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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)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES AND
RESUMPTION OF TRADING**

PLACING AND SUBSCRIPTION

The Vendor is the controlling shareholder of the Company holding 686,400,000 Shares in the Company, representing approximately 56.03 per cent. of the Company's issued share capital as at the date of this announcement.

On 3 November 2006, the Vendor, the Company and the Placing Agent entered into the Placing and Subscription Agreement. Under the Placing and Subscription Agreement, the Placing Agent will procure, on a fully underwritten basis, purchasers to acquire, and the Vendor will sell, 60,000,000 existing Shares at the Placing Price of HK\$16.6 per Share, and the Vendor will subscribe for 60,000,000 New Shares at HK\$16.6 per Share, being the same as the Placing Price on terms and subject to the conditions contained therein.

The Placing Shares represent approximately 4.90 per cent. of the existing issued share capital of the Company of 1,225,100,000 Shares and approximately 4.67 per cent. of the Company's issued share capital as enlarged by the Subscription.

The net proceeds to the Company from the Subscription are estimated to be approximately HK\$980 million. The Company intends to apply such net proceeds as general working capital and/or possible investment in future.

The Subscription is conditional upon, among other things, the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares. The Subscription Shares are proposed to be issued pursuant to the existing general mandate given to the Directors to allot and issue Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 November 2006. Application has been made for the resumption of trading of the Shares on the Stock Exchange at 9:30 a.m. on 6 November 2006.

PLACING AND SUBSCRIPTION AGREEMENT DATED 3 NOVEMBER 2006

Parties

- (i) the Vendor, a controlling shareholder of the Company;
- (ii) the Company; and
- (iii) the Placing Agent as the placing agent and underwriter of the placing.

THE PLACING

The Placing Shares

60,000,000 Shares of HK\$0.10 each to be placed on an underwritten basis by the Placing Agent, representing approximately 4.90 per cent. of the Company's issued share capital as at the date of this announcement, being 1,225,100,000 ordinary shares of HK\$0.10 each.

Placing Price

HK\$16.6 per Share. The Placing Price was agreed after arm's length negotiations between the Company, the Vendor and the Placing Agent.

The Placing Price represents a discount of about 6.74 per cent. to the closing price of HK\$17.80 per share quoted on the Stock Exchange on 2 November 2006, and a discount of 1.95 per cent. to the average closing price of HK\$16.93 per share as quoted on the Stock Exchange from 26 October 2006 to 2 November 2006, both dates inclusive, being the five trading days immediately preceding and including the date of this announcement.

All commission, costs and expenses incurred in connection with the Placing will be borne by the Vendor.

The Placees

The Placing Agent has confirmed to the Company that: (i) the Placing Shares will be placed to not less than 6 professional, institutional and/or individual investors; (ii) the placees are not, and will not be immediately after completion of the Placing, a connected person of the Company or any of its subsidiaries or any associate of any of them; (iii) the placees are, and will be immediately after completion of the Placing, independent of and not acting in concert with, any such connected persons in relation to the control of the Company; and (iv) none of the placees will become a substantial shareholder of the Company as a result of the Placing.

Independence of the Placing Agent and the Placees

The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company and the placees and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company and are independent of and not connected with the Vendor or any person acting in concert with the Vendor.

Rights attached to Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrance, and together with all rights attaching to the Placing Shares as at the date of the Placing and Subscription Agreement, including the right to receive all dividends and other distributions declared, made or paid on or after the date of the Placing and Subscription Agreement.

Completion of the Placing

The parties expect that the Placing will complete on or around the Placing Completion Date.

Immediately after completion of the Placing, assuming no further Shares are issued by the Company, the shareholding of the Vendor in the Company will be reduced from 686,400,000 Shares to 626,400,000 Shares (representing a reduction from approximately 56.03 per cent. to approximately 51.13 per cent. of the Company's issued share capital as at the date of this announcement).

Termination of the Placing and Subscription Agreement

There are no conditions to completion of the Placing. The Placing and Subscription Agreement contains provisions granting the Placing Agent the right to terminate its placing obligations on the occurrence of certain events including force majeure, any adverse change in the general affairs or financial or trading position of the Company or its subsidiaries which in the sole judgement of the Placing Agent is materially adverse to the success of the Placing, or any event which would have rendered the representations, warranties and undertaking by the Company and/or the Vendor in the Placing and Subscription Agreement untrue or inaccurate in any material respect, in each case occurring prior to 10.00 a.m. on the Placing Completion Date. For this purpose, such event includes any material adverse change in local, national or international political, economic, fiscal, financial, military, regulatory or stock market conditions.

If the Placing Agent exercises its right to terminate the Placing, the Placing will not proceed. Shareholders and investors are advised to exercise caution in dealing in the Shares.

Lock-up

Pursuant to the Placing and Subscription Agreement, the Company has agreed that it will not, before the expiry of 60 days from the date of completion of the Placing, allot or issue or offer to allot or issue (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares (except for the Subscription Shares), or agree (conditionally or unconditionally) or announce any intention to enter into or effect any such transaction described above, save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any outstanding subscription warrants or (3) bonus or scrip dividend or similar arrangements or (4) conversion of outstanding convertible bonds, without first having obtained the written consent of the Placing Agent.

THE SUBSCRIPTION

The New Shares

60,000,000 new ordinary shares of HK\$0.10 each, representing approximately 4.90 per cent. of the Company's issued share capital as at the date of this announcement, and not more than approximately 4.67 per cent. of the Company's issued share capital as enlarged by the Subscription, will be subscribed by the Vendor pursuant and subject to the terms of the Placing and Subscription Agreement.

