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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Stock Code: 754)

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

A letter from the Chairman of Hopson Development Holdings Limited is set out on pages 3 to 9 of this circular.

* *for identification purposes only*

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the corresponding definitions listed below:

“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
“Cooperation Agreement”	猴仔灣土地一級開發合作合同 (Houzaiwan First Class Land Development Cooperation Agreement) entered into among Dayawan Management Committee, Hopeson Holdings, Dayawan Land Centre and New Coastal dated 6 November 2007
“Dayawan Investment”	惠州大亞灣投資控股有限公司 (Huizhou Dayawan Investment Holdings Limited), a State-owned enterprise nominated by Dayawan Management Committee pursuant to the Framework Agreement to be a shareholder of New Coastal
“Dayawan Land Centre”	惠州大亞灣經濟技術開發區土地儲備中心 (Huizhou Dayawan Economic and Technology Development Zone Land Reserve Centre)
“Dayawan Management Committee”	惠州大亞灣經濟技術開發區管委會 (Huizhou Dayawan Economic and Technology Development Zone Management Committee)
“Directors”	the directors of the Company
“Development”	the first class land development (土地一級開發) of the Land
“Framework Agreement”	土地儲備項目合作框架協議書 (Land Reserve Project Cooperation Framework Agreement) entered into between Hopeson Holdings and Dayawan Management Committee dated 6 March 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hopeson Holdings”	Hopeson Holdings Limited, a company established in Hong Kong and is indirectly wholly-owned by the Company
“Land”	a piece of land of an area of approximately 4.14 square kilometres situated at Houzaiwan, Dayawan Economic and Technology Development Zone, Huizhou, Guangdong, the PRC

DEFINITIONS

“Latest Practicable Date”	21 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Coastal”	惠州大亞灣新海岸城市建設投資有限公司 (Huizhou Dayawan New Coastal City Development and Investment Co., Ltd.), a company established in the PRC and is owned as to 40% by Dayawan Investment and as to 60% by the Group
“PRC” or “China”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Notice”	惠州市大亞灣經濟技術開發區猴仔灣片區土地一級開發項目招標公告 (Tender Notice in respect of the project for first class land development of land situated at Houzaiwan, Dayawan Economic and Technology Development Zone, Huizhou) issued by 惠州大亞灣區建設交易中心 (Huizhou Dayawan Zone Construction and Trade Centre) on 15 November 2007
“Transaction”	the transactions contemplated under the Framework Agreement and the Cooperation Agreement
“HK\$”	Hong Kong dollars
“RMB”	Renminbi

For illustrative purpose of this circular, RMB0.97 = HK\$1.00



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HOPSON DEVELOPMENT HOLDINGS LIMITED

(Stock Code: 754)

(Incorporated in Bermuda with limited liability)

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

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AU Wai Kin

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XIAO Yan Xia

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XUE Hu

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Non-executive Director:

SHAFRAN, Steven

Independent Non-executive Directors:

YUEN Pak Yiu, Philip

LEE Tsung Hei, David

WONG Shing Kay, Oliver

25 January 2008

To the Shareholders

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION

A. INTRODUCTION

It was announced by the Company on 8 January 2008 that New Coastal, a subsidiary of the Company, won a bid for the Development on 26 December 2007.

New Coastal entered into the Cooperation Agreement with, among others, Dayawan Management Committee in relation to the Development on 6 November 2007. The Cooperation Agreement shall become effective only upon New Coastal having won the bid to carry out the Development.

* for identification purposes only

LETTER FROM THE CHAIRMAN

B. THE TRANSACTION

1. Background

On 6 March 2007, Hopeson Holdings and Dayawan Management Committee entered into a legally binding Framework Agreement pursuant to which the Group and Dayawan Management Committee agreed to (directly or indirectly) establish a project company to carry out the Development.

On 21 August 2007, New Coastal was established in the PRC with a registered capital of RMB100,000,000 for the purposes of carrying out the Development. New Coastal is owned as to 40% by Dayawan Investment and as to 60% by the Group. Dayawan Investment and the Group shall be responsible for contributing 40% and 60% of the registered capital of New Coastal respectively. As the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules is less than 5%, the formation of New Coastal on its own does not constitute a notifiable transaction to the Company under Chapter 14 of the Listing Rules.

