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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Stock Code: 754)

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE AND CONNECTED TRANSACTION

**SALE OF ENTIRE ISSUED SHARE CAPITAL
OF INTERWELL DEVELOPMENTS LIMITED**

The Directors announce that on July 21, 2006, the Company entered into the Agreement with Sun, Prime, Interwell, Union, Mintai and Pacific pursuant to which Pacific conditionally agreed to acquire the entire issued share capital of Interwell from Sun and Prime.

Interwell is a non-wholly-owned subsidiary of the Company and an investment holding company, the sole asset of which is 100% of the equity interest in Mintai. Mintai is a wholly-foreign-owned enterprise established in the PRC, which engages in the business of real estate development in Shanghai. Mintai is currently constructing a building known as Hopson International Tower on the Land.

Based on the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

As Prime is a connected person (as defined under the Listing Rules) of the Company and Union is an associate of Prime, the Transaction also constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules and is subject to the approval of the shareholders of the Company (excluding those shareholders who are required to abstain from voting on the resolution by the Listing Rules) voting at a general meeting pursuant to Rule 14A.18 of the Listing Rules. As no shareholder will be required to abstain from voting on the Transaction and Sounda, the controlling shareholder of the Company, has undertaken to vote in favour of the Transaction, the Company has applied to the Stock Exchange, pursuant to Rule 14A.43 of the Listing Rules, for a waiver from the requirement under the Listing Rules for the Company to hold a special general meeting to seek shareholders' approval in respect of the Agreement.

A circular containing, inter alia, details of the Transaction, opinion from the Independent Board Committee and the independent financial adviser's advice will be despatched to the shareholders of the Company as soon as practicable.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group and the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable in so far as the interests of the Company and the shareholders of the Company as a whole are concerned.

A. THE TRANSACTION

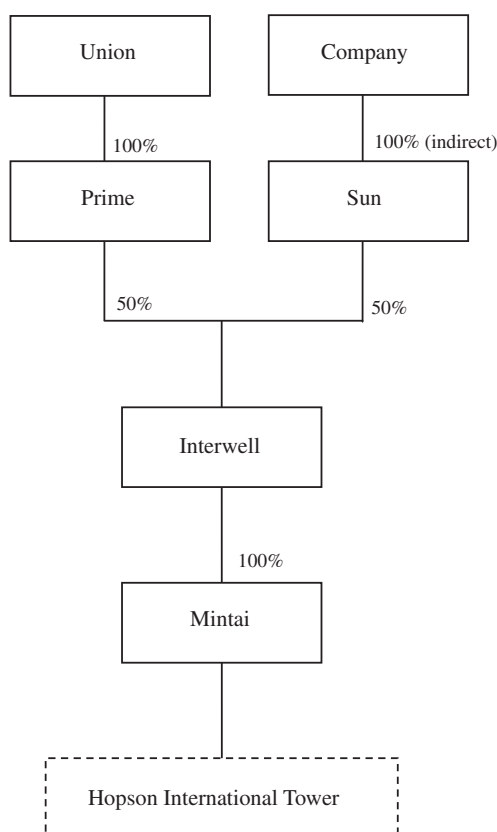
1. Background

On July 21 2006, the Company entered into the Agreement with Sun, Prime, Interwell, Union, Mintai and Pacific pursuant to which Pacific conditionally agreed to acquire the entire issued share capital of Interwell from Sun and Prime.

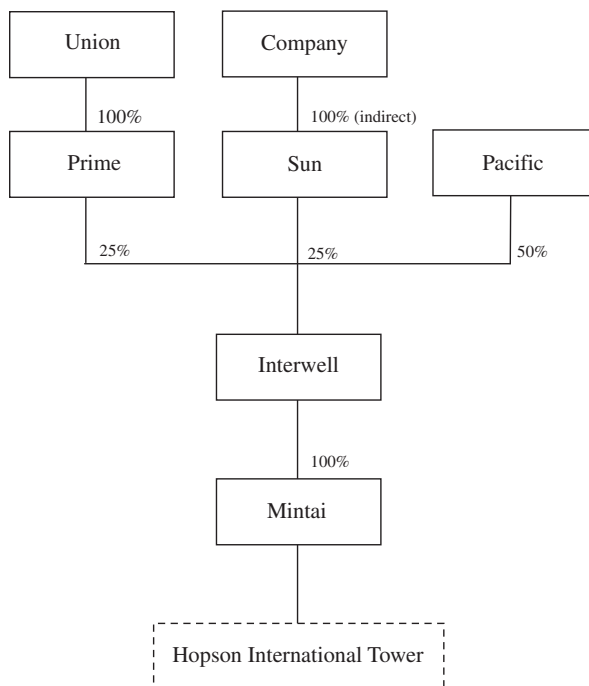
Interwell is a non-wholly-owned subsidiary of the Company and an investment holding company. Its sole asset is 100% of the equity interest in Mintai, a wholly-foreign-owned enterprise established in the PRC, which is engaged in the business of real estate development in Shanghai. Mintai is currently engaged in the construction of Hopson International Tower on the Land. Mintai is the owner of the land use right in respect of the Land. The Land comprises a site area of approximately 10,321 sq. m., in respect of which approval for the development and construction of a building for retail and office usage and comprising thirty-three stories has been granted by the relevant PRC government authorities to Mintai. As the construction of Hopson International Tower has not been completed, Mintai has not yet generated any revenue.

