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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)

Website: <http://www.irasia.com/listco/hk/hopson>

**CONNECTED TRANSACTIONS
DISPOSAL OF LAND**

THE DISPOSAL

On 11 May 2012, Guangdong Huanan New City, a cooperative joint venture established in the PRC in which the Company has 100% equity interest, and Mr. Chu entered into the Guangdong Land Transfer Agreement pursuant to which Guangdong Huanan New City agreed to dispose of its land use rights in respect of the Guangdong Land to Mr. Chu at the consideration of RMB29,258,305 (approximately HK\$36,090,000). On the same day, Tianjin Hopson, a cooperative joint venture established in the PRC in which the Company has 92.3% equity interest, and Mr. Chu entered into the Tianjin Land Transfer Agreement pursuant to which Tianjin Hopson agreed to dispose of its land use rights in respect of the Tianjian Land to Mr. Chu at the consideration of RMB2,500,000 (approximately HK\$3,084,000).

LISTING RULES IMPLICATIONS

Since Mr. Chu, being the Chairman of the Board, an executive Director and a controlling shareholder of the Company, with interest in approximately 63.42% of its issued share capital, and the father of Ms. Chu, an executive Director, is a connected person of the Company under the Listing Rules, the Disposal constitutes connected transactions of the Company. As each of the applicable percentage ratios calculated based on the Total Consideration of RMB31,758,305 (approximately HK\$39,174,000) payable by Mr. Chu under the Disposal is higher than 0.1% but less than 5%, the connected transactions contemplated under the Land Use Rights Transfer Agreements are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* *For identification purposes only*

A. INTRODUCTION

On 11 May 2012, the Group entered into the Land Use Rights Transfer Agreements with Mr. Chu. Pursuant to the Land Use Rights Transfer Agreements, the Group agreed to dispose of the land use rights in respect of the Guangdong Land and the Tianjin Land to Mr. Chu at the aggregate consideration of RMB31,758,305 (approximately HK\$39,174,000).

B. LAND USE RIGHTS TRANSFER AGREEMENTS

1. Guangdong Land Transfer Agreement

Date: 11 May 2012

Parties: (1) Guangdong Huanan New City

(2) Mr. Chu

Assets to be disposed of by the Group:

The Guangdong Land, which is a parcel of vacant land located at 中國廣東省廣州市番禺區南村鎮員崗村、官堂村(南村鎮華南新城B2地塊) (Guan Tang Village, Yuan Gang Village, Southern Town, Panyu District, Guangzhou, Guangdong, PRC (Lot Number B2, Huanan New City, Southern Town)) with a total site area of 9,347.98 square metres. The Guangdong Land is designated for residential use and its land use term will expire on 8 August 2072.

Consideration

The consideration payable by Mr. Chu to Guangdong Huanan New City is RMB29,258,305 (approximately HK\$36,090,000) which will be settled by cash in full within 10 days following completion of the transfer of the title of the land use rights in respect of the Guangdong Land.

The consideration for disposal of the land use rights in respect of the Guangdong Land was arrived at based on normal commercial terms after arm's length negotiations between Guangdong Huanan New City and Mr. Chu and by reference to the Guangdong Land's market value of RMB29,165,700 as at 15 February 2012 as appraised by using the residual method and the comparison approach method and reported by independent professional property valuer engaged by Guangdong Huanan New City.

Completion

Completion will take place upon completion of the transfer of the title of the land use rights in respect of the Guangdong Land.

Costs and expenses

Guangdong Huanan New City and Mr. Chu will be responsible for the tax and fees payable by them respectively under the PRC law in respect of the transfer of the land use rights in the Guangdong Land pursuant to the Guangdong Land Transfer Agreement.

The fees and expenses in connection with the the issue of a new land use rights title certificate in respect of the Guangdong Land will be borne by Mr. Chu.

2. Tianjin Land Transfer Agreement

Date: 11 May 2012

Parties: (1) Tianjin Hopson

(2) Mr. Chu

Assets to be disposed of by the Group:

The Tianjin Land, which is a parcel of vacant land located at 中國天津市寶坻區周良莊鎮寶白公路西側610及611地塊 (Numbers 610 and 611, West Side, Baobai Highway, Zhou Liang Town, Baodi District, Tianjin, PRC) with a total site area of approximately 6,558.77 square metres. The Tianjin Land is designated for residential use and its land use term will expire on 5 August 2072.

