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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)

DISCLOSEABLE TRANSACTION

On 18 August 2010, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with the Vendor whereby the Purchaser has agreed to bid for the Equity Interests when they are listed for sale in the Equity Exchange and invest in the Target Company for the Total Consideration of RMB3,717,600,000.

The Cooperation Agreement will become effective and binding upon the parties subject to and conditional upon (a) the Board having approved and adopted the Cooperation Agreement and (b) the Company having complied with all necessary disclosure requirements under the Listing Rules. The Directors are pleased to announce that the Board has resolved to approve and adopt the Cooperation Agreement on 24 August 2010, and accordingly the Cooperation Agreement becomes effective and binding upon the Purchaser and the Vendor following the release of this announcement.

Upon Completion, the Target Company will become a 65% indirect non-wholly-owned subsidiary of the Company, and the sole asset of the Target Company will be the Land, on which the Kemaoyuan Project will be developed.

Based on the relevant percentage ratios 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.

The Directors (including the independent non-executive Directors) consider that the Transaction has been made on normal commercial terms and after arm's length negotiation, and the terms are fair and reasonable so far as the Company and the Shareholders are concerned and the Transaction is in the interests of the Company and the Shareholders as a whole.

A. THE TRANSACTION

1. Background

On 18 December 2009, the Company entered into a non-legally-binding principle agreement with the Vendor whereby both parties agreed to negotiate for the terms of cooperation with respect to the development of the Kemaoyuan Project along the principles set forth therein. A sum of RMB30,000,000 has been paid by the Company to the Vendor as earnest money (“Earnest Money”).

As a result of the said negotiation, the Purchaser and the Vendor entered into the Cooperation Agreement on 18 August 2010.

The Cooperation Agreement will become effective and binding upon the parties subject to and conditional upon (a) the Board having approved and adopted the Cooperation Agreement and (b) the Company having complied with all necessary disclosure requirements under the Listing Rules.

The Board has resolved to approve and adopt the Cooperation Agreement on 24 August 2010, and accordingly, the Cooperation Agreement becomes effective and binding upon the Purchaser and the Vendor following the release of this announcement.

2. Principal terms of the Cooperation Agreement

Date: 18 August 2010

Parties:

- (i) the Purchaser, an indirect wholly-owned subsidiary of the Company; and
- (ii) the Vendor, a PRC state owned limited liability company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of Vendor and its ultimate beneficial owners is a third party independent of, and not connected with, the Company and its connected persons.

Subject matter to be
Acquired:

the Equity Interests

Pursuant to the Cooperation Agreement, the Vendor shall be responsible for converting the Target Company into a limited liability company within 45 days after the Cooperation Agreement becomes effective.

Subject to the completion of the said conversion of the Target Company into a limited liability company, the Vendor will apply to the relevant PRC authorities for increasing the registered capital of the Target Company such that the capital increase shall represent 65% of the equity interests in the Target Company (as enlarged by the increase). Such increase will take place by separate stages and subject to approval being obtained from the relevant PRC authorities for the capital increase, the Vendor will list for sale the equity interests representing the capital increase on the Equity Exchange in accordance with the PRC laws and regulations. Pursuant to the Cooperation Agreement, the Purchaser shall participate in each of the open bidding processes to bid for the equity interests in the Target Company. If the Purchaser succeeds in the bid for the equity interests in these open bidding processes, the Purchaser will acquire the Equity Interests, which will represent 65% equity interests in the registered capital of the Target Company (as enlarged by the capital increase contemplated under the Cooperation Agreement).

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor. Upon Completion, the Target Company will be owned as to 65% by the Purchaser and as to the remaining 35% by the Vendor and it shall have no other assets or liabilities except the Land, on which the Kemaoyuan Project will be developed.

Total Consideration:

Up to RMB3,717,600,000, which shall consist of

- (a) the total consideration to be paid for the Equity Interests (“Acquisition Consideration”); and
- (b) additional capital to be injected into the Target Company (“Capital Injection”) as capital reserves.

The Total Consideration was determined by the Vendor and the Purchaser after arm's length negotiations with reference to the negotiated value of the Land of RMB2,001,800,000 as agreed by the parties based upon the market values of comparable properties. The Board considers that the Total Consideration is fair and reasonable.

