[For Immediate Release]

合生創展集團有限公司
HOPSON DEVELOPMENT HOLDINGS LIMITED

Hopson Announces 2017 Annual Results

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Hopson grasped opportunities in industry
By pursuing strategy for business diversification

Financial Highlights

For the year ended 31 December	**2017 HK$ million (Audited)**	2016 HK$ million (Audited)
Revenue	**13,824**	16,256
Underlying profit*	**1,997**	2,040
Profit attributable to equity holders	**5,796**	3,868
Basic earnings per share (HK$)	**2.60**	1.74
Final dividend (HK$/share)	**0.20**	0.10

** Excluding the effect of the net of tax gain from investment property revaluation, the net of tax gain on disposal of land, the net of tax gain from the investment property revaluation of two joint ventures, the net of tax gain on disposal of financial assets at fair value through profit or loss, adding the cost on early redemption of asset-backed securities and the net of tax goodwill impairment*

(29 March 2018 — Hong Kong) – Hopson Development Holdings Limited ("Hopson" or the "Company", which together with its subsidiaries, is referred to as the "Group"; stock code: 00754) announced today its audited annual results for the year ended 31 December 2017 (the "Year").

In 2017, the Chinese government adopted a category-based system as a guidance for the property markets' development and implemented different policies according to specific situation of different cities. This caused a slowdown in the growth of real estate investment in first-tier and key second-tier cities. The Group focused on the planning for its business development in economically developed regions such as the Pearl River Delta, Yangtze River Delta and Huanbohai Area while strengthening its footholds in first-tier cities such as Beijing, Shanghai and Guangzhou. During the year, the Group recorded contracted sales of HK$10,666 million and approximately 728 thousand square metres ("sq.m.") of gross floor area sold under contracts despite the regulatory policies. As at 31 December 2017, the Group recorded deferred revenue of HK$5,767 million, which will be recognized in 2018 and thereafter.

During the year, the Group's revenue decreased by 15.0% to HK$13,824 million. Underlying profit declined by 2.1% to HK$1,997 million. Profit attributable to equity holders increased by 49.8% to HK$5,796 million. Basic earnings per share were HK$2.60. The Board of Directors recommends the payment of a final dividend of HK$0.20/share.

Miss Chu Kut Yung, Executive Director and Deputy Chairman of Hopson, said, "In 2017, the property market experienced fundamental changes and the property sector was furthering its divergent development and product differentiation. In response to the central government's macroeconomic regulation and control, the Group rationalized its business and adjusted its strategy for development, aiming for steady progress. During the year, the Group adopted a two-pronged approach to its business: on one hand, it developed residential properties to meet the rigid demand and upgrader demand in first- and second-tier cities so as to optimize its product mix; on the other hand, it pressed on with the development of mid-range and high-end commercial properties in the prime locations of the core districts of some major cities. Meanwhile, the Group also strived to raise the levels of comfort and satisfaction of property owners by enriching the residential properties' ancillary facilities and by improving the property management services. The moves were also part of the Group's strategy for development with equal emphasis on both asset-light and asset-heavy business models."

The cities in the Beijing-Tianjin-Hebei region has always been one of the focuses of the Group's business development. The Chinese government has been steadily pursuing its policy on the coordinated development of Beijing, Tianjin and Hebei as part of the strategy for national development. Such policy has been unlocking the potential value of the region. To capitalize on the situation, the Group strategically expanded its land bank in northern China while steadily developing high-end properties in major cities, thus laying a solid foundation for further development in the region. In the Yangtze River Delta, the Group successfully launched Shanghai Hopson One, a large-scale commercial complex of the Group in Wujiaochang, Shanghai under the Shanghai Hopson International Plaza project. Shanghai Hopson One has gradually become a commercial landmark in the region by offering consumers with a varied choice of products from a wide range of shops and excellent shopping experience. Building on its premium projects in core urban areas of some cities, the Group actively undertook property development projects in the surrounding areas of such cities. It did so by positioning its properties to meet the needs of the local markets and, as a result, they sold quickly and in large number. The Group also captured the opportunity arising from the policy on Guangdong-Hong Kong-Macao Bay Area Development. For instance, it further developed the property markets in Guangzhou and Huizhou and, at the same time, participated in the urban renewal projects in the prime locations of the area with its advanced strategies for investment and management.

During the Year, an income of HK$11,125 million was derived from property development; HK$936 million from property management; HK$1,355 million from property investment and HK$408 million from hotel operation.

In response to the government's policy on "encouraging both home purchases and the leasing of properties", the Group transformed 108 suites of Hopson No.8 Royal Park into executive apartments. In its commercial property business, the Group pressed on with the planning for its business development under which it is committed to the development of mega shopping centres, premium office buildings and hotel projects while continuously optimising the tenant mix at its investment properties. These measures were aimed at sustaining growth in rental income. The Group also strived to enhance the ancillary facilities and property management services at its projects so as to further its business diversification with equal emphasis on asset-light and asset-heavy business models.

The Group adheres to its prudent and flexible strategy for land investment, striking a balance between the needs of present development and those for the long term. Specifically, it increases its premium land bank strategically. Presently, the Group has built up an abundant land bank at low cost in such first-tier cities as Beijing, Shanghai and Guangzhou. In the future, it will actively invest in lands with potential for development in China's three economically developed regions so as to maintain its core competitive edge for sustainable development. As at 31 December 2017, the Group had a land bank of approximately 29.33 million sq.m.

Mr. Chu Mang Yee, Chairman of the Group concluded, “As the government’s long-term mechanism for the property market’s steady and healthy development has taken shape, it is expected that the market will mature and stabilize. This can present a golden opportunity to make the property market more diverse. As the government is gradually building its long-term mechanism for regulating the real estate market, the Group will proactively take on the challenges arising from the sector’s transformation and will provide suitable products that can match the policies and trends of the market. The Group will also explore the possibility of diversifying into other types of businesses in the value chain of the property sector. The Group will actively develop its commercial property and property management sectors so as to diversify its income source and attain steady growth in profit. The Group will remain committed to providing quality products and services for property owners, thus generating good returns to shareholders.”

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