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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)

ANNOUNCEMENT

MAJOR AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES

SHARE PURCHASE AGREEMENT

The Directors are pleased to announce that on 3 November 2010, the Company entered into the Share Purchase Agreement with Farrich, pursuant to which Farrich has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Share, being the entire issued share capital of Target Co, at the Consideration.

The sole asset of the Target Co is its interests under the Equity Transfer Agreement for the acquisition of the entire equity interests in Project Co A and Project Co D. Upon completion of the Equity Transfer Agreement, the assets of Target Co will comprise the equity interests in both Project Co A and Project Co D, which, in turn hold the land use rights of Land A and Land D respectively, on which the Project is being developed. Upon Completion, the Company will, through Target Co, own the interests in the Project Cos and in turn the Lands.

The Consideration will be satisfied partly by means of the Share Issue and partly by cash. Under the Share Issue, at the direction of Farrich, 165,000,000 Consideration Shares will be allotted and issued to Sounda, and the balance of 435,000,000 Consideration Shares will be allotted and issued to Farrich or its nominee.

LISTING RULES IMPLICATIONS

Sounda, being the controlling Shareholder of the Company, is a connected person of the Company. Farrich is a company indirectly wholly-owned by Mr. Chu Yat Hong, the son of Mr. Chu, who is the controlling Shareholder (through Sounda) of the Company, executive Director and chairman of the Board. As such, Farrich is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the Share Issue contemplated under the Share Purchase Agreement constitute connected transactions under the Listing Rules and are subject to the approval of the Independent Shareholders of the Company at the SGM. As one or more of the applicable percentage ratios to the Acquisition under the Listing Rules are more than 25% but less than 100%, the Acquisition also constitutes a major transaction of the Company under the Listing Rules. Accordingly, the Company will seek the Independent Shareholders' approval at the SGM for the Share Purchase Agreement and the transactions contemplated thereunder, and Sounda, Hopson Education Fund and their respective associates will abstain from voting at the SGM in respect of the proposed resolution(s) to approve the Acquisition and the Share Issue contemplated under the Share Purchase Agreement.

GENERAL

A circular containing, among others, (i) further information on the Acquisition and the Share Issue; (ii) valuation report of the Lands; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to the Acquisition and the Share Issue; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders of the Company in relation to the Acquisition and the Share Issue; (v) financial information of the Group and accountants' report of Target Co and (vi) a notice of the SGM, is expected to be despatched to the Shareholders on or before 7 December 2010 as more time is required to finalise and complete the contents thereof.

THE SHARE PURCHASE AGREEMENT

1. Background

The Board is pleased to announce that on 3 November 2010, the Company entered into the Share Purchase Agreement with Farrich, pursuant to which Farrich has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Share, being the entire issued share capital of the Target Co, at the Consideration.

The Consideration will be satisfied partly by means of the Share Issue and partly by cash.

2. Principal terms of the Share Purchase Agreement

Date: 3 November 2010

Parties: (i) the Company; and
(ii) Farrich, being a company which is indirectly wholly-owned by Mr. Chu Yat Hong, the son of Mr. Chu, is a connected person of the Company under the Listing Rules.

Assets to be Acquired: the Sale Share, being the entire issued share capital of Target Co.

The sole asset of Target Co is its interests under the Equity Transfer Agreement for the acquisition of the entire equity interests in Project Co A and Project Co D. Upon completion of the Equity Transfer Agreement, the assets of Target Co will comprise the equity interests in Project Co A and Project Co D, which in turn hold the land use rights of Land A and Land D respectively, on which the Project is being developed.

Upon Completion, Target Co will have no assets and liabilities except the equity interests in Project Cos; and Project Cos will have no assets except the Lands and the Subsisting Construction Contracts (see subparagraph (c) of the paragraph headed “Conditions Precedent” below) and no liabilities except accounts payables under the Subsisting Construction Contracts.

Consideration: The Consideration is RMB6,875,066,000, which was determined after arm’s length negotiations between the Company and Farrich with reference to the fair value of the Project (when completed) of RMB8,750,000,000 as at 15 October 2010 as appraised by an independent valuer appointed by the Company.