As the underlying purposes of the Framework Agreement and the Cooperation Agreement are identical, namely to carry out the Development, the transaction contemplated under the Framework Agreement, namely the establishment of New Coastal is therefore part and parcel of the Transaction. Accordingly, the transactions contemplated under the Framework Agreement and the Cooperation Agreement and the formation of New Coastal should be taken as one transaction.

On 6 November 2007, New Coastal entered into a legally binding Cooperation Agreement with, among others, Dayawan Management Committee. The Cooperation Agreement shall become effective only upon New Coastal having won the bid for the Development.

Pursuant to the Tender Notice issued on 15 November 2007, bidders were invited to bid through tender to be held by Dayawan Land Centre for the Development. Qualified companies wishing to carry out the Development were all entitled to tender their respective bids. A bidder which has submitted its tender will not have any contractual financial commitment for the Development until and unless it wins the bid as it is possible that another bidder may win the bid. It was estimated under the Tender Notice that total amount of capital required for carrying out the Development will be RMB3 billion (equivalent to approximately HK\$3,093 million). It is provided under the Tender Notice that upon satisfactory completion of the Development, Dayawan Land Centre shall reimburse the successful bidder for the total amount of capital injected together with return.

On 26 December 2007, New Coastal, a subsidiary of the Company, tendered the bid for the Development. On the same day, Dayawan Land Centre announced that New Coastal won the bid for the Development. Accordingly, the Cooperation Agreement became effective and New Coastal only has the contractual financial commitment for the Development with effect from 26 December 2007. Dayawan Management Committee is an agent of Huizhou local government responsible for coordinating the project of the

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Development whereas Dayawan Land Centre is a government entity. Dayawan Management Committee and Dayawan Land Centre are third parties independent of the Company and its connected persons.

2. Principal terms of the Cooperation Agreement

Date:	6 November 2007
Parties:	(i) Dayawan Management Committee; (ii) Hopeson Holdings; (iii) Dayawan Land Centre; and (iv) New Coastal.
Effective of the Cooperation Agreement:	The Cooperation Agreement shall become effective only upon New Coastal having won the bid for the Development. New Coastal won the bid for the Development on 26 December 2007. Accordingly, the Cooperation Agreement became effective on 26 December 2007.
Scope of Development:	New Coastal shall be responsible for carrying out Development to render the Land suitable for residential, commercial, office, hotel and tourism and public uses. Such first class land development works shall include but not limited to the relocation and resumption of the Land as part of the Government's reserve of State-owned lands, the removal of the existing buildings situated on the Land, the relocation of the existing residents, the provision of infrastructure systems including road, drainage system, water pipes, gas and electricity supply, telecommunication system and the construction of public facilities.
Payment Obligations:	New Coastal shall be responsible for providing the capital required for carrying out the Development according to the progress of the Development and as notified by Dayawan Land Centre. A deposit of RMB220,000,000 (equivalent to approximately HK\$226,804,000) had been paid by the Group to Dayawan Land Centre prior to the date of this circular. Such deposit shall be applied as part of the total cost to be incurred by New Coastal for the Development.
Roles and Responsibilities of the parties:	Dayawan Management Committee shall be responsible for, among other things, monitoring, decision making, and coordinating in relation to the Development.

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Hopeson Holdings shall be responsible for, among other things, the provision of financial resources and manpower to New Coastal for the Development and participating (though itself or its nominee) at the public tenders or auctions for the land use right of the Land.

Dayawan Land Centre shall be responsible for, among other things, the resumption of the Land as part of the Government's reserve of State-owned lands upon completion of the Development.

New Coastal shall be responsible for, among other things, the provision of financial resources for the Development and carrying out of the Development.

3. Sale of Land after completion of the Development

Pursuant to the Cooperation Agreement, Dayawan Land Centre shall be responsible for selling the land use right in respect of the Land through various stages prior to the end of 2009 through public tenders or auctions. Hopeson Holdings or its nominee shall participate in such public tenders or auctions. If the Land were to be sold to Hopeson Holdings or its nominee at the said public tenders or auctions, Hopeson Holdings or its nominee shall be responsible for the payment of the price at which the Land ("Land Price") will be sold at the public tenders or auctions and such Land Price will be applied by Dayawan Management Committee in the following order:

- (i) payment of the relevant tax expenses and the expenses relating to the Government's provision of infrastructure facilities (大市政配套費用);
- (ii) reimbursement to New Coastal on (1) the actual cost incurred by New Coastal for the relocation and resumption of the Land (which shall include but not limited to the costs for removing the existing buildings situated on the Land and relocating the existing residents) and (2) the actual cost incurred by the Group for carrying out the development works on the Land ("Development Cost");
- (iii) payment to New Coastal of (1) a development return at the rate of 16.5% (subject to the price at which the Land will be sold at public tenders or auctions) of the Development Cost and (2) an investment return at the rate of 12% of the total sum injected by New Coastal for the Development in accordance with the Cooperation Agreement;
- (iv) the remainder shall be applied for the construction of city and public facilities at Houzaiwan.

