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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>

**MAJOR AND CONNECTED TRANSACTION
INVOLVING THE ISSUE OF CONSIDERATION SHARES
AND
SECOND SUPPLEMENTAL AGREEMENT**

Reference is made to the Announcements and the Circular. The Board announces that on 26 October 2012, the Company and Farrich entered into the Second Supplemental Agreement to extend the Long Stop Date to 2 November 2013 pursuant to the terms and conditions of the Share Purchase Agreement and to amend, supplement and clarify certain terms and conditions of the Share Purchase Agreement relating to, among other things, the Long Stop Date, the Project Completion Date and the payment terms for part of the Cash Consideration.

The Amendments are subject to the approval of the Independent Shareholders at the SGM to be held by the Company.

A circular containing details of the Second Supplemental Agreement and up-to-date information of the Target Co, the Project Cos and the Project, a letter of advice of the IFA on the Amendments to advise the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, together with the notice of the SGM is expected to be despatched to the Shareholders on or before 16 November 2012.

Reference is made to the Announcements and the Circular in relation to the Company's acquisition of the entire issued share capital of the Target Co from Farrich pursuant to the Share Purchase Agreement. Unless otherwise defined in this announcement, capitalised terms used in this announcement have the same meanings as defined in the Circular.

BACKGROUND

On 3 November 2010, the Company and Farrich entered into the original share purchase agreement relating to the Acquisition which was subsequently amended and supplemented by the First Supplemental Agreement on 13 December 2010. Pursuant to the Share Purchase Agreement, Farrich conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Share, representing the entire issued share capital of the Target Co, at the consideration of RMB6,605,066,000 to be satisfied partly in cash and partly by way of the Share Issue.

The Share Purchase Agreement constituted a connected transaction of the Company under the Listing Rules. It was approved by the then independent Shareholders at the special general meeting of the Company held on 22 February 2011.

On 2 November 2011, the Company and Farrich agreed to extend the Long Stop Date from 2 November 2011 to 2 November 2012 pursuant to the terms and conditions of the Share Purchase Agreement.

On 26 October 2012, the Company and Farrich entered into the Second Supplemental Agreement to further extend the Long Stop Date to 2 November 2013, and to amend, supplement and clarify certain terms and conditions of the Share Purchase Agreement relating to, among other things, the Project Completion Date and the payment terms of part of the Cash Consideration as set out in this announcement below subject to the Company obtaining the approval of the Independent Shareholders to the Amendments.

SECOND SUPPLEMENTAL AGREEMENT

Date: 26 October 2012

Parties: (i) the Company
(ii) Farrich

Farrich is a company indirectly wholly-owned by Mr. Chu Yat Hong. Mr. Chu Yat Hong is a son of Mr. Chu, who is the ultimate controlling Shareholder of the Company and an executive Director and the Chairman of the Company. Mr. Chu Yat Hong is also a brother of Ms. Chu Kut Yung, an executive Director of the Company.

Amendments to the Share Purchase Agreement:

Pursuant to the Second Supplemental Agreement, the Company and Farrich conditionally agreed to amend, supplement and clarify certain terms and conditions of the Share Purchase Agreement as follows:

- (1) The existing Long Stop Date will be further extended to 2 November 2013 (or such other date as the parties may agree).
- (2) Farrich undertakes to the Company to complete the construction of the Project by 30 June 2015 instead of 31 December 2013.
- (3) Subject to Completion taking place, the aggregate sum of the Cash Consideration payable by the Company to Farrich based on the construction works completed as at the date of Completion (the “**First Payment**”) will be divided into three equal instalments and payable by the Company within (i) 5 working days after the Company has confirmed the total amount of the First Payment; (ii) 90 days after the date of Completion; and (iii) 180 days after the date of Completion, respectively.
- (4) For the avoidance of doubt, delivery of the properties under the Project, which is being developed in four phases, by Farrich to the Company may take place in stages as and when all the necessary procedures and confirmation of completion of any one phase of the Project to the satisfaction of the Company have been obtained.
- (5) For the avoidance of doubt, prior to the formal assignment of all the receivables of Farrich or its affiliates due from the Project Cos to the Company or its nominees upon completion of the Project, Farrich or its affiliates will hold such receivables in trust for the benefit of the Company and will not demand payment by the Project Cos.

The Amendments are subject to and conditional upon the Company obtaining the approval of the Independent Shareholders before 5:00 p.m. of 31 December 2012 (Hong Kong time).

Initial extension of the Long Stop Date:

The Share Purchase Agreement provides that it will be terminated automatically if any of the Conditions Precedent is not satisfied or waived on or before the Long Stop Date. As at the date of this announcement, some of the Conditions Precedent have not been fulfilled (see the section headed “Conditions Precedent under the Share Purchase Agreement” below). To avoid the automatic termination of the Share Purchase Agreement pending the Independent Shareholders’ voting on the Amendments at the SGM, the Company and Farrich agreed, to initially extend the Long Stop Date from 2 November 2012 to the earlier of (a) the conclusion of the SGM (including adjournment thereof, if any); or (b) 31 December 2012.