The Consideration will be satisfied by the Company partly by the Share Issue and partly by cash (“**Cash Consideration**”). The amount of the Cash Consideration will be arrived at by deducting the value of the Consideration Shares from the Consideration, where the value of the Consideration Shares will be calculated using the following formula:

$$\begin{array}{ccccc} \text{Value of the} & & \text{number of} & & \text{Issue Price, i.e. HK\$8.806} \\ \text{Consideration} & = & \text{Consideration} & \times & \text{per Share (see section 3} \\ \text{Shares} & & \text{Shares} & & \text{below headed} \\ & & & & \text{“Share Issue”)} \end{array}$$

Accordingly, the value of the Consideration Shares is HK\$5,283,600,000 (equivalent to approximately RMB4,561,279,000, as converted at the central parity rate of exchange for the purchase of HK\$ with RMB announced by the People’s Bank of China on the business day immediately before the date of the Share Purchase Agreement, i.e. HK\$1=RMB0.86329) and the Cash Consideration payable under the Share Purchase Agreement is approximately RMB2,313,787,000. The Cash Consideration will be paid by the Company to Farrich in 16 instalments at different stages of the construction of the Project:

Construction Stage	Completion of works to ground level	Completion of 50% of the main structure of the buildings	Completion of 100% of the main structure of the buildings	Acceptance of the construction by the Company
Phase 1 of Land A	5% ^{note}	5%	5%	5%
Phase 2 of Land A	5%	5%	5%	15%
Phase 1 of Land D	5%	5%	5%	5%
Phase 2 of Land D	5%	5%	5%	15%

Note: in terms of percentage of the Cash Consideration

According to the current construction plan and timetable of the Project, it is expected that, subject to Completion, the first instalment of approximately RMB115,689,000 will be due for payment by the first quarter of 2011.

The Cash Consideration will be funded by the Group’s internal resources.

Conditions Precedent: Completion will be conditional upon the fulfillment of all of the following conditions:

- (a) the de-merger of Zhujiang Investments (see section 5 below headed “Information on Target Co and the Project Cos”) having duly completed such that Project Co A and Project Co D having been duly set up and assigned with the land use rights of Land A and Land D respectively;
- (b) Target Co and the vendor of the Equity Transfer Agreement having obtained all necessary approvals and completed all necessary filings and registrations for the transfer of the equity interests in each of the Project Cos to Target Co and presented to the Company proofs of such approvals, filings and registrations;
- (c) all the subsisting construction contracts (“**Subsisting Construction Contracts**”) entered into by Zhujiang Investments in relation to the Project having been novated to the Project Cos, and all necessary supplemental agreements having been made between Farrich (or any of its associates that is acceptable to the Company) and the other parties to the Subsisting Construction Contracts whereby Farrich (or any of its associates that is acceptable to the Company) has assumed the payment obligations under the said contracts as the principal and primary debtor;
- (d) the Project Cos having been obtained the land use rights of the Lands, and the property development right and other ancillary rights therein, and the land use right owner as registered in the State-Owned Land Use Rights Certificate of Land A and Land D having been changed to Project Co A and Project Co D respectively;
- (e) the project owner in respect of the development on Land A having been changed from Zhujiang Investments to Project Co A and all other permits and approvals in respect of such development having been issued in the name of Project Co A;
- (f) the project owner in respect of the development on Land D having been changed from Zhujiang Investments to Project Co D and all other permits and approvals in respect of such development having been issued in the name of Project Co D;

- (g) the Project Cos having obtained all necessary permits and approvals for the development of the Project on the Lands, and such permits and approvals being valid and subsisting;
- (h) the Company being satisfied with its due diligence review and investigation in respect of each of Target Co and the Project Cos;
- (i) the Independent Shareholders of the Company having passed all necessary resolution(s) at the SGM approving the Share Purchase Agreement and the transactions contemplated thereunder;
- (j) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Consideration Shares, which approval not having been revoked prior to the issue and delivery of the Consideration Shares;
- (k) the Company having obtained the valuation report on the Project issued by an independent valuer acceptable to the Company;
- (l) Farrich having obtained all necessary approvals and completed all necessary filings and registrations for the Acquisition, if necessary under PRC laws,
- (m) all other approvals or consents necessary or appropriate for or in connection with the transactions contemplated under the Share Purchase Agreement having been obtained by the Company and Farrich;
- (n) each of the Project Cos having obtained all necessary approvals and completed all necessary filings and registrations for the changes in its directors and managers in accordance with the Company's directions;
- (o) the representations, warranties and undertakings given by the Company under the Share Purchase Agreement being true and accurate in all material respects as of the date of Completion;
- (p) the representations, warranties and undertakings given by Farrich under the Share Purchase Agreement being true and accurate in all material respects as of the date of Completion;
- (q) the Company and Farrich having complied with their respective obligations under the Share Purchase Agreement;