Interwell is owned by Sun and Prime in equal shares. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Pacific, its ultimate beneficial owners and associates are third parties independent of the Company and connected persons of the Company.

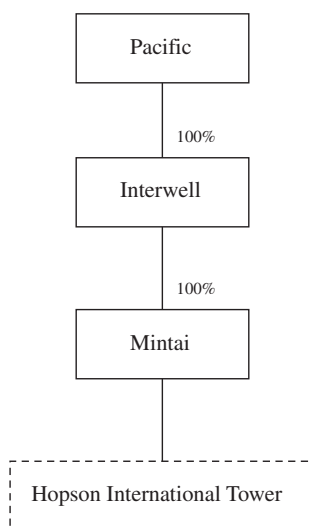
The chart below illustrates the shareholding structure of Interwell as of today:



The chart below illustrates the shareholding structure of Interwell upon First Closing:



The chart below illustrates the shareholding structure of Interwell upon Final Closing:



2. Principal terms of the Agreement

Date: July 21, 2006

Parties: Sun and Prime (as sellers)
 Pacific (as purchaser)
 Company and Union (as indemnifiers)
 Interwell (as the target)
 Mintai (as the owner and developer of the Land)

Interests Sold: Subject to the satisfaction of the conditions precedent specified in the Agreement, Sun and Prime agree to sell and Pacific agrees to purchase the Sale Shares.

First Closing: First Closing shall take place on the First Closing Date, which shall be a date to be agreed upon by the Parties, but no later than twelve Business Days after the fulfillment (or waiver) by the Parties of the respective conditions precedent to First Closing applicable to them.

On the First Closing Date, among other things,:-

- (a) the Escrow Amount shall be released into one or more bank accounts nominated by the Sellers in accordance with the Escrow Agreement; and
- (b) the Purchaser shall pay to the Sellers US\$145 million (equivalent to approximately HK\$1,131 million), being the Initial Purchase Price less the Escrow Amount;

Upon First Closing, the Purchaser shall become the registered and beneficial owner of 50% of the Sale Shares (“**Purchaser’s Shares**”). The Company confirms that irrespective of the transfer of 50% of the Sale Shares at First Closing, it will continue to treat Interwell as its subsidiary from First Closing until Final Closing as the Group remains to have control over its financial and management operating policies. The Company will not recognise its expected gain from the disposal of the Sale Shares until Final Closing.

Conditions Precedent to First Closing: First Closing is subject to the fulfillment or waiver (other than (a) below) by the Sellers or Purchaser (as the case may be) of, among others, the following conditions precedent:

- (a) the approval of the Agreement by the shareholders of the Company (excluding those shareholders who are required to abstain from voting on the resolution by the Listing Rules) voting at a general meeting of the Company or a waiver by the Stock Exchange exempting the Company from holding such general meeting; and
- (b) the payment of the Escrow Amount by the Purchaser into the escrow account in accordance with the terms of the Escrow Agreement.

Final Closing: Subject to the fulfillment (or waiver) of the conditions precedent to Final Closing, Final Closing shall take place on the Final Closing Date, which shall be a date to be agreed upon by the Parties, but no later than fifteen Business Days (or such longer period as the Parties may agree) after the issuance of the Building Ownership Certificate by the relevant authorities in China. The Building Ownership Certificate shall be obtained by Mintai by 30 September 2008 (subject to extension of not more than three months due to delay in the construction schedule caused by Pacific’s request for changes to the construction, if any).

On the Final Closing Date, among other things, the Purchaser shall pay the balance of the Final Purchase Price (as may be adjusted) less the Initial Purchase Price and less any outstanding working capital loan of Mintai to the Sellers.

