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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 PROPERTY LOCATED IN NEW YORK, USA**

ACQUISITION OF PROPERTY IN NEW YORK

The Seller and the Purchaser (a wholly-owned subsidiary of the Company) entered into the SPA whereby the Seller agreed to sell and the Purchaser agreed to purchase the Property at the cash consideration of US\$113,500,000 subject to customary real estate adjustments and to possible reduction up to a maximum amount of US\$1,500,000 depending on whether the Fund Investment would occur, and, if occurs, the amount of the Fund Investment. Closing of the SPA is subject to the fulfilment (or waiver, if applicable) of the conditions precedent provided under the SPA.

The Property is a piece of vacant land located in Manhattan, New York. The Group intends to develop the Property into a new building to be sold which is expected to comprise two floors underground (for amenity and storage) and 34 floors above ground (one floor as residence lobby and retail and the remaining floors as residence comprising 200 residential units) with an aggregate gross floor area of approximately 183,310 square feet. The investment costs of the Development Project is approximately USD225,000,000, comprising principally the Purchase Price and construction costs.

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 after the trading hours on 3 December 2019, the Seller and the Purchaser (a wholly-owned subsidiary of the Company) entered into the SPA whereby the Seller agreed to sell and the Purchaser agreed to purchase the Property.

2. THE SPA

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

2.1 Date

3 December 2019.

2.2 Parties

The parties to the SPA are the Seller and the Purchaser. Please refer to section 4 of this announcement for more information on the Parties.

2.3 Asset to be acquired by the Group under the SPA

The asset to be acquired by the Group through the Purchaser is the Property. Please refer to sections 3.1 and 3.2 of this announcement for more information on the Property and the Development Project respectively.

2.4 The Purchase Price and basis of its determination

The Purchase Price is US\$113,500,000, subject to customary real estate adjustments (such as the utilities charges to be apportioned between the Parties) and to possible reduction as summarized in section 2.6 below. As at the Announcement Date, it is expected that the Purchase Price will be financed by bank loans (approximately 36% to 44%) and the internal resources of the Group (approximately 56% to 64%).

The Purchase Price was determined through arm's length negotiations between the Seller and the Purchaser. The Board has also taken into account, among other things, the reasons for and benefits of entering into the SPA set out in section 5 below, the market value of the Property as at 9 October 2019 (being US\$113,000,000) on an "as is" basis as appraised by the property valuer appointed by the Group and the Company's assessment of the development potentials of the Property.

2.5 Payment of the Purchase Price

(a) *Deposit*

The Deposit had been paid into the Escrow Account pursuant to the Term Sheet and shall be dealt with as summarized below:

- (i) be paid to the Seller at the Closing as partial payment of the Purchase Price;
- (ii) be paid to the Seller as liquidated damages if the Purchaser shall default in the payment of the Purchase Price or in the performance of any of its other material obligations to be performed on the Closing Date and the Seller is not in default under the SPA; or
- (iii) be returned to the Purchaser if the Seller shall default in (A) any of its material obligations to be performed on the Closing Date or (B) the performance of any of its material obligations to be performed prior to the Closing Date, and with respect to any default under (B), the Purchaser may, if it is not in default, (I) seek to obtain specific performance of the Seller's obligations or (II) receive a return of the Deposit.

(b) *Balance*

The Balance (or part thereof) shall be paid or dealt with as summarized below:

- (i) be paid into the Escrow Account at the Closing by the Purchaser;
- (ii) be released at the Closing to the Seller provided that, in the event that the Purchaser has elected to assume the Existing Financing, then such amount shall be reduced by the outstanding principal balance of the Existing Financing as of the Closing Date; and
- (iii) the Holdback Amount shall be released to the Seller upon the earlier to occur of (A) 180 days following the Closing or (B) the occurrence of the following events: (I) the Purchaser obtaining a New York City Department of Buildings approval for the upper portion of the planned development of the Land and (II) the execution and delivery by the Purchaser and its affiliates of a development management agreement or a general contractor agreement, as applicable, with a local developer or construction manager for the planned development of the Land provided that:
 - (x) a portion of the Holdback Amount (being USD1,130,000) shall be retained in the Escrow Account for paying the damages for which the Seller is liable in respect of breaches of the Seller's representations or warranties; and

- (y) a portion of the Holdback Amount equal to the Maximum Price Adjustment Amount shall be retained in the Escrow Account and shall be dealt with as summarized in section 2.6 below.