- (r) there being no material adverse change in the circumstances of each of the Target Co and the Project Cos;
- (s) the Company having obtained a legal opinion issued by a firm of PRC lawyers appointed by or acceptable to the Company confirming, among others, the legality of the transactions contemplated under the Share Purchase Agreement under the PRC laws and regulations, the lawful establishment of the Project Cos under the laws of the PRC; and the Project Cos' ownership to the land use rights of the Lands; and
- (t) Sounda having obtained all necessary approvals, waivers and consents which may be required under any indenture, mortgage, charge, trust, lease, agreement, instrument or obligations to which Sounda is a party or by which any of its assets is bound, including but without limitation, approvals, waivers and consents from its bank creditors to the delivery and deposit of the Sounda Escrow Shares (see the paragraph headed "Security" and section 3 below headed "Share Issue") with the escrow agent pursuant to the Share Purchase Agreement, which approvals, waivers and consents are, or will, when obtained, be in full force and effect and shall remain in full force and effect at Completion.

The Share Purchase Agreement will be terminated automatically and neither party will have any claim against the other party save in respect of any antecedent breaches if any of the above conditions is not satisfied (unless waived as to the above conditions (c) to (h), (k) to (n) and (p) to (t) by the Company) within 12 months after the date of the Share Purchase Agreement or such other date as the parties may agree.

Other obligations of
Farrich:

Pursuant to the Share Purchase Agreement, Farrich has further undertaken to the Company to

- 1. be responsible for the discharge and payment of all debts and liabilities of the Project Cos incurred or existed on or before the date of completion of the Project, except those incurred by or on behalf of the Project Cos in connection with the financing and marketing of the Project, and any related tax payments; and

2. perform and complete or cause to be performed and completed all necessary preparation and construction works and administrative formalities in relation to the Project on or before 31 December 2013 to the intent that the Project will be completed in compliance with the specifications and requirements of the Company before the said deadline. The said deadline may only be extended due to the Company's acts and deeds, otherwise time is of the essence of the Share Purchase Agreement. Farrich shall bear all the costs and expenses for completing such works and formalities, including all the land transfer fees or premium or taxes payable to the government, as well as construction costs payable to contractors, but excluding any extra construction costs and government taxes that may be incurred for the construction of any extra GFA over and above the current planned total GFA of the Project, i.e. 625,006.47 square meters, pursuant to the instruction and authorisation of the Company and/or the Project Cos.

To control and monitor Farrich's performance of its obligations in relation to the construction of the Project, the parties have agreed that:

1. Farrich will have no authority to enter into any construction contracts to bind any of the Project Cos; all such contracts must be signed by the Project Co concerned and the third party contractor, with Farrich (or any of its associates that is acceptable to the Company) joining in to assume the payment obligations thereunder as the principal and primary debtor;
2. Farrich must consult the Company with respect to the background and qualifications of the contractors and the terms and conditions of such contracts, and obtain the Company's written consent before entering into any contracts;
3. Farrich shall adopt and carry into effect any comments and instructions that the Company may from time to time have with regard to the construction works, provided that such comments and instructions do not violate any terms of the Share Purchase Agreement;
4. Farrich shall report to the Company on the progress of, and other relevant matters concerning, the construction works at the end of each month; and
5. Farrich shall provide such other information, documents and assistance as the Company may reasonably require.

Security:

To secure the due and punctual performance by Farrich of its obligations under the Share Purchase Agreement, at Completion all the Consideration Shares (“**Escrow Shares**”) will be delivered to and held in escrow by an escrow agent to be jointly appointed by the parties. If Farrich shall have acted in breach of its obligations under the Share Purchase Agreement and failed to indemnify any loss that the Company may have incurred, the Company will be entitled to instruct the escrow agent to dispose of such number of Escrow Shares and pay the proceeds thereof to the Company as compensation.

The Escrow Shares will be released to Sounda or Farrich (as the case may be) at the following points of time:

1. all the Sounda Escrow Shares (see section 3 below headed “Share Issue”) and, where applicable, such number of Farrich Escrow Share (see section 3 below headed “Share Issue”), representing in aggregate 50% of the Escrow Shares then held in escrow by the escrow agent will be released to Sounda and, where applicable, Farrich respectively after the Company and the project supervisor of the Project have jointly issued a certificate accepting the Project is 50% complete;
2. the remaining Escrow Shares, less 30,000,000 Farrich Escrow Shares, will be released to Sounda (if the remaining Escrow Shares comprise any Sounda Escrow Shares) and Farrich, after the Company has accepted the final completion of the Project; and
3. the remaining 30,000,000 Farrich Escrow Shares (or such number of Farrich Escrow Shares that are still held in escrow by the escrow agent) together with all moneys arising out of dividends and distributions that may be paid or made by the Company in respect of the Farrich Escrow Shares; and all moneys arising out of dividends and distributions that may be paid or made by the Company in respect of the Sounda Escrow Shares, shall be released to Farrich and Sounda respectively, after completion of the project settlement audit (工程結算審計) and submission of proofs of settlement by Farrich of all the outstanding construction costs.