Upon Final Closing, the Purchaser shall become the registered and beneficial owner of 100% of the Sale Shares and Interwell will cease to be the Company's subsidiary.

Final Purchase Price:	The Final Purchase Price shall be US\$300 million (equivalent to approximately HK\$2,340 million) and shall be adjusted in accordance with the terms of the Agreement and will include interest accruing on the balance of the Final Purchase Price during the construction period of the Hopson International Tower (which shall be calculated by reference to the progress of construction) and in the situations, including but not limited to, where the Actual GFA is less than the Planned GFA.
Conditions Precedent to Final Closing:	<p>Final Closing is subject to the fulfillment or waiver by the Sellers or Purchaser (as the case may be) of, among others, the following conditions precedent:</p> <ul style="list-style-type: none">(a) as of the Final Closing Date there shall be no debt owed by Interwell other than shareholder's loans, if any, which shall be assigned by the Sellers to the Purchaser;(b) as of the Final Closing Date, there shall be no debt owed to Mintai except those arising from its ordinary course of business and no debt owed by Mintai except for working capital loans not exceeding US\$80 million or the RMB equivalent thereof; and(c) Mintai shall have increased its total investment and paid-in registered capital to not less than US\$120 million and US\$40 million respectively.
Construction Quality and Timing Assurance:	The Sellers and the Indemnifiers shall, among other things, cause Mintai to fully comply with the specified standards and quality for the construction of Hopson International Tower, and to complete all actions for the issuance of the Building Ownership Certificate by 30 September 2008 or such later date as may be extended for not more than three months.
Indemnification:	<p>The Sellers and the Indemnifiers shall jointly and severally indemnify and hold harmless the Purchaser from and against and in respect of any and all losses arising out of or relating to any breach of any of the relevant representations and warranties or any covenants or agreements by any of the Sellers, Interwell and Mintai under the Agreement.</p> <p>The Purchaser shall indemnify and hold harmless the Sellers from and against and in respect of any and all losses arising out of or relating to any breach by it of any of the representations and warranties or any covenants or agreements by it under the Agreement.</p>

Limitation on Claims for Indemnification: The maximum liability of the Sellers and the Indemnifiers collectively, and of the Purchaser, in respect of any claim for indemnification brought under the Agreement are in each case:

- (a) US\$5 million, if such claims arise prior to the First Closing; or
- (b) the amount equal to the actual amounts received by the Sellers under the Agreement at the time of such claim for indemnification, if the claims arise following First Closing.

Accordingly, if the claims arise after Final Closing, the maximum liability of the Sellers, the Purchaser and the Indemnifiers would be the Final Purchase Price (subject to adjustment) paid to the Sellers.

Termination: Subject to the terms of the Agreement, the Agreement may be terminated at any time on or prior to Final Closing:–

(a) by any of the Parties if, among other things:

- (i) the approval of the shareholders of the Company (excluding those shareholders who are required to abstain from voting on the resolution by the Listing Rules) voting at a general meeting convened to approve the Agreement on the terms specified therein, or a waiver by the Stock Exchange exempting from the holding of such special general meeting shall not be obtained within forty five days of the date of the Agreement; or
- (ii) First Closing has not occurred on or prior to 31 December 2006 or such other date as may be mutually agreed by the Parties, or Final Closing has not occurred on or prior to 31 March 2009 or such other date as may be mutually agreed by the Parties.

(b) by the Purchaser if, among other things:

- (i) the issuance of the Building Ownership Certificate falls three months or more behind 30 September 2008; or
- (ii) any change of control should take place with respect to any of the Indemnifiers, the Sellers, Interwell or Mintai, save and except for any transfer of the shares in one Seller to another Seller or any Indemnifying Party.

(c) by the Sellers, the Indemnifiers, Interwell and Mintai if:

- (i) the Purchaser fails to pay the Escrow Amount or the outstanding balance of the Initial Purchase Price (i.e. US\$145 million) upon First Closing or the balance of the adjusted Final Purchase Price upon Final Closing to the Sellers in accordance with the Agreement;

Effect of
Termination:

The termination of the Agreement shall have the following effect:

(a) in the event of termination by Sellers, Interwell, Mintai and the Indemnifiers due to any reason attributable to the Purchaser:

- (i) if the termination occurs prior to the First Closing Date, the Escrow Amount shall be transferred to the Sellers; or
- (ii) if the termination occurs prior to the Final Closing Date, the Purchaser shall transfer the Purchaser's Shares back to the Sellers and the Purchaser shall be liable for damages incurred by the Sellers due to the termination of the Agreement.

