vendor shall be entitled to the benefits of the difference of RMB150,000,000 and the actual amount of such PRC Transaction Tax payable by the Relevant Vendor.

**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 2015 and 2016 respectively extracted from its audited financial statements prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax and extraordinary items	(12)	(14)
Profit/(loss) after tax and extraordinary items	(12)	(14)
	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	491,373	460,209
Total liabilities	491,530	460,370
Net liabilities	157	161

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 2015 and 2016 respectively extracted from its audited financial statements prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax and extraordinary items	(9)	(11)
Profit/(loss) after tax and extraordinary items	(9)	(11)
	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	544,835	510,284
Total liabilities	544,995	510,445
Net liabilities	160	161

## 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	:	Development, construction, leasing and management of the hotel, music 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 Remaining Shareholder as to 1.1%

The Project Company was treated as a joint venture as disclosed in the Latest Annual Report. Save and except for the values of the Target Property and the Music Hall, cash and bank balances, the Project Company does not have any other major assets as at the Announcement Date.

Set out below is the unaudited financial information of the Project Company for the two years ended 31 December 2015 and 2016 respectively as disclosed on page 182 of the Latest Annual Report:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax and extraordinary items	126,395	193,560
Profit for the year and total comprehensive income	91,237	134,210
Share by the Group of profit and total comprehensive income	56,868	45,938

*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 Music Hall, the South Building and the Target Property, an office building. Pursuant to the relevant contractual arrangement in relation to the Project Company, the Group was entitled to 100% of the benefits attributable to the South Building. With respect to the Target Property, Easy, SP and the Remaining Shareholder are entitled to the benefits attributable to them in the proportion of 45%, 45% and 10%. The South Building 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 Music Hall.

As disclosed on page 181 of the Latest Annual Report, the Group's 45% share of the net assets of the Target Property was HK\$1,431,972,000 as at 31 December 2015 and HK\$1,404,118,000 as at 31 December 2016. 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 investment holding, property development, property investment, property management and hotel operations.

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

### **7.2 BMI**

BMI is a company incorporated in the BVI whose principal business is investment.

### **7.3 The Purchaser**

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

## **8. GAIN OR LOSS EXPECTED TO ACCRUE TO THE GROUP**

Based on the Hopson Total Consideration and (i) assuming that there is no Adjustment; and (ii) after deduction of the currently estimated taxes (such as Hong Kong stamp duty and the applicable PRC tax but taking into account the Purchaser's undertaking as disclosed in section 2.10 of this announcement), professional fees and other expenses attributable to the transactions contemplated by the Agreement, it is expected that an unaudited loss of approximately HK\$297,093,000 calculated by reference to the unaudited net asset value of the Hopson Sale Assets as at 30 June 2017 will be accrued to the Group. Pursuant to the disclosure made in section 2.6 of this announcement, the Outstanding South Building Tax may be financed by the Hopson Total Consideration. If the Outstanding South Building Tax shall be deducted from the Hopson Total Consideration, the expected unaudited loss will be approximately HK\$539,462,874.

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 Hopson Total Consideration will be approximately HK\$2,119,239,305 after deduction of the currently estimated taxes (such as Hong Kong stamp duty and the applicable PRC tax but taking into account the Purchaser's undertaking as disclosed in section 2.10 of this announcement), professional fees and other expenses attributable to the transactions contemplated by the Agreement. Pursuant to the disclosure made in section 2.6 of this announcement, the Outstanding South Building Tax may be financed by the Hopson Total Consideration. If the Outstanding South Building Tax shall be deducted, the net Hopson Total Consideration will be approximately HK\$1,876,869,622. The Group intends to apply the net Hopson Total Consideration 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 of Beijing, the Directors considered 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.

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 exceeded 5% but 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:

“Adjusted Total Consideration”	the Total Consideration resulting from the Adjustment (if any)
“Adjustment”	the adjustment (if any) to the Total Consideration as summarised in section 2.7 of this announcement
“Agreement”	the agreement dated 27 September 2017 in relation to the sale and purchase of the Hopson Sale Assets and the BMI Sale Assets and entered into among the Parties
“Agreement Date”	the date of the Agreement, being 27 September 2017
“Announcement Date”	the date of this announcement, being 27 September 2017
“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 Building and the Music Hall and situated at No. 9, North Chaoyang Road, Dongcheng District, Beijing, the PRC
“Bank”	a bank established in the PRC to whom the Project Company owes the Existing Project Company Loan
“BMI”	Big Market Investments Limited, a company incorporated in the BVI and the vendor of the BMI Sale Assets
“BMI Sale Assets”	BMI Sale Shares and BMI Shareholder’s Loan
“BMI Sale Shares”	50,000 ordinary shares of SP representing its entire issued share capital and owned by BMI as at the Announcement Date
“BMI Sale Shares Consideration”	the consideration for the sale and purchase of the BMI Sale Shares at the Agreement Date, being RMB1,819,180,733.37
“BMI Shareholder’s Loan”	the loan due and owing by SP to BMI and/or its affiliate(s) in the anticipated amount of RMB7,090,189.00 as at 31 October 2017
“BMI Shareholder’s Loan Consideration”	the consideration for the assignment of the BMI Shareholder’s Loan at the Agreement Date, being RMB7,090,189.00
“BMI Total Consideration”	the aggregate of the BMI Sale Shares Consideration and the BMI Shareholder’s Loan Consideration, being RMB1,826,270,922.37
“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 Main Board of the Stock Exchange
“Completion Conditions”	the conditions precedent for the completion of the sale and purchase of the Hopson Sale Assets and the BMI Sale Assets
“Completion Date”	a date which falls within three business days after (i) the Purchaser has been registered as a shareholder of each of the Target Companies and (ii) the Project Company has repaid the Existing Project Company Loan as described in section 2.5 of this announcement
“Directors”	director(s) of the Company from time to time
“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 Share”	one ordinary share of Easy representing all the share of Easy in issue and owned by Hopson International as at the Announcement Date
“Easy Share Consideration”	the consideration for the sale and purchase of the Easy Share at the Agreement Date, being RMB970,518,160.65
“Easy Shareholder’s Loan”	the loan due and owing by Easy to Hopson International in the anticipated amount of RMB411,822,106.10 as at 31 October 2017
“Easy Shareholder’s Loan Consideration”	the consideration for the assignment of the Easy Shareholder’s Loan at the Agreement Date, being RMB411,822,106.10
“Effective Date”	the date on which the Initial Conditions are fulfilled
“Existing Project Company Loan”	the loan due and owing by the Project Company to the Bank in the outstanding principal amount of RMB1,496,413,753.79 as at the Agreement Date
“Group”	the Company and its subsidiaries
“HK Escrow Account”	the HK\$ escrow account to be opened in Hong Kong for the purpose of depositing the HK Escrow Money as contemplated by the Agreement
“HK Escrow Agent”	the agent of the HK Escrow Account
“HK Escrow Money”	the HK\$ equivalent of the Total Consideration
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region
“Hopson Disposal”	disposal of the Hopson Sale Assets pursuant to the Agreement
“Hopson International”	Hopson Development International Limited, a company incorporated in the BVI, a direct wholly-owned subsidiary of the Company and the vendor of the Hopson Sale Assets
“Hopson Sale Assets”	Hopson Sale Shares and Hopson Shareholder’s Loans
“Hopson Sale Shares”	Easy Share and Mega Share
“Hopson Sale Shares Consideration”	the aggregate of the Easy Share Consideration and the Mega Share Consideration, being RMB970,518,161.65
“Hopson Shareholder’s Loans”	Easy Shareholder’s Loan and Mega Shareholder’s Loan
“Hopson Shareholder’s Loans Consideration”	the aggregate of the Easy Shareholder’s Loan Consideration and the Mega Shareholder’s Loan Consideration, being RMB868,391,492.61
“Hopson Total Consideration”	the aggregate of the Hopson Sale Shares Consideration and the Hopson Shareholder’s Loans Consideration, being RMB1,838,909,654.26
“Initial Conditions”	the initial conditions provided under the Agreement and as summarised in section 2.8 of this announcement
“Latest Annual Report”	the annual report of the Group for the 12 months ended 31 December 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date which falls on the expiry of three months from the Effective Date (or such other date as the Vendors 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 Share”	one ordinary share of Mega representing all the share of Mega in issue and owned by Hopson International as at the Announcement Date
“Mega Share Consideration”	the consideration for the sale and purchase of the Mega Share at the Agreement Date, being RMB1
“Mega Shareholder’s Loan”	the loan due and owing by Mega to Hopson International in the anticipated amount of RMB456,569,386.51 as at 31 October 2017

“Mega Shareholder’s Loan Consideration”	the consideration for the assignment of the Mega Shareholder’s Loan at the Agreement Date, being RMB456,569,386.51
“Music Hall”	the music hall located in the Art Centre
“New Project Company Loan”	the loan to be provided by a bank in the PRC nominated by the Purchaser to the Project Company
“Offshore Target Group”	Easy, Mega and SP and their respective subsidiaries (if any)
“Parties”	Hopson International, BMI 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
“PRC Escrow Account”	the RMB escrow account to be opened in the PRC for the purpose of depositing the escrow money in the amount of RMB200,000,000 as contemplated by the Agreement
“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 the PRC
“Purchaser”	Golden Harmony Investments Limited 金致投資有限公司, a company incorporated in the BVI
“Remaining Shareholder”	Beijing Dongfangwenhua Assets Operation Company* (北京東方文化資產經營公司), a shareholder of the Project Company which owns 1.1% of the paid up capital of the Project Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SP”	Smooth Park Holdings Limited 柏順控股有限公司, a company incorporated in the BVI
“South Building”	the south building which forms part of the Art Centre
“South Building Tax”	the tax arising from the sale of the South Building (including but not limited to land appreciation tax)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Easy, Mega and SP

“Target Property”	the north building which forms part of the Art Centre
“Total Consideration”	the aggregate of the Hopson Total Consideration and BMI Total Consideration in the amount of RMB3,665,180,576.63 (subject to the Adjustment)
“Vendors”	Hopson International and BMI

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

Hong Kong, 27 September 2017

*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. 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. Tan Leng Cheng, Aaron and Mr. Ching Yu Lung.*

\* *For identification purposes only*

# *In this announcement, sums in RMB are translated to HK\$ at the rate of HK\$1 = RMB0.866445. This does not mean that RMB could be converted into HK\$ based on such exchange rate, or vice versa.*