Completion:

Completion will take place within 5 working days following satisfaction (or waiver) of all the conditions precedent to the Share Purchase Agreement. The Acquisition and the Share Issue will take place simultaneously on the date of Completion.

3. Share Issue

Conditional upon the fulfilment of all the conditions set forth under the paragraph headed “Conditions Precedent” in section 2 above headed “Principal terms of the Share Purchase Agreement”, for part payment of the Consideration pursuant to the Share Purchase Agreement, the Company will issue 600,000,000 Consideration Shares, representing approximately 34.24% of the existing issued share capital of the Company of 1,752,367,809 Shares as at the date of this announcement, in the following manner:

- at the direction of Farrich, 165,000,000 Consideration Shares (“**Sounda Escrow Shares**”) will be allotted and issued to Sounda; and
- the balance of 435,000,000 Consideration Shares (“**Farrich Escrow Shares**”) will be allotted and issued to Farrich or its nominee.

The Consideration Shares will be allotted and issued at an issue price equivalent to the average closing price of the Share quoted on the Stock Exchange for the 10 consecutive trading days immediately before the date of the Share Purchase Agreement, being HK\$8.806 per Consideration Share (“**Issue Price**”).

The Issue Price was arrived at after arm’s length negotiation between the Company and Farrich. The Issue Price of HK\$8.806 represents:

- a discount of approximately 0.045% to the closing price of HK\$8.81 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 0.433% over the average closing price of approximately HK\$8.768 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day; and
- a discount of approximately 1.145% over the average closing price of approximately HK\$8.908 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day.

Using this Share Issue to partly satisfy the Consideration will help reduce the cash outlay for the Acquisition. The Directors (excluding the independent non-executive Directors, who will render their opinion upon the receipt of the advice of the independent financial adviser, and Mr. Chu) consider that the Issue Price is fair and reasonable as far as the Company is concerned and the Share Issue is in the interests of the Company and its Shareholders as a whole.

The Consideration Shares will, upon allotment and issue, rank pari passu with the existing Shares in issue. All the Consideration Shares will be held in escrow by the escrow agent to be jointly appointed by the parties and released to Sounda or Farrich (as the case may be) upon the occurrence of certain events (see the paragraph headed “Security” in section 2 above headed “Principal terms of the Share Purchase Agreement”).

The Directors proposed to seek approval from the Shareholders at the SGM to issue the Consideration Shares. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

4. Effects of the Share Issue on shareholding structure

The existing and enlarged shareholding structure of the Company immediately before and after the completion of the Share Issue is set out below (assuming no further Shares are issued before the Share Issue):

	As at the date of this announcement		Immediately after completion of the Share Issue	
	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage
Sounda ¹	1,032,363,809	58.91%	1,197,363,809	50.90%
Hopson Education Fund ²	68,640,000	3.92%	68,640,000	2.92%
Mr. Au Wai Kin ³	34,500,000	1.97%	34,500,000	1.47%
Farrich	—	—	435,000,000	18.49%
Public shareholders	<u>616,864,000</u>	<u>35.20%</u>	<u>616,864,000</u>	<u>26.22%</u>
	<u>1,752,367,809</u>	<u>100%</u>	<u>2,352,367,809</u>	<u>100%</u>

Notes:

1. Sounda is wholly-owned by Mr. Chu.
2. Mr. Chu is the sole shareholder of Hopson Education Fund.
3. Mr. Au Wai Kin is an executive Director of the Company.

5. Information on the Target Co and the Project Cos

Target Co is a limited company incorporated in the British Virgin Islands. As at the date of this announcement, its sole asset is its interests under the Equity Transfer Agreement for the acquisition of the entire equity interests in each of the Project Cos.

Since Target Co has not carried out any business since its incorporation in March 2007, Target Co recorded an unaudited net loss (before and after taxation) of approximately HK\$60,000 during the period from 9 March 2007 (its date of incorporation) to 30 June 2010. Based on the latest management accounts of Target Co, the unaudited net liabilities of Target Co as at 30 June 2010 was approximately HK\$60,000.

