

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

**ANNOUNCEMENT
DISCLOSEABLE TRANSACTION**

It was announced by the Company on 2 December 2008 that on 1 December 2008 the Group made a successful bid for the land use right of the Land through a public bidding process organized and held by Beijing Land Centre, as agent of Beijing Land Bureau.

On 1 December 2008, Beijing Land Centre issued the Bid Confirmation to the Group, pursuant to which Beijing Land Centre confirmed that the Group has won the bid for the land use right of the Land at the Land Transfer Price. On 16 February 2009, as required under the Bid Confirmation, the Group entered into the Reimbursement Agreement with Bai Hong Development, pursuant to which the Group agreed to reimburse Bai Hong Development for the Initial Development of the Land. As required under the Bid Confirmation, the Group will enter into the Land Transfer Contract with Beijing Land Bureau in early March 2009 for the transfer of the land use right in respect of the Land.

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 Company wishes to clarify that the Transaction constitutes a discloseable transaction and not a major transaction as previously announced by the Company on 2 December 2008.

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 Land Transfer Contract and the Reimbursement Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

A. THE TRANSACTION

1. Background

On 17 November 2008, the Group tendered a bid of RMB859,179,600 (equivalent to approximately HK\$965,370,000) for the land use right in respect of the Land through a public bidding process organized and held by Beijing Land Centre, as agent of Beijing Land Bureau.

On 1 December 2008, Beijing Land Centre issued the Bid Confirmation to the Group, pursuant to which Beijing Land Centre confirmed that the Group has won the bid for the land use right of the Land at the Land Transfer Price. The Land in respect of which the land use right is to be granted, is situated in Xin Tian Jia Yuan South Zone, West Dawang Road, Chaoyang District, Beijing with a site area of approximately 57,313 square metres and is permitted for commercial finance and medical health purposes.

On 16 February 2009, the Group entered into the Reimbursement Agreement with Bai Hong Development for the reimbursement of the costs incurred by Bai Hong Development in carrying out the Initial Development.

The Group will enter into the Land Transfer Contract with Beijing Land Bureau in early March 2009 for the transfer of the land use right in respect of the Land at the Land Transfer Price, among which RMB609,520,000 (equivalent to approximately HK\$684,854,000), being the Reimbursement, shall be payable to Bai Hong Development, the contractor which carried out the Initial Development, as reimbursement for the costs incurred by Bai Hong Development in carrying out the Initial Development prior to the sale of the land use right in respect of the Land.

Beijing Land Centre is an agent of Beijing Land Bureau, a government entity, responsible for organizing and holding the public bidding for the land use right in respect of the Land. Bai Hong Development, whose principal business is property development, is a third party independent of the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijing Land Bureau, Beijing Land Centre, Bai Hong Development and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Group intends to develop a commercial complex on the Land containing commercial and residential buildings and hospitals.

2. Principal terms of the Land Transfer Contract

- Parties: (i) Beijing Hopson YuJing as transferee; and
- (ii) Beijing Land Bureau as transferor.
- Rights to be Acquired: Beijing Land Bureau agrees to transfer to Beijing Hopson YuJing the land use right of the Land.
- Term: The transfer of land use right of the Land is for a term of 40 years for commercial purposes, 50 years for multi purpose, commencing from the date of execution of the Land Transfer Contract. Beijing Hopson YuJing may apply to the Beijing Land Bureau for the renewal of the Land Transfer Contract at least 1 year prior to the expiry of the terms of the land use right of the Land.
- Land Transfer Price: The Land Transfer Price for the transfer of the land use right in respect of the Land is RMB859,179,600 (equivalent to approximately HK\$965,370,000), and comprises the following:
- (a) Government land premium, being RMB249,659,600 (equivalent to approximately HK\$280,516,000); and
- (b) Reimbursement, being RMB609,520,000 (equivalent to approximately HK\$684,854,000).

Upon signing of the Land Transfer Contract, Beijing Hopson YuJing shall pay Beijing Land Bureau 20% of the Government land premium, being RMB49,931,920 (equivalent to approximately HK\$56,103,000) as deposit for the performance of the Land Transfer Contract within 3 working days from the date of execution of the Land Transfer Contract. The sum of RMB86,000,000 (equivalent to approximately HK\$96,629,000) being the earnest money deposited on 17 November 2008 by Beijing Hopson YuJing with Beijing Land Centre for the bidding of the land use right in respect of the Land shall be applied towards payment of the Land Transfer Price.