(b) in the event of termination by the Purchaser due to any reason attributable to the Sellers, Interwell, Mintai and the Indemnifiers:

- (i) if the termination occurs prior to the First Closing Date, the Escrow Amount shall be returned to the Purchaser and the Sellers and the Indemnifiers shall jointly and severally pay to the Purchaser the amount equal to the Escrow Amount as liquidated damages, upon the Purchaser's written demand; or
- (ii) if the termination occurs prior to the Final Closing Date, the Purchaser, in its sole discretion, may either:
 - (aa) terminate the Agreement whereupon the Sellers shall return the Initial Purchase Price to the Purchaser and be liable to the Purchaser for damages incurred by the Purchaser due to the termination of the Agreement. Upon receipt of such damages, the Purchaser shall transfer the Purchaser's Shares back to the Sellers; or
 - (bb) without terminating this Agreement, accelerate the Final Closing in accordance with the Agreement.

3. Consideration

The consideration payable by the Purchaser to the Sellers for the acquisition of the Sale Shares will be the Final Purchase Price of US\$300 million (equivalent to approximately HK\$2,340 million), subject to adjustment in accordance with the Agreement. The Group, being the owner of 50% of the Sale Shares, will be entitled to half of the Final Purchase Price. The Group intends to apply the said consideration as general working capital of the Group.

The Final Purchase Price was determined with reference to the current market rate. The Final Purchase Price, which will be shared by Sun and Prime on an equal basis, shall be calculated on the basis as set out in sub-paragraph headed "Final Purchase Price" of paragraph 2 "Principal terms of the Agreement" of this announcement. The Company expects to accrue a gain of approximately HK\$500 million calculated by reference to the latest Group's share (i.e. 50%) of the net asset value of the Sale Shares as at June 30, 2006, taking into account the estimated construction costs, interest expenses and other administrative expenses to complete the Hopson International Tower. The Company will recognise such expected gain upon Final Closing. The Group is responsible for funding

50% of the construction cost, by arranging working capital loans to and increasing the paid-in registered capital of Mintai, until completion of the Hopson International Tower.

4. Reasons for Transaction

As the Group is principally engaged in property development and property investment in various cities in the PRC including Guangzhou, Beijing, Shanghai and Tianjin, PRC, the Transaction is in the ordinary and usual course of business of the Group.

Both Sun and Prime are investment holding companies. Union is an investment holding company. Pacific is principally engaged in real estate investment. The estimated value of the total assets of Interwell and its subsidiaries immediately before the Final Closing will be approximately HK\$1,556,977,000. Based on the valuation report prepared by DTZ on Hopson International Tower, the capital value when completed of Hopson International Tower as at June 30, 2006 was approximately RMB2,281 million (equivalent to approximately HK\$2,215 million). Given that the Group is only interested in 50% of Hopson International Tower, the Directors consider that the proposed sale of the Sale Shares is in the interest of the shareholders of the Company as the Final Purchase Price represents a premium of approximately 6% to the said appraised value above.

5. Discloseable Transaction

Based on the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

6. Connection between the parties and the connected transaction

Notwithstanding that Interwell is owned by the Group and Prime in equal shares, it is a subsidiary of the Company because the Group has the power to govern its financial and operating policies. By virtue of being a substantial shareholder of Interwell, Prime is regarded as a connected person of the Company. Union, being the holding company of Prime, is an associate of Prime. Accordingly, the Transaction constitutes a connected transaction of the Company under the Listing Rules.

Based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules and is subject to the approval of the independent shareholders of the Company voting at a general meeting convened to approve the Agreement pursuant to Rule 14A. 18 of the Listing Rules. None of Union, Prime and Pacific and their respective associates has any shareholding in the Company.

B. WAIVER

Sounda, which beneficially owns 686,400,000 Shares representing 56.28% of the issued share capital of the Company as at the date hereof, has confirmed in writing that in the event that shareholders' approval in respect of the Agreement is required, it will vote in favour of the Agreement.

Prime and Union are the only persons interested in the Transaction who are required to abstain from voting at the shareholders' meeting to approve the Agreement. However, since neither Prime nor Union has any control over any share in the Company, no shareholder would be required to abstain from voting.

Since the passing of any resolution in respect of the Agreement by the shareholders of the Company will be a foregone conclusion and no shareholder will be required to abstain from voting, the expense to the Company of holding a shareholders' meeting would be an unnecessary expense. In view of the aforesaid, the Company has applied to the Stock Exchange for a waiver pursuant to Rule 14A.43 of the Listing Rules from the requirement under the Listing Rules for the Company to hold a special general meeting to seek shareholders' approval in respect of the Agreement.