INFORMATION ON THE TARGET CO, THE PROJECT COS AND THE PROJECT

As at the date of this announcement, the process of the demerger of Zhujiang Investments into Project Co A and Project Co D, the allocation of assets and liabilities to various companies including the Project Cos incidental to the demerger, and the transfer of the ownership of land use rights in respect of Land A and Land D to the Project Cos have been completed. As certain governmental approvals for the transfer of the equity interests in Project Cos have not yet been issued, the Target Co has not acquired the entire equity interest in the Project Cos pursuant to the Equity Transfer Agreement.

Based on the latest management accounts of the Target Co and the Project Cos, the unaudited net assets/(liabilities) of the Target Co, Project Co A and Project Co D as at 30 June 2012 amounted to approximately (HK\$109,000); HK\$8,897,000 and (HK\$11,713,000) respectively. According to the Share Purchase Agreement, all the liabilities of the Target Co and the Project Cos incurred prior to Completion (other than the liabilities arising from the indebtedness due to Farrich or its affiliates which interest will be assigned to the Group) will be assumed by Farrich.

The Project is being developed in 4 phases, namely phase 1 and 2 of Land A and phase 1 and 2 of Land D. As at the date of this announcement, construction of main structure of the buildings in phase 1 and the foundation works of phase 2 have been completed for Land D, and the foundation works of phase 1 and phase 2 for Land A is in progress.

CONDITIONS PRECEDENT UNDER THE SHARE PURCHASE AGREEMENT

Completion of the Share Purchase Agreement is conditional upon fulfilment/waiver of the Conditions Precedent. Since the Target Co has not yet obtained all necessary approvals for the transfer of the equity interests in each of the Project Cos to it, the transfer of the equity interests in each of the Project Cos to the Target Co has yet to be completed. Subject to completion of the corporate structure of the Target Group, the Company will complete the due diligence review and investigation in respect of the Target Group and confirm if the results of such review and investigation are satisfactory. Novation of the construction contracts to the Project Cos, application for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange and Sounda's application for the necessary waivers and consent in connection with certain negative pledge or undertakings binding on it are still in progress. Save for the conditions set out above and that incidental to them, the Company is not aware of any major Conditions Precedent which have not been fulfilled as at the date of this announcement.

REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

As mentioned above, since the Target Co has not yet obtained all necessary approvals for the transfer of the equity interests in each of the Project Cos to it, the transfer of the equity interests in each of the Project Cos to the Target Co has yet to be completed. Based on the information provided by Farrich and to the best knowledge of the Company, as a result of the macroeconomic control policies and the austerity measures in respect of the real estate sector currently adopted by

the Chinese Government, the approval regarding foreign investment in the real estate sector and transfer of the land use right of State-owned land has tightened up in general. Although Farrich and the Target Co have encountered unexpected difficulty and delay in completing the approval procedures, the approval seeking has been progressing, albeit at unexpectedly slow pace. Based on the negotiation with Farrich and the past experience of the Group's management, the Company is cautiously optimistic that all the approvals relating to the transfer of the equity interests in each of the Project Cos to the Target Co will be available by the proposed new Long Stop Date, having considered that the application for the approval of Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會) is in progress and it is unusual to take more than one year to obtain the approvals of Beijing Municipal Commission of Development and Reform and the Ministry of Commerce (商務部) and to complete the subsequent filing procedures of the Ministry of Commerce, which are the outstanding approvals and procedures as at the date of this announcement. In addition, the Company notes that there will be a delay in completion of the construction of the Project and acknowledges that such delay is mainly caused by the alteration of the original structural design of the buildings in the Project and the increase in ancillary facilities requested by the Company with a view to offering office units of various sizes to cater for the needs of different tenants and to capture potential tenants which can afford higher rentals for more spacious offices. Having considered the factors stated above, the Company conditionally agreed to extend the Long Stop Date to 2 November 2013 (or such later date and time as the parties may agree) and to amend the Project Completion Date to 30 June 2015 under the Second Supplemental Agreement after arms' length negotiations between the Company and Farrich.

The Company requested Farrich to alter the structural design of the buildings in the Project and to add additional ancillary facilities as mentioned above because the Company believed that, based on the prevailing market rents of office buildings of similar classes equipped with similar facilities in the neighbourhood, the Project with the new structural design, comprising office units of various sizes to capture tenants with different requirements, and additional ancillary facilities is expected to have a comparatively more stable occupancy and to generate higher rental income to the Group. Accordingly, the Directors consider the benefits that may be brought to the Group by the alteration of the construction design plan of the Project offset or even outweigh the downside of the delay in completion and delivery of the Project.

The amount of the Cash Consideration and the payment of the Cash Consideration by instalment remain unchanged. Under the Share Purchase Agreement, subject to Completion, the Cash Consideration will be paid by the Company to Farrich in 16 instalments based on the stages of construction of the Project. If Completion shall take place at a late stage of the construction of the Project, a number of instalments of the Cash Consideration will have become due and payable shortly after Completion. Based on the current status of the construction of the Project reported by Farrich and the assessment of the Company, it is expected that the First Payment will amount to approximately 50% of the Cash Consideration if Completion shall take place on or around 2 November 2013 (the conditionally agreed new Long Stop Date under the Second Supplemental Agreement). To alleviate the pressure that may be asserted on the cash flow of the Group, the

Company agreed to the proposed settlement of the First Payment in three equal instalments within 180 days following Completion as set out in the section headed “Amendments to the Share Purchase Agreement” above.