Consideration

The consideration payable by Mr. Chu to Tianjin Hopson is RMB2,500,000 (approximately HK\$3,084,000) which will be settled by cash in full within 10 days following completion of the transfer of the title of the land use rights in respect of the Tianjin Land.

The consideration for disposal of the land use rights in respect of the Tianjin Land was arrived at based on normal commercial terms after arm's length negotiations between Tianjin Hopson and Mr. Chu and by reference to the Tianjin Land's market value of RMB2,500,000 as at 29 February 2012 as appraised by using the coefficient-revising of benchmark land price method (基準地價修正法) and the cost approach method (成本逼近法) and reported by an independent professional property valuer engaged by Tianjin Hopson.

Completion

Completion will take place upon completion of the transfer of the title of the land use rights in respect of the Tianjin Land.

Costs and expenses

Tianjin Hopson and Mr. Chu will be responsible for the tax and fees payable by them respectively under the PRC law in respect of the transfer of the land use rights in the Tianjin Land pursuant to the Tianjin Land Transfer Agreement.

The fees and expenses in connection with the issue of a new land use rights title certificate in respect of the Tianjin Land will be borne by Mr. Chu.

3. Undertakings of Mr. Chu to the Group

Under the Land Use Rights Transfer Agreements, Mr. Chu has undertaken to the Group that following completion of the transfer of land use rights:

- (1) Mr. Chu will only build villas for residential use on the Guangdong Land or the Tianjin Land (as the case may be) and the plans of which will blend in with the development plan of the Group's property development projects in the vicinity. Mr. Chu shall provide the Group with the governmental approval documents for the construction work for record within 5 days from the date(s) of issue;
- (2) Mr. Chu will procure completion of the construction of the villas according to the construction plans approved by the government;
- (3) during the construction period, Mr. Chu shall allow the representatives of the Group to enter into the Guangdong Land or the Tianjin Land (as the case may be), or the structures built thereon, for inspection upon the Group giving prior notice of not less than 2 business days to him; and
- (4) unless with the prior written consent of the Group, Mr. Chu will not, during a period of 2 years from the date on which the new land use rights title certificate is issued, transfer the title of the Guangdong Land or the Tianjin Land (as the case may be) or any rights or interests thereon to any third party other than his wife or children.

C. REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Group acquired the land use rights of a parcel of land comprising the Guangdong Land and that comprising the Tianjin Land in 2002.

The Guangdong Land is situated in the locality where the Group has been developing into Huanan New City (華南新城), a residential development project in the Panyu District of the Guangzhou City in the PRC. As at the date of this announcement, the Group has land bank of approximately 1,602,316 square metres in Huanan New City, out of which the construction

of a site area of over 60,550 square metres has already been completed. The Tianjin Land is situated in the locality where the Group has been developing Jinjing New Town (京津新城), a residential development project in the Tianjin City in the PRC. As at the date of this announcement, the Group has land bank of approximately 4,027,185 square metres in Jinjing New Town, out of which the construction of a site area of over 248,250 square metres has already been completed.

Based on the audited aggregate book value of the Guangdong Land and the Tianjin Land, having taken into account the purchase price, the investment cost on foundation and various taxes and duties incurred in the acquisition of the Guangdong Land and the Tianjin Land, which amounted to approximately RMB18,647,000 (approximately HK\$23,001,000) as at 31 December 2011 and the estimated expenses for the Disposal (including tax payable by the Group) of approximately RMB3,278,000 (approximately HK\$4,043,000) to be incurred by the Group, it is expected that the gain of the Disposal to be accrued to the Group is approximately RMB9,834,000 (approximately HK\$12,130,000). The Company intends to use the net sale proceeds of approximately RMB28,480,000 (approximately HK\$35,131,000) as the Group's general working capital.

Huanan New City (華南新城) and Jinjing New Town (京津新城) are two large scale residential property projects of the Group. The acquisition of the Guangdong Land and the Tianjin Land in the vicinity of these two projects by Mr. Chu for construction of villas shows his recognition and appreciation of the scenery and environment of the locality of these two projects, which serves the purposes of promotion and brand building of the projects as the Group's flagship residential property projects. In addition to the benefits of marketing and promotion, the Group may also record a reasonable gain from the Disposal.