Payment Terms:

If the Purchaser succeeds in bidding the equity interests in the Target Company in the first listing, a sum of not less than RMB1,000,000,000 will be paid by the Purchaser in full or part payment of the Acquisition Consideration therefor on or before the signing of the relevant bid confirmation (成交確認書).

If the Purchaser succeeds in bidding for the Equity Interests, the payments of the Acquisition Consideration and the Capital Injection shall be completed not later than 31 December 2014.

The Total Consideration will be satisfied in cash by the internal resources of the Group.

Completion:

Completion is considered to have taken place on the day ("Completion Date") when:

- (a) the Equity Exchange has completed the transfer of the Equity Interests and issued the relevant transfer documents; and
- (b) the Target Company has completed amending its business registration and obtained a new business licence.

Other rights and obligations of the Vendor:

The Vendor shall

- (a) be responsible for converting the Target Company into a limited liability company within 45 days after the Cooperation Agreement becomes effective;
- (b) be responsible for all the debts and liabilities of, and lawsuits and claims against, the Target Company, which exist on or prior to the Completion Date, so that upon Completion, the Target Company shall have no other assets or liabilities except the Land; and

- (c) be responsible for all claims, liabilities and obligations with respect to the early termination of employment of the employees of the Target Company and all the subsisting contracts of the Target Company.

Other rights and obligations
of the Purchaser:

- (a) The Purchaser shall be responsible for assisting the Target Company in changing the land use of the Land to commercial use, and all prophase preparation works of the Kemaoyuan Project, within 1 year after the Cooperation Agreement becomes effective.
- (b) Subject to the Purchaser becoming a shareholder of the Target Company pursuant to the Cooperation Agreement, the Purchaser shall be responsible for
 - assisting the Target Company in changing its business scope and obtaining all licenses necessary for the construction and operation of the Kemaoyuan Project; and
 - monitoring the progress of the Kemaoyuan Project and ensuring that the first phase thereof with a gross floor area of approximately 250,000 square meters shall be completed on or before 31 August 2014, and the second phase for the remaining floor area of approximately 250,000 square meters on or before 31 August 2015. If the first phase of the development is not completed on or before 31 August 2014 due to the Purchaser's default, the Purchaser shall be liable to pay to the Vendor a sum of RMB30,000,000 as compensation for the said delay, in which event the Vendor shall be entitled to forfeit and apply the Earnest Money in payment of the said compensation; whereas if the second phase is not completed on or before 31 August 2015, the Purchaser shall pay to the Vendor a sum of RMB30,000,000 together with a monthly sum of RMB3,000,000 for each month of delay (or part thereof) as compensation.

Share Pledge: Prior to the full payment of the Capital Injection, the Purchaser is required to pledge the Equity Interests in favour of the Vendor. Such equity pledge will be released and discharged from time to time in proportion to the amount of payment made by the Purchaser in satisfaction of its obligations towards payment of the Capital Injection.

Earnest Money: By a confirmation to be signed between the Company, the Purchaser and the Vendor, the Company will transfer all its rights, title and benefits to the Earnest Money to the Purchaser. Unless the Earnest Money shall have been forfeited by the Vendor as compensation under the Cooperation Agreement, the Vendor shall refund the Earnest Money to the Purchaser upon completion of the Kemaoyuan Project.

3. Guarantee

By a declaration dated 18 August 2010, the Company has agreed to guarantee the due and punctual performance by the Purchaser of its obligations under the Cooperation Agreement upon the Cooperation Agreement becoming effective and binding upon the Purchaser and the Vendor.

4. Information of the Target Company

The Target Company is a dyeing factory established in the PRC in 1954 by the Vendor with a registered capital of RMB29,047,000. Based on the unaudited management accounts of the Target Company, its net asset value as at 31 December 2009 was approximately RMB41,767,400. Owing to the increase in production costs and appreciation in RMB, and the fact that the selling price of its products had remained in a low position, the Target Company had been operating at a loss. Pursuant to the Guangzhou Municipal Government's policies to suppress the second industry and develop the third industry (退二進三政策) and to reform the three olds (old towns, old factories and old villages) (三舊改造政策), the Target Company has ceased operation since December 2007, and its factory premises have since then been leased to third parties pending the development of the Kemaoyuan Project on the Land. For the two financial years ended 31 December 2008 and 2009, the Target Company recorded a loss before and after taxation of approximately RMB9,249,600 and a net profit before and after taxation of approximately RMB2,951,600 respectively.