Taking into account the factors stated above, the Directors consider that the proposed extension of the Long Stop Date and the Project Completion Date under the Second Supplemental Agreement will not have material adverse impact on the Group save for delaying the generation of rental income to the Group and the Directors (other than independent non-executive Directors whose view will be expressed in the circular relating to the Amendments to be despatched to the Shareholders) also consider that the Amendments, which were concluded based on arms’ length negotiation between the Company and Farrich, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

GENERAL

Farrich is a company indirectly wholly-owned by Mr. Chu Yat Hong. Mr. Chu Yat Hong is a son of Mr. Chu, who is the ultimate controlling Shareholder of the Company and executive Director and the Chairman of the Company. Mr. Chu Yat Hong is also a brother of Ms. Chu Kut Yung, an executive Director of the Company. Accordingly, Farrich is a connected person of the Company and the Share Purchase Agreement constituted a connected transaction of the Company. The Share Purchase Agreement and the transactions contemplated thereunder were approved by the then independent Shareholders at the special general meeting of the Company held on 22 February 2011.

As the Amendments are subject to and conditional upon the Company obtaining the approval of the Independent Shareholders, the Company will convene the SGM for the Independent Shareholders to consider, and if thought fit, to pass the necessary resolution(s) to approve the Amendments.

As at the date of this announcement, Mr. Chu Yat Hong and his associates do not have any Shares. Sounda and Hopson Education Fund, being the associates of Mr. Chu and holders of 1,101,003,809 Shares in aggregate as at the date of this announcement, will abstain from voting in respect of the resolution(s) proposed to approve the Amendments at the SGM.

The Independent Board Committee, comprising the independent non-executive Directors, has been established to advise the Independent Shareholders on the Amendments.

A circular containing details of the Second Supplemental Agreement and up-to-date information of the Target Co, the Project Cos and the Project, a letter of advice of the IFA on the Amendments to advise the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, together with the notice of the SGM is expected to be despatched to the Shareholders on or before 16 November 2012.

DEFINITIONS

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

“Amendments”	proposed amendments to the Share Purchase Agreement set out in the Second Supplemental Agreement
“Announcements”	announcements of the Company relating to, among other things, the Share Purchase Agreement and the Acquisition dated 3 November 2010, 13 December 2010 and 2 November 2011 respectively
“Cash Consideration”	RMB2,313,787,000 payable by the Company to Farrich under the Share Purchase Agreement to satisfy part of the consideration of the Acquisition
“Circular”	circular of the Company relating to, among other things, the Acquisition and the Share Purchase Agreement dated 21 January 2011
“Conditions Precedent”	the conditions required to be satisfied or waived (as the case may be) before Completion may take place under the Share Purchase Agreement
“First Payment”	has the meaning as defined in the section headed “Amendments to the Share Purchase Agreement” of this announcement
“First Supplemental Agreement”	the supplemental agreement dated 13 December 2010 entered into between the Company and Farrich to amend and supplement certain terms and conditions of the original share purchase agreement relating to the Acquisition dated 3 November 2010
“IFA”	Somerley Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Amendments
“Independent Board Committee”	committee of the Board established to advise the Independent Shareholders in respect of the Amendments and to give recommendation to the Independent Shareholders as to voting in respect of the resolutions proposed to approve the Amendments at the SGM
“Independent Shareholders”	Shareholders other than Sounda, Hopson Education Fund and their respective associates
“Long Stop Date”	the last day by which the Conditions Precedent have to be satisfied or waived under the Share Purchase Agreement

“Project Co A”	北京創合豐威房地產開發有限公司 (Beijing Chuanghe Fengwei Real Property Development Co. Limited) (formerly known as 北京創合豐威科技投資管理有限公司 (Beijing Chuanghe Fengwei Technology Investment and Management Co. Limited))
“Project Co D”	北京盛創恒達房地產開發有限公司 (Beijing Shengchuang Hengda Real Property Development Co. Limited) (formerly known as 北京盛創恒達科技投資管理有限公司 (Beijing Shengchuang Hengda Technology Investment and Management Co. Limited))
“Project Completion Date”	the deadline for completion of the construction of the Project as set out in the Share Purchase Agreement
“Second Supplemental Agreement”	the supplemental agreement dated 26 October 2012 entered into between the Company and Farrich to further extend the Long Stop Date to 2 November 2013, to extend the Project Completion Date to 30 June 2015 and to amend, supplement and clarify other terms and conditions of the Share Purchase Agreement
“SGM”	the special general meeting to be convened by the Company to obtain the approval of the Amendments by the Independent Shareholders

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

Hong Kong, 26 October 2012

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Zhang Yi, Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Liao Ruo Qing and Ms. Chu Kut Yung; and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

* *For identification purposes only*