Pursuant to the Equity Transfer Agreement,

- (a) the vendor thereof has agreed to de-merge Zhujiang Investments into Project Co A and Project Co D and segregate and allocate certain Zhujiang Investments' assets and liabilities between the two Project Cos such that upon completion of the de-merger, the principal asset of Project Co A and Project Co D will be Land A and Land D respectively; and
- (b) Farrich will acquire the entire equity interests of each of the Project Cos from the vendor at a consideration which shall be equivalent to the aggregate of the fair values of each of the Project Cos to be appraised within 30 days after completion of the de-merger by a valuer to be jointly appointed by Farrich and the vendor.

Completion of the Equity Transfer Agreement will take place after the aforementioned de-merger and asset and liabilities allocation having been completed and the parties thereto having obtained all necessary approvals and completed all necessary filings and registrations for the equity transfer. It is currently expected that the whole de-merger process will be completed within the next two months, and completion of the Equity Transfer Agreement will take place by or around March 2011.

Since the Project Cos are still undergoing the de-merger process, no separate management accounts have been prepared. Based on the capital verification reports both dated 8 October 2010 and issued by a PRC certified public accountant on each of Project Co A and Project Co D for the purpose of the de-merger, the net asset values of Project Co A and Project Co D as at 30 September 2010 were approximately RMB7.59 million and RMB5.36 million respectively. Each of Project Co A and Project Co D had a retained loss of RMB2.41 million and RMB9.64 million respectively as at 30 September 2010.

Zhujiang Investments is principally engaged in the development of the Project on the Lands, which business will be succeeded by the Project Cos upon completion of the de-merger. The Project is a property development project situated at the Industrial Park and the Lands constituting such project have a total site area of approximately 136,129.336 square meters and are designated for research buildings and ancillary facilities. The Project, comprising the construction of 38 individual office buildings with a total GFA of 625,006.47 square meters, as completed, has a fair value of RMB8,750,000,000 as at 15 October 2010 as appraised by an independent professional valuer appointed by the Company.

The Project will be developed by 4 phases, namely phase 1 and 2 of Land A and phase 1 and 2 of Land D. The Lands are now undergoing its prophase constructions works. Pursuant to the Share Purchase Agreement, the Project shall be completed on or before 31 December 2013.

Upon completion of the Equity Transfer Agreement and the Share Purchase Agreement, Target Co and the Project Cos will become indirect wholly-owned subsidiaries of the Company. The Company will, through Target Co, own the equity interests in the Project Cos and in turn the Lands on which the Project is being developed.

6. General information about the Group and Farrich

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

Farrich is an investment holding company indirectly wholly-owned by Mr. Chu Yat Hong, the son of Mr. Chu and is a member of a group of companies engaging principally in property development and property investment.

7. Reasons for the Acquisition

Upon Completion, the Company will, through Target Co, own the equity interests in the Project Cos and in turn the interests and development right in the Project now being developed on the Lands. The Project involves the construction of 38 individual office buildings with a total GFA of 625,006.47 square meters. Each individual flat thereof is a loft style office premises characterised by its high ceilings of 5.49 meters tall and the presence of a cockloft. It is versatile in use and can be customized to become a home office. The Project is designed and positioned to serve those start-ups and small-to-medium sized enterprises doing business or providing peripheral services to the large corporations inside the Industrial Park or the nearby Beijing Economic-Technological Development Area (北京經濟技術開發區) (“**BDA**”). It is currently the Company’s intention that the Project will be held for long term investment purpose. The Project, when completed, will add to the Group’s rental property portfolio to provide the Group with a long term stable rental income.

The Project is located in the Industrial Park, which is located in the town of Majuqiao (馬駒橋鎮) of Tongzhou District (通州區) at the intersection of Liuhuan Lu (六環路) and Jin-Jing-Tang Expressway (京津塘高速公路) covering an area of about 15 square kilometers. Among all the municipal-level development areas found in Beijing, it is most proximate to the Central Business District of Beijing, being 18 kilometers away. It is very conveniently located, being 30 kilometers from the Beijing Capital International Airport (北京首都機場), 22 kilometers from the Beijing Railway Station (北京火車站) and 140 kilometers from Tianjin New Port (天津新港). It is also close to a number of expressways, including Jing-Kai Expressway (京開高速公路), Jing-Shen Expressway (京瀋高速公路) and Jing-Ha Expressway (京哈高速公路).