2.6 Deemed reduction of the Purchase Price in relation to the Fund Investment

- (a) If the Purchaser and the Fund Investor do not enter into the Fund Investment Transaction Documents on or before 1 April 2020 for any reason (subject to the Purchaser's obligation to negotiate in good faith to finalize the Fund Investment Transaction Documents), the Purchase Price shall be deemed to have been reduced by an amount equal to the Maximum Price Adjustment Amount, in which case such amount shall be disbursed from the Holdback Amount to the Purchaser.
- (b) If the Purchaser and the Fund Investor enter into the Fund Investment Transaction Documents on or before 1 April 2020:
- (i) the Purchase Price shall be deemed to have been reduced as set out below:

Amount of the Fund Investment <i>(US\$)</i>	Amount of the Purchase Price deemed to have been reduced <i>(US\$)</i>
Equal to or greater than 8,000,000	0
Below 8,000,000 but greater than or equal to 5,000,000	400,000
Less than 5,000,000 but greater than or equal to 500,000	750,000

- (ii) the amount representing the amount of the Purchase Price deemed to have been reduced as set out in the table depicted in (i) above, as applicable, together with the Reimbursed Costs shall be disbursed from the Holdback Amount to the Purchaser; and
- (iii) the Seller shall be entitled to receive the remainder of the Maximum Price Adjustment Amount (i.e. an amount equal to the Maximum Price Adjustment Amount less the sum of (x) the amount of the Purchase Price deemed to have been reduced and (y) the Reimbursed Costs).

Shareholders and potential investors should note that there is no guarantee that the Fund Investment would occur and, accordingly, the deemed reduction of the Purchase Price under the SPA may or may not occur. Please refer to section 2.12 below for more information on the Fund Investment.

2.7 Conditions

Closing is subject to the fulfilment (or waiver, where applicable) of the Seller CP and the Purchaser CP which are summarized in sections 2.8 and 2.9 below respectively.

2.8 Seller CP

The obligation of the Seller to effect the Closing shall be subject to the fulfillment or written waiver by the Seller at or prior to the Closing Date of the Seller CP, a summary of which is set out below:

- (a) the representations and warranties of the Purchaser contained in the SPA shall be true and correct in all material respects as of the Effective Date and the Closing Date;
- (b) the Purchaser shall have paid the full balance of the Purchase Price in accordance with the SPA and in all material respects performed all other obligations required to be performed by it under the SPA on or prior to the Closing Date; and
- (c) the Fund Investor shall have consented in writing to the transactions contemplated in the SPA.

2.9 Purchaser CP

The obligation of the Purchaser to effect the Closing shall be subject to the fulfillment or written waiver by the Purchaser at or prior to the Closing Date of the Purchaser CP, a summary of which is set out below:

- (a) the representations and warranties of the Seller contained in the SPA shall be true and correct in all material respects as of the Effective Date and the Closing Date;
- (b) the Seller shall in all material respects performed all its obligations required to be performed by it under the SPA on or prior to the Closing Date;
- (c) the title insurance company referred to in the SPA shall have committed to issue a title insurance policy insuring the Purchaser's title to the Property subject only to the permitted exceptions in an amount equal to the Purchase Price; and
- (d) the Fund Investor shall have consented in writing to the transactions contemplated in the SPA.

2.10 Failure of the Conditions

(a) *Failure of the Purchaser CP*

If the Seller is unable to timely satisfy the Purchaser CP:

- (i) the Seller may, if it so elects, adjourn the Closing Date for a period or periods not to exceed ten days in the aggregate; and
- (ii) if, after any such extension, the Purchaser CP continue not to be satisfied (and the Purchaser has not waived the same) or the Seller does not elect such extension and, in either case, such failure of the Purchaser CP is not the result of the Seller's default, then the Purchaser or the Seller shall be entitled to terminate the SPA by notice thereof to the other party.

(b) *Failure of the Seller CP*

If the Purchaser is unable to timely satisfy the Seller CP (and the Seller has not waived the same), and such failure of the Seller CP is not the result of the Purchaser's default, then the Purchaser or the Seller shall be entitled to terminate the SPA by notice thereof to the other party.