Beijing Hopson YuJing shall pay Beijing Land Bureau the remaining balance of the Government land premium, being RMB199,727,680 (equivalent to approximately HK\$224,413,000) within 60 days from the date of execution of the Land Transfer Contract.

Beijing Hopson YuJing shall pay Bai Hong Development the Reimbursement in accordance with the terms of the Reimbursement Agreement.

Responsibilities of
Beijing Hopson
YuJing:

Beijing Hopson YuJing shall, among other things, enter into the Reimbursement Agreement with Bai Hong Development, apply to the relevant authority for the registration of the land use right to obtain the State-owned land use right certificate, develop the Land in accordance with the Laws of the PRC on the Protection of Cultural Relics and the requirements of the governmental authorities for matters concerning environmental protection, afforestation, safety and public welfare.

The term of the project development of the Land shall be 3 years.

3. Principal terms of the Reimbursement Agreement

Date: 16 February 2009

Parties: (i) Beijing Hopson YuJing; and
(ii) Bai Hong Development.

Reimbursement: The total sum of RMB609,520,000 (equivalent to approximately HK\$684,854,000) is payable by Beijing Hopson YuJing to Bai Hong Development as reimbursement for the costs incurred by Bai Hong Development in carrying out the Initial Development.

Upon signing of the Reimbursement Agreement, Beijing Hopson YuJing shall pay Bai Hong Development the sum of RMB121,904,000 (equivalent to approximately HK\$136,971,000), representing 20% of the Reimbursement, within 3 working days from the date of execution of the Reimbursement Agreement.

Bai Hong Development shall, among other things, carry out the infrastructure work of provision of roads, temporary water supply, temporary electricity supply and leveling of the Land. Upon completion of the inspection and approval of the aforesaid infrastructure works by Beijing Hopson YuJing, Beijing Hopson YuJing shall pay Bai Hong Development the sum of RMB451,044,800 (equivalent to approximately HK\$506,792,000), representing 74% of the Reimbursement, within 3 working days from the date of written confirmation of the said approval of the infrastructure works by Beijing Hopson YuJing.

Bai Hong Development shall, among other things, be responsible for the provision of 6 urban pipes and cables (drainage system, water pipes, gas, electricity and heating supply, telecommunication network). For the installation of each of the 6 urban pipes and cables, 1% of the Reimbursement shall be payable for each installation, 5 working days prior the reporting of the installation.

Responsibility of
Bai Hong
Development:

Bai Hong Development shall deliver the Land to the Group when Beijing Hopson YuJing makes the payment of 75% of the Reimbursement to Bai Hong Development.

Bai Hong Development shall, among other things, carry out certain infrastructure works such as the provision of road, drainage system, water pipes, gas, electricity and heating supply, telecommunication network, leveling of the Land (collectively “Infrastructure Works”) in relation to the Land in accordance with the timetable as required by Beijing Hopson YuJing. Bai Hong Development guarantees that it shall provide 6 urban pipes and cables (drainage system, water pipes, gas, electricity and heating supply, telecommunication network) 5 working days before the date of inspection and acceptance of the main structure of the project in respect of the Land.

4. Land Transfer Price and Reimbursement

The Land Transfer Price and Reimbursement will be funded by the Group’s internal resources/ bank borrowings.

The Land Transfer Price was determined based upon the base price of RMB859,179,600 for the transfer of land use right in respect of the Land fixed by Beijing Land Bureau under the Notice. The Reimbursement which represents the amount of reimbursement payable to Bai Hong Development for carrying out the Initial Development was stipulated under the Notice. The Initial Development will be completed upon completion of the Infrastructure Works.

5. 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, the Transaction is in the ordinary and usual course of business of the Group.

The Land is located on West Dawang Road in Chaoyang District of Beijing. The Land is in proximity to Beijing Regal Court, a property development of the Group to the north, which is a reputable development in Beijing. The Group intends to develop a commercial complex on the Land containing commercial and residential buildings and hospitals. It is part of the city plan that the Land and Beijing Regal Court be connected via an underground pass, at which time, the Group intends to have the development on the Land share the facilities of the hotel, club house and other facilities of Beijing Regal Court. It is anticipated that the complex to be developed on the Land together with Beijing Regal Court will become a mega complex, and that the residents will have the benefit of being able to enjoy the facilities offered by both developments. The Land is connected to major roads, namely Da Jiao Ting Zhong Road to the east, West Dawang Road to the west, Guang Qu Road to the south and Bai Zi Wan Yi Street to the north. The Land is well equipped with established infrastructure and well facilitated by public transportation with one of the underground exists located on the Land.