The Industrial Park is now included in the new town development plan of Yizhuang (亦莊). The Industrial Park is close to BDA in which over thousands of large corporations have set up their offices, and many of them are Fortune 500 companies. Both development areas are the focus of development of the district and receive various policy support from the local government. Given the ideal locations and the policy support and incentives offered by the local government of Tongzhou District, it is expected that the number of large corporations moving into the Industrial Park and the BDA will continue to increase, which in turn will attract an increasing number of start-ups and small-to-medium enterprises moving into the area to seek business opportunities. This will provide a strong and continual demand for office premises in the surrounding districts of the Industrial Park and BDA.

Since the concept of cutting costs on space, operations and travel of a live-cum-work loft has a unique appeal to the start-ups and small-to-medium enterprises, it is expected that demand for loft style office premises in the surrounding districts of the Industrial Park and the BDA will continue to increase as the two development areas further develop over the coming years.

Pursuant to the existing government policies, the government will not grant any further permits for the construction of premises with 5.5 meter-high ceilings. The Directors expect the Project to be probably the last or one of the last new developments offering loft style office premises in the market. It is expected that its scarcity in supply will further boost the demand therefor and that the loft style office premises will be much sought after by those start-ups and small-to-medium sized corporations doing or seeking to do business in the surrounding districts of the Industrial Park and BDA. The rate of rental for loft style premises in the district is expected to be on a rising trend. The Group has another loft style property development in the Industrial Park — Dreams World (合生世界村). When it was open for sale at the end of 2009 and early 2010, sales orders received were far more than the number of properties available for sale. This has further strengthened the Group's confidence in the market potential of loft style property. The Company therefore considers that the Project has a good investment value and will be able to offer a long term stable rental income to the Group.

The Project is only about 100 meters away from Dreams World (合生世界村). It is expected that the two developments can complement each other by their respective offerings of ancillary facilities and services. The synergy will help sustain, and may even improve, the value of both property developments in the long run.

The Project comprises commercial properties which are not the target of control under those austerity measures and policies introduced and implemented by the central government for cooling down and controlling the much heated residential property market in the Mainland. The Project, when completed, will add to the Group's rental property portfolio to provide the Group with a long term stable rental income. The Acquisition therefore allows the Group to enlarge the ratio of quality commercial properties in the Group's product mix and portfolio on the one hand, and strengthens the Group's portfolio of investment properties on the other. This is in line with the Group's strategy to strengthen its resilience against market risks. The Acquisition will also secure for the Group a long-term and stable return in revenue as well as capital appreciation. This is in line with the Group's strategy to pursue a justified allocation of resources for short and long term investments.

The terms and conditions of the Share Purchase Agreement were arrived at after arm's length negotiations between the Company and Farrich. The Consideration represents a discount of approximately 21.43% to the fair value of the Project (when completed) as appraised by an independent valuer appointed by the Company as at 15 October 2010. The Consideration will be satisfied partly by means of the Share Issue and partly by cash. The Cash Consideration will be paid in 16 instalments at different stages of the construction of the Project (see the paragraph headed "Consideration" in section 2 above headed "Principal terms of the Share Purchase Agreement"). According to the current construction plan and timetable of the Project, it is expected that the first instalment of the Cash Consideration of approximately RMB115,689,000 may, subject to Completion, be due for payment by the first quarter of 2011. In the premises, the Acquisition is not expected to have any significant adverse impact on the cash flow position of the Group.

The Acquisition will secure for the Group the completion of the Project up to the required standard within the prescribed time limit at a fixed fee, thus barring the Group from any risks of inflation in the costs of construction over the period of construction. The completion standard of the Project is safeguarded by the Company's power and authority to control and monitor the performance and progress of the construction works (see the paragraph headed "Other obligations of Farrich" in section 2 above headed "Principal terms of the Share Purchase Agreement") while the Escrow Shares will offer sufficient security to the Company to guard against any default of Farrich in performing its obligations in relation to the construction of the Project.