Having considered the basis upon which the consideration of the Disposal was determined and the benefits of the Disposal to the Group as set out above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal to be normal commercial terms and fair and reasonable and the Disposal is in the interests of the Company and the shareholders of the Company as a whole.

Mr. Chu did not participate in the meeting of the Board convened to approve, among other things the Disposal. Ms. Chu abstained from voting at the resolution proposed in the meeting of the Board to approve the Disposal.

D. LISTING RULES IMPLICATIONS

Since Mr. Chu, being the Chairman of the Board, an executive Director and controlling shareholder of the Company, with interest in approximately 63.42% of its issued share capital, and the father of Ms. Chu, an executive Director, is a connected person of the Company under the Listing Rules, the Disposal constitutes connected transactions of the Company. As each of the applicable percentage ratios calculated based on the Total Consideration of RMB31,758,305 (approximately HK\$39,174,000) payable by Mr. Chu under

the Disposal is higher than 0.1% but less than 5%, the connected transactions contemplated under the Land Use Rights Transfer Agreements are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

E. TERMS USED IN THIS ANNOUNCEMENT

“Board”	board of Directors
“Company”	Hopson Development Holdings Limited
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of land use rights in respect of the Guangdong Land and the Tianjin Land by the Group to Mr. Chu pursuant to the Land Use Rights Transfer Agreements
“Group”	the Company and its subsidiaries
“Guangdong Huanan New City”	廣東華南新城房地產有限公司 (Guangdong Huanan New City Real Estate Limited), a cooperative joint venture established in the PRC in which the Company has 100% equity interest
“Guangdong Land”	a parcel of vacant land located at 中國廣東省廣州市番禺區南村鎮員崗村、官堂村(南村鎮華南新城B2地塊) (Guan Tang Village, Yuan Gang Village, Southern Town, Panyu District, Guangzhou, Guangdong, PRC (Lot Number B2, Huanan New City, Southern Town)) with a total site area of 9,347.98 square metres, the land use rights of which are owned by Guangdong Huanan New City
“Guangdong Land Transfer Agreement”	the agreement entered into between Guangdong Huanan New City and Mr. Chu on 11 May 2012 pursuant to which Guangdong Huanan New City agreed to dispose of its land use rights in respect of the Guangdong Land to Mr. Chu at the consideration of RMB29,258,305 (approximately HK\$36,090,000)
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Use Rights Transfer Agreements”	the Guangdong Land Transfer Agreement and the Tianjin Land Transfer Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Chu”	Mr. Chu Mang Yee, the chairman of the Board and an executive Director
“Ms. Chu”	Ms. Chu Kut Yung, the daughter of Mr. Chu and an executive Director
“PRC”	the People’s Republic of China
“RMB”	Renminbi
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Hopson”	天津合生珠江房地產開發有限公司 (Tianjin Hopson Zhujiang Real Estate Development Limited), a cooperative joint venture established in the PRC in which the Company has 92.3% equity interest
“Tianjin Land”	a parcel of vacant land located at 中國天津市寶坻區周良莊鎮寶白公路西側610及611地塊 (Numbers 610 and 611, West Side, Baobai Highway, Zhou Liang Town, Baodi District, Tianjin, PRC) with a total site area of approximately 6,558.77 square metres, the land use rights of which is owned by Tianjin Hopson
“Tianjin Land Transfer Agreement”	the agreement entered into between Tianjin Hopson and Mr. Chu on 11 May 2012 pursuant to which Tianjin Hopson agreed to dispose of its land use rights in respect of the Tianjian Land to Mr. Chu at the consideration of RMB2,500,000 (approximately HK\$3,084,000)
“Total Consideration”	the aggregate consideration payable by Mr. Chu to the Group under the Land Use Rights Transfer Agreements

For the purpose of this announcement, RMB is translated into HK\$ at the exchange rate of RMB1:HK\$1.2335.

By Order of the Board
Hopson Development Holdings Limited
Chu Mang Yee
Chairman

Hong Kong, 11 May 2012

As at the date of this announcement, the Board comprises nine directors. The executive directors are Mr. Chu Mang Yee (Chairman), Mr. Zhang Yi, Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Liao Ruo Qing and Ms. Chu Kut Yung; and the independent non-executive directors are Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.