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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 11 OCTOBER 2018

This announcement is issued by Hopson Development Holdings Limited (“**Company**”) to supplement its announcement dated 11 October 2018 in relation to the Acquisition (“**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) based on the due diligence on the Target Company conducted by the Company’s professional advisers and the relevant report (“**Due Diligence Report**”), the Board noted that the net asset value of the Target Company as at 31 December 2017 according to its audited financial statements for the year ended 31 December 2017 was arrived at after taking into account, among other things, an earlier valuation of the Target Property which no longer represented the current value of the Target Property;
- (b) based on the Due Diligence Report, the Board noted the substantial increase in the net asset value of the Target Company from HK\$59,170,000 as at 31 December 2017 to approximately HK\$293,000,000 as at 31 August 2018 as disclosed in the unaudited management accounts of the Target Company for the eight months ended 31 August 2018, which, according to the Due Diligence Report, was due largely to a rise in the fair value of the Target Property according to a valuation report obtained by the Target Company from a professional appraiser in May 2018;
- (c) notwithstanding that the Company had not obtained an official valuation report for the Acquisition, the Company had, as disclosed in section 2.7 of the First Announcement, held discussions with its property adviser who provided the Company with an indicative valuation of the Target Property at HK\$1,160,000,000, representing a discount of approximately 3.76% to the Acquisition Value and a premium of approximately 1.11% when compared with the maximum amount of the Total Consideration (i.e. HK\$1,173,000,000); and

- (d) as disclosed in section 2.7 of the First Announcement, the Company had made references to recent property transactions in Hong Kong. In this regard, the Board had taken into account the prices for the transfer in the open market of comparable properties in the same building, namely mid-level whole floors in The Center, in July 2018 and noted that the purchase prices ranging from HK\$1.310 billion to HK\$1.336 billion, represented a premium over the Acquisition Value payable by the Company.

After taking into account the information and factors disclosed in the First Announcement and the additional information disclosed above, the Board concluded that notwithstanding that the Acquisition Value represents a premium over the net asset value of the Target Company as at 31 December 2017, the Acquisition Value, being the principal factor in determining the Total Consideration, reasonably represented the current market value of the Target Property. Accordingly, the Board is of the view that the Total Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

Hong Kong, 19 October 2018

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. 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*