C. GENERAL

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the shareholders of the Company on whether the terms of the Agreement are fair and reasonable so far as the shareholders of the Company are concerned.

A circular containing details of the Transaction, opinion of the Independent Board Committee and the independent financial adviser's advice will be dispatched to the shareholders of the Company as soon as practicable.

D. DIRECTORS

As at the date hereof, the executive Directors are CHU Mang Yee (Chairman), WU Jiesi (Chief Executive Officer), XIANG Bin, TAM Lai Ling, AU Wai Kin, CHEN Chang Ying, XIAO Yan Xia, the non-executive Directors are Steven SHAFRAN and HU Yongmin, and the independent non-executive Directors are YUEN Pak Yiu, Philip, LEE Tsung Hei, David and WONG Shing Kay, Oliver.

E. TERMS USED IN THIS ANNOUNCEMENT

“Actual GFA”	the actual total gross floor area of the Hopson International Tower as certified by the relevant authority of China after completion of construction and the passing of inspection
“Agreement”	the conditional share purchase agreement dated July 21, 2006 entered into by and among the Company, Sun, Prime, Union, Interwell and Mintai
“associate”	the meaning given to that term in the Listing Rules
“Building Ownership Certificate”	the building ownership certificate in respect of Hopson International Tower
“Business Day”	any day on which banks are generally open for business in the Republic of Korea, Hong Kong and China
“BVI”	the British Virgin Islands
“Company”	Hopson Development Holdings Limited
“Directors”	the directors of the Company
“DTZ”	DTZ Debenhem Tie Leung Limited, an independent property valuer
“Escrow Agreement”	the escrow agreement entered into by and among the Sellers and Purchaser and Citibank, N.A., Hong Kong Branch as the escrow agent on the date of the Agreement

“Escrow Amount”	US\$5 million (equivalent to approximately HK\$39 million)
“Final Closing”	the completion of the sale and purchase of the remaining 50% of the Sale Shares
“Final Closing Date”	the date on which Final Closing takes place
“Final Purchase Price”	US\$300 million (equivalent to approximately HK\$2,340 million), adjusted as necessary, as described in the sub-paragraph headed “Final Purchase Price” of paragraph 2 headed “Principal terms of the Agreement” of this announcement
“First Closing”	the completion of the sale and purchase of 50% of the Sale Shares
“First Closing Date”	the date on which First Closing takes place
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hopson International Tower”	the building to be developed and constructed on the Land
“Indemnifiers”	Company and Union collectively
“Independent Board Committee”	an independent committee of the board of Directors comprising Messrs. Yuen Pak Yiu, Philip, Lee Tsung Hei, David and Wong Shing Kay, Oliver, established to review and consider the Agreement
“Initial Purchase Price”	US\$150 million (equivalent to approximately HK\$1,170 million)
“Interwell”	Interwell Developments Limited, a company incorporated in the BVI
“Land”	a site situated at Meiyuan Street, Fang No.9, Qiu No.5, Pudong New District, Shanghai, PRC
“Mintai”	上海民泰房地產有限公司 (Shanghai Mintai Real Estate Co., Ltd.) a wholly-foreign-owned enterprise established in the PRC
“Pacific” or “Purchaser”	Pacific Delta Investments Limited, a company incorporated in Hong Kong
“Parties”	the Sellers, Indemnifiers, the Purchaser, Interwell and Mintai
“Planned GFA”	approximately 85,784 square metres, being the planned total gross floor area of the Hopson International Tower as set forth in the Agreement
“PRC” or “China”	the People’s Republic of China
“Prime”	Prime Essence Inc., a company incorporated in the BVI and a wholly-owned subsidiary of Union

“Purchaser’s Shares”	shall have the meaning as defined in the sub-paragraph headed “First Closing” of paragraph 2 headed “Principal terms of the Agreement” of this announcement
“Sale Shares”	100 shares of US\$1.00 each in Interwell, representing the entire issued share capital of Interwell
“Sellers”	Sun and Prime collectively
“Sounda”	Sounda Properties Limited, a company incorporated in the BVI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun”	Sun Advance Investments Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Transaction”	the transaction under the Agreement
“Union”	Union Wise Investment Limited, a company incorporated in the BVI
“US\$”	United States dollars
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

For illustrative purpose of this announcement, RMB1.03 = HK\$1.00 and US\$1.00 = HK\$7.80

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong, July 24, 2006

* *For identification purposes*

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Journal.*