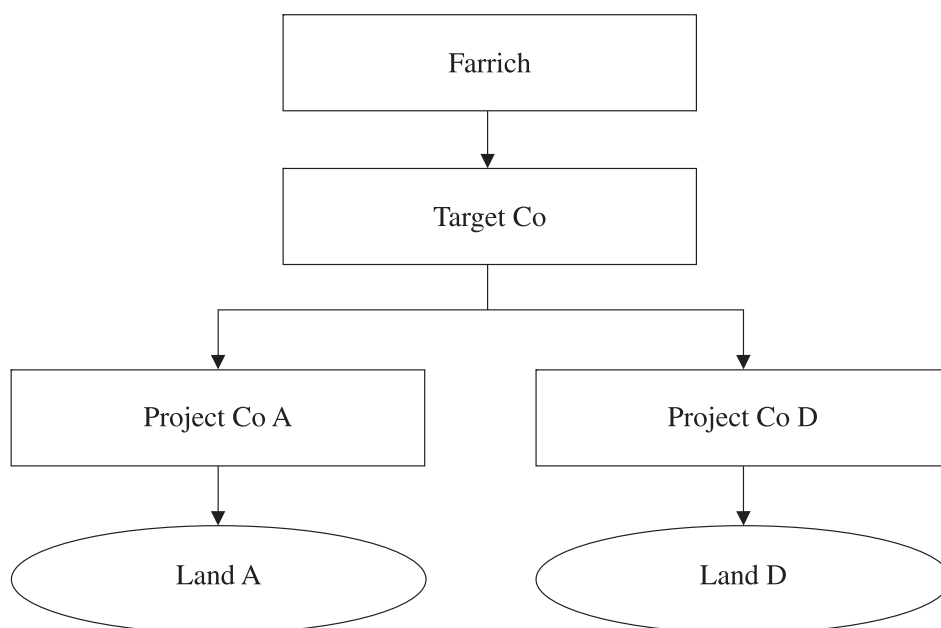
Having considered the aforementioned factors, the Directors (excluding the independent non-executive Directors, who will render their opinion upon the receipt of the advice of the independent financial adviser, and Mr. Chu) consider that the terms of the Share Purchase Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

8. Group structure before and after Completion of the Acquisition

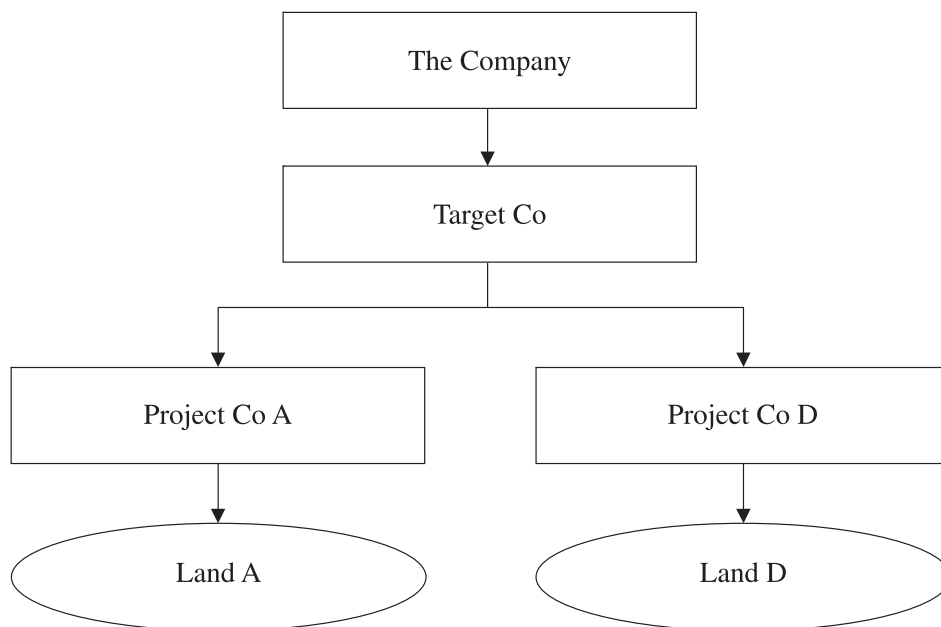
Following Completion, Target Co and the Project Cos will become indirect wholly-owned subsidiaries of the Company and their respective financial results will be consolidated into the Group.

Set out below are the shareholding structures of Target Co as at the date of this announcement (assuming completion of the Equity Transfer Agreement) and immediately after Completion of the Acquisition respectively:

**Shareholding structure of Target Co
as at the date of this announcement**
(assuming completion of the Equity Transfer Agreement)



**Shareholding structure of Target Co
immediately after Completion of the Acquisition**



9. Fund raising activities in the past twelve months

The Company had issued 185,461,463 Shares at an issue price of HK\$14.62 per Share on 16 March 2010 as consideration shares for payment of the balance of acquisition consideration in the sum of RMB2,386,073,000 pursuant to the Panyu Agreement as defined and announced in the Company's announcement dated 2 November 2009. Save as aforementioned, the Company has not conducted any other fund raising activities in the past twelve months.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios to the Acquisition under the Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

Sounda, being the controlling Shareholder of the Company, is a connected person of the Company. Farrich is a company indirectly wholly-owned by Mr. Chu Yat Hong, the son of Mr. Chu, who is the controlling Shareholder (through Sounda) of the Company, executive Director and chairman of the Board. As such, Farrich is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the Share Issue contemplated under the Share Purchase Agreement constitute connected transactions under the Listing Rules and are subject to the approval of the Independent Shareholders of the Company at the SGM.