If the SPA is terminated as described in (a) or (b) above, the Purchaser shall be entitled to receive the Deposit and neither party shall have any further obligations under the SPA, except those expressly stated to survive the termination of the SPA.

2.11 Closing

Subject to the fulfilment (or waiver, where applicable) of the Conditions, Closing will take place on 12 December 2019.

2.12 Fund Investment

The Purchaser and the Fund Investor (a preferred equity investor in the Seller Holdco in connection with the development of the Property) proposed to enter into the LOI, which is expected to be non-legally binding. Under the proposed LOI:

- (a) the Fund Investor may invest up to US\$11,000,000 in the Preferred Equity;
- (b) the amount of the investment made by the Fund Investor may be used to, among other things, pay any cost of the Development Project or repay certain permitted bridge financing that may be obtained by the Purchaser Holdco or its subsidiaries;
- (c) the Preferred Equity will be redeemable and will not confer any voting right on the Fund Investor, other than certain customary and limited consent rights; and

- (d) a return will accrue monthly commencing when the funds are called by the Purchaser Holdco at the rates ranging from 5.8% to 7.8% per annum depending on the length of time that the Preferred Equity was contributed to the Purchaser Holdco without being repaid.

The Board considers that the Fund Investment is a possible means to raise finance for the Development Project.

As at the Announcement Date, neither the LOI nor the Fund Investment Transaction Documents have been entered into and there is no guarantee that any of them will be entered into. On the basis of the information available to the Company as at the Announcement Date, the Company does not expect that the entry into of the LOI, or the Fund Investment Transaction Documents, if occurs, will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules. Nevertheless, the Group will comply with all the applicable laws and regulations (including without limitation the Listing Rules) in relation to the Fund Investment.

3. INFORMATION ON THE PROPERTY AND THE DEVELOPMENT PROJECT

3.1 Property

The Property is located at 131–141 East 47th Street, New York and has been a vacant land since October 2016. According to the unaudited account of the Seller Holdco as at 30 September 2019, the book value of the Property was US\$104,449,000. To the best knowledge and belief of the Directors having made all reasonable enquiries, the Property has not generated any income or profit after it had become a vacant land in October 2016.

3.2 Development Project

The Group intends to develop the Property into a new building comprising two floors underground (for amenity and storage) and 34 floors above ground (one floor as residence lobby and retail and the remaining floors as residence comprising 200 residential units) with an aggregate gross floor area of approximately 183,310 square feet. The Development Project is approaching the end of the pre-development stage, and it is expected that the Development Project will be under construction from 2020 to 2022. As at the Announcement Date, it is expected that the properties under the Development Project will be sold, and it is expected that the sale will commence in 2021 at the earliest. The investment costs of the Development Project, being approximately USD225,000,000 (comprising principally the Purchase Price and construction costs), is expected to be financed by bank loans (approximately 60%) and the internal resources of the Group (approximately 40%), assuming that the Fund Investment does not occur. If the Fund Investment occurs, it is expected that the portion of the internal resources of the Group will be reduced accordingly.

4. INFORMATION ON THE PARTIES TO THE SPA

4.1 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, commercial properties investment, property management and infrastructure business.

The Purchaser is a Delaware limited liability company and is a wholly-owned subsidiary of the Company. The principal business of the Purchaser is property development.

4.2 The Seller

The Seller is a Delaware limited liability company whose principal business is the ownership, development and sale of the Property.

To the best knowledge and belief of the Directors having made all reasonable enquiries, (a) the Seller is ultimately and beneficially owned as to (i) 85% by YAO Xusheng (姚旭生), SHEN Wei (沈巍), DENG Wei, DU Yan (杜艷), ZHOU Jingyu, CHEN Shu (陳舒), Jane XIANG, CAO Shaoshan (曹少山), WANG Tao (王濤), DENG Xiaobing (鄧小兵) and XU Hang (徐航); and (ii) 15% by TAO Chun (陶椿) and Bentley ZHAO; and (b) the Seller and its ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons.