The Vendor and its associates presently own approximately 56.03 per cent. of the existing issued share capital of the Company. Following completion of the Placing but prior to completion of the Subscription, the aggregate shareholdings of the Vendor and its associates will be reduced to approximately 51.13 per cent. of the existing share capital of the Company. Following completion of the Placing and the Subscription, the Vendor and parties acting in concert with it, and its associates will own approximately 53.41 per cent. of the issued share capital of the Company as enlarged by the issue of the New Shares.

Subscription Price

The Subscription Price is equivalent to the Placing Price of HK\$16.6 per share. The total subscription monies payable by the Vendor to the Company will be HK\$996 million. The net proceeds after deduction of the commission and other expenses incurred in the Placing will be approximately HK\$980 million representing a net amount per New Share of approximately HK\$16.33.

Mandate to issue New Shares

The New Shares will be issued under the general mandate granted by the shareholders of the Company to the directors of the Company at the special general meeting held on 29 May 2006. Save for the Subscription this general mandate has not been utilised at all. As at the date of this announcement the Company may issue up to 243,920,000 Shares under the existing general mandate.

Ranking of New Shares

The New Shares, when fully paid, will rank equally with the existing Shares in issue as at the date of issue of the New Shares including the right to receive all dividends and distributions which may be declared, made or paid after the date of completion of the Subscription.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the New Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the New Shares);
- (b) completion of the Placing; and
- (c) (if necessary) the Bermuda Monetary Authority consenting to the issue of the New Shares.

Completion of the Subscription

Completion of the Subscription will take place on the next business day after the date upon which the last of the conditions to Subscription is satisfied or such other date as the Vendor and the Company may agree, provided that completion will not be later than 17 November 2006.

Immediately after completion of the Subscription, assuming that there is no other issue of Shares by the Company, the shareholding of the Vendor in the Company will be increased from 626,400,000 Shares to 686,400,000 Shares (representing an increase from approximately 51.13 per cent. of the Company's issued share capital as at the date of this announcement to approximately 53.41 per cent. of the Company's issued share capital as enlarged by the Subscription).

As the Vendor has continuously held more than 50 per cent. of the voting rights of the Company for more than 12 months prior to the Placing and Subscription, no waiver is required to be obtained from the Executive pursuant to note 6 of Notes on dispensations from Rule 26 of the Takeovers Code.

Application for Listing

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The shareholdings in the Company as at the date of this announcement and immediately upon completion of the Placing and completion of the Subscription are summarised as follows (*Note 1*):

	Existing Shares		Immediately after the Placing but before the Subscription		Immediately after the Placing and the Subscription	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Vendor	686,400,000	56.03	626,400,000	51.13	686,400,000	53.41
Placees of the Placing Shares (<i>Note 2</i>)	-	-	60,000,000	4.90	60,000,000	4.67
Other public shareholders of the Company	538,700,000	43.97	538,700,000	43.97	538,700,000	41.92
TOTAL	<u>1,225,100,000</u>	<u>100</u>	<u>1,225,100,000</u>	<u>100</u>	<u>1,285,100,000</u>	<u>100</u>

Notes:

1. The figures above assume that other than the New Shares, no further Shares are issued or repurchased by the Company and no share options are exercised, and other than the Placing Shares, no Shares are sold or purchased by the Vendor, in each case on or after the date of this announcement and up to the date of the completion of the Placing and the Subscription.
2. Some placees of the Placing Shares may be existing shareholders of the Company. However, these placees and their ultimate beneficial owners are no, and will not become connected persons of the Company as a result of the Placing and Subscription. Any existing holdings of placees are included under "Other public shareholders of the Company".

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The directors of the Company believe the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable. The directors of the Company consider that the Placing and the Subscription will broaden the shareholder base and the capital base of the Company.

The net proceeds of the Placing and the Subscription amount to approximately HK\$980 million. The Company intends to apply such net proceeds for general working capital and/or possible investment including property development in Mainland China in the future.

The Company has not raised funds by way of any issue of equity securities in the 12 months immediately preceding the date of the Placing and Subscription Agreement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 3 November 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9.30 a.m. on 6 November 2006.

DEFINITIONS

In this announcement the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning given to it in the Takeovers Code
“associate”	has the meaning given to it in the Listing Rules
“Company”	Hopson Development Holdings Limited, a company incorporated under the laws of Bermuda and the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning given to it in the Listing Rules
“Executive”	the Executive Director of the Securities and Futures Commission of Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	not more than 60,000,000 new Shares to be subscribed by the Vendor under the Subscription
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing and Subscription Agreement
“Placing Agent”	Credit Suisse (Hong Kong) Limited, a licensed corporation under the SFC licensed to conduct Types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance)
“Placing and Subscription Agreement”	the placing, underwriting and subscription agreement dated 3 November 2006 entered into between the Vendor, the Company and the Placing Agent
“Placing Completion Date”	7 November 2006, being the settlement date in respect of the Placing Shares
“Placing Price”	HK\$16.6 per Placing Share
“Placing Shares”	up to 60,000,000 existing Shares currently owned by the Vendor
“SFC”	the Securities and Futures Commission.
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by the Vendor of the New Shares pursuant to the Placing and Subscription Agreement
“substantial shareholder”	has the meaning given to it in the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“trading day”	has the meaning given to it in the Listing Rules
“U.S.”	the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia
“Vendor”	Sounda Properties Limited, a private company incorporated in the British Virgin Islands

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong, 3 November 2006

As at the date of this announcement, the board of directors of the Company comprises of seven executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Wu Jiesi (Chief Executive Officer), Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Chen Chang Ying, Mr. Tam Lai Ling and Ms. Xiao Yan Xia, two non-executive Directors, namely Mr. Steven Shafran and Mr. Hu Yongmin and three independent non-executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

* *For identification purposes*

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