GENERAL

The SGM will be held by the Company for the Independent Shareholders to consider, and if thought fit, to pass the resolutions approving the Share Purchaser Agreement and the transactions contemplated thereunder. Sounda, Hopson Education Fund and their respective associates will abstain from voting at the SGM in respect of the proposed resolution(s) to approve the Acquisition and the Share Issue contemplated under the Share Purchase Agreement.

An Independent Board Committee, comprising the independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Acquisition and the Share Issue.

Somerley Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition and the Share Issue under the Share Purchase Agreement.

A circular containing, among others, (i) further information on the Acquisition and the Share Issue; (ii) valuation report of the Lands; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to the Acquisition and the Share Issue; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders of the Company in relation to the Acquisition and the Share Issue; (v) financial information of the Group and accountants' report of Target Co and (vi) a notice of the SGM, is expected to be despatched to the Shareholders on or before 7 December 2010 as more time is required to finalise and complete the contents thereof.

DIRECTORS

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

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition”	acquisition of the entire issued share capital of Target Company pursuant to the terms of the Share Purchase Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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 pursuant to the Share Purchase Agreement

“Consideration”	consideration payable for the Acquisition
“Consideration Shares”	600,000,000 new Shares to be allotted and issued to Farrich or its nominee pursuant to the terms and conditions of the Share Purchase Agreement
“Directors”	the directors of the Company
“Industrial Park”	北京市通州區馬駒橋鎮國家環保產業園區 (Environmental Protection Industrial Park of Majuqiao, Tongzhou District, Beijing)
“Equity Transfer Agreement”	the equity transfer agreement dated 3 March 2010 and made between Target Co as the purchaser and 深圳珠江物流有限公司 (Shenzhen Zhujiang Logistics Co. Limited) as the vendor for the sale and purchase of the entire equity interests in both Project Co A and Project Co D
“Farrich”	Farrich Investments Limited 遠富投資有限公司, a company incorporated in the British Virgin Islands
“GFA”	Gross Floor Area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hopson Education Fund”	Hopson Education Charitable Funds Limited, a charitable institution registered under section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong
“Independent Shareholders”	the Shareholders other than Sounda, Hopson Education Fund and their respective associates
“Land A”	the piece of land with a site area of approximately 68,539.062 square meters located in the Industrial Park
“Land D”	the piece of land with a site area of approximately 67,590.274 square meters located in the Industrial Park
“Lands”	Land A and Land D

“Last Trading Day”	2 November 2010, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chu”	Mr. Chu Mang Yee, the chairman of the Board
“PRC”	the People’s Republic of China
“Project”	a property development on the Lands comprising 38 individual office buildings with a total GFA of 625,006.47 square meters
“Project Cos”	Project Co A and Project Co D
“Project Co A”	北京創合豐威科技投資管理有限公司 (Beijing Chuang He Feng Wei Technology Investment and Management Co. Limited), a limited liability company established in the PRC
“Project Co D”	北京盛創恒達科技投資管理有限公司 (Beijing Sheng Chuang Heng Da Technology Investment and Management Co. Limited), a limited liability company established in the PRC
“RMB”	Renminbi
“Sale Share”	one (1) share in the issued share capital of Target Co
“SGM”	a special general meeting of the Company to be convened to approve, among other things, the Acquisition and the Share Issue contemplated under the Share Purchase Agreement
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Share Issue”	the allotment and issue of the Consideration Shares to Farrich or its nominee pursuant to the terms of the Share Purchase Agreement
“Share Purchase Agreement”	the share transfer agreement dated 3 November 2010 made between the Company and Farrich in relation to the Acquisition and the Share Issue

“Sounda”	Sounda Properties Limited, a company incorporated in the British Virgin Islands
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Co”	Sun Excel Investments Limited 日佳投資有限公司, a company incorporated in the British Virgin Islands
“Zhujiang Investments”	北京珠江投資開發有限公司 (Beijing Zhujiang Investments Development Co. Limited), a limited liability company established under the laws of the PRC

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong, 3 November 2010

* *For identification purposes only*