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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>

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE DISCLOSEABLE
TRANSACTION ANNOUNCED ON 27 SEPTEMBER 2017**

This announcement is issued by Hopson Development Holdings Limited (“**Company**”) to supplement its announcement dated 27 September 2017 in relation to the Agreement (“**First Announcement**”). Unless the context otherwise requires, capitalised terms defined in the First Announcement have the same meanings when used in this announcement.

The Board would like to provide additional information and clarification as set out below:

- (a) Notwithstanding that the Hopson Total Consideration represents a discount of approximately 9% to the Group’s 45% share of the valuation of the Target Property as at 30 June 2017, the Directors consider the Hopson Total Consideration to be fair and reasonable because:
- (i) the valuation only assumed there was a willing buyer of the Target Property in the open market;
 - (ii) the Directors had taken into account the current office market of Beijing, namely the recently announced PRC government policy of transferring Beijing’s “non-capital” functions to the Xiongan New Area located in Hebei Province, which would result in state-owned enterprises and other companies relocating their offices from Beijing, thus reducing the demand for office space in Beijing (particularly when the current leases over the Target Property expired in the next few years); and

(iii) conclusion of the Agreement required acceptance of the terms by both Hopson International (which is only one of the joint venture partners in the Project Company) and BMI as well as co-operation of the Remaining Shareholder.

After balancing the factors mentioned above including the Board's assessment of the prospects of the Beijing office market, the Directors consider that the Hopson Total Consideration is fair and reasonable and that it is an opportune time to dispose of the Hopson Sale Assets in accordance with the Agreement notwithstanding that there is an expected unaudited loss of approximately RMB297 million.

- (b) As disclosed in section 2.5(c)(i) of the First Announcement, the Vendors Repayment Amount shall be applied to repaying the Project Company the loans advanced by the Project Company and the Existing Project Company Loan. As the existing shareholders of the Project Company (namely, Hopson International, BMI and the Remaining Shareholder) are also liable to the Project Company for other outstanding inter-company accounts in an aggregate amount equivalent to the Existing Project Company Loan, the Vendors agreed to contribute to the repayment of the Existing Project Company Loan. After Hopson International's share of the Vendors Repayment Amount has been fully paid, Hopson International would not have other material outstanding liabilities to the Project Company. Since the Vendors Repayment Amount has to be repaid by the Vendors in any event, it has no bearing on the determination of the Hopson Total Consideration.
- (c) The Purchaser's undertaking disclosed in section 2.10 of the First Announcement was a result of arm's length negotiation between the Parties. The maximum amount of RMB300,000,000 of certain Transaction Tax arising under the applicable PRC laws and rules relates only to such tax payable by the Vendors. Neither Hopson International nor BMI shall bear any Transaction Tax payable by the other or the Purchaser. Since the effect of the Purchaser's undertaking is to reduce the impact of the PRC Transaction Tax on Hopson International by limiting it to any excess over RMB150,000,000, the Directors consider the Purchaser's undertaking to be in the interests of the Group and the Shareholders as a whole.

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

Hong Kong, 6 October 2017

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

* *For identification purposes only*