Upon Completion, the Target Company will have no other assets or liabilities save and except the Land. The Land is of a total site area of approximately 146,857 square meters, and the development of the Kemaoyuan Project thereon has been designated by the Guangzhou Municipal Government as one of the major developments under the 11th five-year plan of Guangzhou City.

Upon Completion, the Target Company will be owned as to 65% by the Purchaser and as to the remaining 35% by the Vendor, the Target Company will become an indirect non wholly-owned subsidiary of the Company.

5. Reasons for the Transaction

The Group is principally engaged in property development and property investment in various cities in the PRC including Guangzhou, Beijing, Shanghai and Tianjin.

The Vendor is principally engaged in manufacturing and trading of garments and textile products.

The Kemaoyuan Project to be developed on the Land has been designated by the Guangzhou Municipal Government as one of the major developments under the 11th five-year plan of Guangzhou City. The Kemaoyuan Project involves the development and construction of a garment and fashion themed complex with a total gross floor area of approximately 500,000 square meters, of which approximately 250,000 square meters will comprise office buildings and hotel, and approximately 250,000 square meters as residential apartments, shopping arcades and exhibition centre. It is targeted to become a world class garment and fashion exhibition, service, trading and information centre in the Pan-Pearl River Delta area to serve both local and overseas manufacturers and traders. It is currently expected that the Kemaoyuan Project, when completed, will be able to attract thousands of garment and fashion manufacturers and traders to set up headquarters and shops in the development, and to utilize the services and facilities available there; and that it will be able to bring forth long term stable rental and other income to the Target Company. The Directors therefore consider that the investment in the Target Company will allow the Group to have a stable stream of rental income, and thus help strengthen the cash flow position of the Group, in the long run.

The Directors (including the independent non-executive Directors) consider that the Transaction has been made on normal commercial terms and after arm's length negotiations. The terms are fair and reasonable so far as the Company and the Shareholders are concerned and the Transaction is in the interest of the Company and the Shareholders as a whole.

6. Discloseable Transaction

Based on the relevant percentage ratios 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.

B. DIRECTORS

As at the date hereof, the executive Directors comprise CHU Mang Yee (Chairman), XIANG Bin, AU Wai Kin, XUE Hu, ZHAO Mingfeng, LIAO Ruoqing, and the independent non-executive Directors comprise LEE Tsung Hei, David, WONG Shing Kay, Oliver and TAN Leng Cheng, Aaron.

C. TERMS USED IN THIS ANNOUNCEMENT

“Acquisition Consideration”	the total consideration to be paid for the Equity Interests
“Board”	the board of Directors
“Capital Injection”	additional capital to be injected into the Target Company as capital reserves
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the acquisition of the Equity Interests pursuant to the Cooperation Agreement
“Cooperation Agreement”	科貿園項目合作合同(Kemaoyuan Project Cooperation Agreement) dated 18 August 2010 and entered into between the Purchaser and the Vendor
“Directors”	the directors of the Company
“Equity Exchange”	an asset and equity exchange recognized under the PRC laws to be appointed by the Vendor
“Equity Interests”	65% equity interests in the registered capital of the Target Company (as enlarged by the capital increase contemplated under the Cooperation Agreement)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kemaoyuan Project”	科貿園項目(Kemaoyuan Project), a development project on the Land comprising office and hotel buildings, residential apartments, shopping arcades and exhibition centres with a gross floor area of approximately 500,000 square meters
“Land”	the piece of land situated at 廣州市海珠區新港中路489號 (No. 489, Xingang Zhong Lu, Haizhu District, Guangzhou City, the PRC)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“Purchaser”	合生(廣州)實業有限公司 (Hopson (Guangzhou) Industrial Company Limited), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	廣州第一染織廠 (Guangzhou Diyi Dyeing Factory), a wholly-owned subsidiary of the Vendor
“Total Consideration”	the aggregate of the Acquisition Consideration and the Capital Injection, which shall not exceed RMB3,717,600,000
“Transaction”	the transactions contemplated under the Cooperation Agreement
“Vendor”	廣州紡織工貿集團有限公司 (Guangzhou Textile Industrial and Trading Group Limited), a state-owned limited liability company established under the laws of the PRC

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong, 24 August 2010

* *For identification purposes only*