5. REASONS FOR AND BENEFITS OF ENTERING INTO THE SPA

As at the Announcement Date, the property investments of the Group are limited to the PRC only. The Company wishes to expand its property investment globally through investments in high quality property projects in major cities in order to improve the Group's allocation of assets profile and bring returns to the Group. The Company believes that tapping in the US properties market can diversify the geographical locations of the Group's investments, create an investment portfolio comprising assets outside the PRC and the Acquisition is expected to establish a platform for the Group to expand in the US should appropriate opportunities arise.

The Property is located in Manhattan, New York, which is a recognized global financial centre. The increasing population in New York has created associated demand for residential properties in New York. After assessment of the Property and its development potentials, and after taking into account the location of the Property, the scale of investment and the expected schedule on return, the Board considers that the Development Project meets the investment criteria of the Group and is therefore selected as the first investment project of the Group outside the PRC.

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

6. 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 is more than 5% but is less than 25%, 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 Property by the Purchaser
“Announcement Date”	the date of this announcement, being 3 December 2019
“Balance”	the balance of the Purchase Price after deducting the Deposit (USD111,500,000)
“Board”	the board of Directors
“Closing”	closing of the Acquisition in accordance with the SPA
“Closing Date”	the date on which Closing shall occur, being 12 December 2019
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Stock Exchange
“Conditions”	collectively, the Seller CP and the Purchaser CP
“connected person”	as defined under the Listing Rules
“Delaware”	the State of Delaware, USA
“Deposit”	the portion of the Purchase Price in the amount of USD2,000,000
“Development Project”	the development project of the Property as described in section 3.2 of this announcement
“Director”	a director of the Company
“Effective Date”	3 December 2019
“Escrow Account”	the bank account held with the Escrow Agent for the purposes of the SPA

“Escrow Agent”	the escrow agent of the Escrow Account, being the title insurance company referred to in section 2.9(c) of this announcement or any successor as permitted pursuant to the terms of the SPA
“Existing Financing”	the loan in the outstanding principal amount of US\$41,500,000 as secured by the Property
“Full Reach”	Full Reach Holdings Limited, a wholly-owned subsidiary of the Company
“Fund Investment”	the possible investment by the Fund Investor by way of subscription of the Preferred Equity
“Fund Investment Transaction Documents”	the definitive documents in relation to the Fund Investment between the Purchaser and the Fund Investor, if any
“Fund Investor”	a preferred equity investor in the Seller Holdco in connection with the development of the Property and the potential investor under the Fund Investment
“Group”	the Company and its subsidiaries
“Holdback Amount”	the portion of the Purchase Price in the amount of USD22,700,000
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the piece of land located at 131–141 East 47th Street, New York
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LOI”	the proposed non-legally binding letter of intent between the Purchaser and the Fund Investor in relation to the Fund Investment
“Maximum Price Adjustment Amount”	the portion of the Holdback Amount of USD1,500,000
“New York”	New York City, USA
“Parties”	collectively, the Seller and the Purchaser
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and the Macao Special Administrative Region
“Preferred Equity”	the preferred equity which may be issued by the Purchaser Holdco in relation to the Fund Investment

“Property”	the Land together with the development rights in relation thereto
“Purchase Price”	the purchase price for the Acquisition, being USD113,500,000
“Purchaser”	Lex 47th Property Owner LLC
“Purchaser CP”	the conditions precedents for the Purchaser to effect the Closing
“Purchaser Holdco”	a to-be-formed Delaware limited liability company which will be, upon formation, (i) an indirect wholly-owned subsidiary of Full Reach; and (ii) a direct or indirect owner of 100% of the Purchaser
“Reimbursed Costs”	all third-party, out-of-pocket costs and expenses actually incurred by the Purchaser in connection with the Fund Investment and which the Seller shall reimburse the Purchaser, subject to a cap of US\$120,000
“Seller”	K-Land Lex 47th LLC
“Seller CP”	the conditions precedents for the Seller to effect the Closing
“Seller Holdco”	the holding company of the Seller and the former owner of the Property
“Shareholders”	holders of the shares of the Company
“SPA”	the sale and purchase agreement in relation to the Acquisition and made as of the Effective Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Sheet”	the non-legally binding term sheet in relation to the Acquisition dated 6 September 2019 and entered into between Full Reach and the Seller Holdco
“United States” or “USA”	the United States of America
“USD” or “US\$”	United States dollars, the lawful currency of USA

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

Hong Kong, 3 December 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*

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.