Chaoyang District is one of the primary focus of city development in Beijing and West Dawang Road is one of the prime locations in Chaoyang District, as a cultural and tourism spot, a financial and medical hub and a commercial centre, and as a result, there will be great potential in the property market on West Dawang Road in Chaoyang District. In view of the above, the Directors consider that the acquisition of the Land will enrich the Group's landbank and will bring forth development potential and opportunity for the Group.

Beijing Hopson YuJing, is principally engaged in property development in Beijing.

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. As the Reimbursement Agreement was agreed on the basis that the Land Transfer Contract will be entered into, the Reimbursement Agreement and the Land Transfer Contract are part and parcel of the Transaction. Accordingly, the Company's obligation to make an announcement in respect of the Transaction arises upon entering into the Reimbursement Agreement.

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 Land Transfer Contract and the Reimbursement Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

Beijing Land Centre is an agent of Beijing Land Bureau, a government entity, responsible for organizing and holding the public bidding for the land use right in respect of the Land. Bai Hong Development, whose principal business is property development, is a third party independent of the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijing Land Bureau, Beijing Land Centre, Bai Hong Development and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

B. GENERAL

The Company wishes to clarify that the Transaction constitutes a discloseable transaction and not a major transaction as previously announced by the Company on 2 December 2008.

C. DIRECTORS

As at the date hereof, the executive Directors comprise CHU Mang Yee (Chairman), XIANG Bin, CHEN Chang Ying, AU Wai Kin, XUE Hu, ZHAO Mingfeng and the independent non-executive Directors comprise YUEN Pak Yiu, Philip, LEE Tsung Hei, David and WONG Shing Kay, Oliver.

D. TERMS USED IN THIS ANNOUNCEMENT

“Bai Hong Development”	北京柏宏房地產開發有限公司 (Beijing Bai Hong Real Estate Development Company Limited)
“Beijing Hopson YuJing”	北京合生愉景房地產開發有限公司 (Beijing Hopson YuJing Real Estate Development Limited), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Beijing Land Bureau”	北京市國土資源局 (Beijing State Land Resources Bureau)
“Beijing Land Centre”	北京市土地整理儲備中心 (Beijing Tu Di Zheng Li Chu Bei Zhong Xin)
“Bid Confirmation”	北京市國有建設用地使用權掛牌出讓成交確認書 (Beijing Municipal State-owned development land use right bid confirmation) in respect of the Land dated 1 December 2008 and issued by Beijing Land Centre
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Development”	the initial land development (開發) of the Land, which includes the carrying out of infrastructure works such as the provision of road, drainage system, water pipes, gas, electricity and heating supply, telecommunication network, leveling of the Land in relation to the Land in accordance with the timetable as required by Beijing Hopson YuJing
“Land”	a piece of land situated at 中國北京市朝陽區西大望路21號新天嘉園南區 (Xin Tian Jia Yuan South Zone, No. 21 West Dawang Road, Chaoyang District, Beijing, PRC)
“Land Transfer Contract”	北京市國有土地使用權出讓合同 (Contract for the transfer of the land use right of State-owned land of the Beijing Municipal) in respect of the Land to be entered into between Beijing Hopson YuJing and Beijing Land Bureau
“Land Transfer Price”	RMB859,179,600 (equivalent to approximately HK\$965,370,000), being the price for the transfer of land use right in respect of Land under the Land Transfer Contract
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notice”	the notice issued by the Beijing Land Bureau on 23 October 2008 for sale of the land use right in respect of the Land through public bidding
“PRC”	the People’s Republic of China
“Reimbursement”	the sum of RMB609,520,000 (equivalent to approximately HK\$684,854,000) payable by Beijing Hopson YuJing to Bai Hong Development under the Reimbursement Agreement
“Reimbursement Agreement”	土地開發建設補償協議 (Agreement for Reimbursement of Land Development) dated 16 February 2009 and entered into between Beijing Hopson YuJing and Bai Hong Development
“RMB”	Renminbi
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction”

the transactions contemplated under the Land Transfer Contract
and the Reimbursement Agreement

For illustrative purpose of this announcement, RMB0.89 = HK\$1.

By Order of the Board

Chu Mang Yee

Chairman

Hong Kong, 20 February 2009

* *For identification purposes only*