Pursuant to the Framework Agreement, New Coastal will be reimbursed for the actual costs incurred in carrying out the Development and be entitled to a fixed return of 12% of the total capital injected by it for carrying out the Development irrespective of whether the Group will obtain the land use right of the Land or not in the future.

LETTER FROM THE CHAIRMAN

C. TOTAL FINANCIAL COMMITMENT

It was estimated under the Tender Notice that the total amount of capital required for the Development will be RMB3 billion (equivalent to approximately HK\$3,093 million). New Coastal shall be responsible for providing such financial commitment which may be contributed (i) by Dayawan Investment and the Group according to their respective percentage of equity interest in New Coastal or (ii) by way of shareholder's loans from the Group to New Coastal or (iii) by way of bank loans to be obtained by New Coastal. The Group's estimated maximum total financial commitment under the Cooperation Agreement will be RMB3 billion (equivalent to approximately HK\$3,093 million) assuming that it will be solely responsible for providing such financial resources by means of shareholder's loans to New Coastal. From the accounting treatment perspective, the Company will treat the costs to be incurred by the Group for the Development as "prepayment" in its accounts. The Group intends to finance such financial commitment by internal resources. Irrespective of whether the Group will obtain the land use right of the Land or not in the future, New Coastal will be reimbursed for the actual costs incurred in carrying out Development and be entitled to a fixed return as discussed in sub-paragraph 3 of paragraph B above.

New Coastal is owned as to 40% by Dayawan Investment and as to 60% by the Group. Dayawan Investment and the Group shall be entitled to share the net profits of New Coastal (after payment of taxes, costs and expenses, including loans and interests due to shareholder(s) and/or bank(s) (if any) at the same ratio of their equity interest therein.

As the Group, being the appointed first class land development unit, will be in a position to better control the cost, time and quality of the Development, the Directors consider that the Group will be able to control the actual total costs to be incurred under the Cooperation Agreement.

It is anticipated under the Cooperation Agreement that the land use right in respect of the Land will be sold by the end of 2009, hence it is expected that the entire Development will be completed by the end of 2009.

D. REASONS FOR THE 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.

Hopeson Holdings is an investment company.

New Coastal was established by the Group and Dayawan Investment for the purposes of carrying out the Development.

Huizhou is one of the major cities in the southern part of the PRC and is located in the eastern part of the Pearl River Delta, where the Xizhi River joins the Dongjiang River. Huizhou is located at a port of entry and is an industrial centre in the Dongjiang Valley. Houzaiwan is located near the seashore of Dayawan, Huizhou. According to the Government's plan, Houzaiwan will be the primary focus of city development in Huizhou, which encompasses development of major industries along the sea side such as oil and gas, information technology, automotive, port

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logistics, and tourism industries. It is expected that Houzaiwan will become one of the prime locations in Huizhou, both as commercial centre and in terms of tourism, and as a result, there will be great potential in the property market in Houzaiwan.

While the Group has already established a presence in the city of Huizhou, the Group has not yet made an entry into the property market in Houzaiwan, a location which the Directors consider to be of growing potential. The Directors consider that the Transaction will provide an opportunity for the Group to establish its presence in Houzaiwan and hence will have a positive impact on the brand-building of the Group in Houzaiwan as well as the overall business expansion of the Group.

The Directors also consider that the Transaction will be beneficial to the Group in preparing itself to bid for the land use right of the Land in the future in the following manner: The Group will be able to better control the cost of the Development to be carried out on the Land, which will eventually affect the cost of the Land when it is put on sale in the future; the Group will also have better control over the quality of the Development to be carried out to ensure that it conforms with the Group's pre-development standards. In the event that the Group is able to obtain the land use right of the Land in the future, the Group will be able to enjoy the benefit of the aforesaid cost and quality control over the Land. In view of the potential of the property market in Houzaiwan, the Directors believe that the acquisition of lands in Houzaiwan will enrich the Group's land bank and bring forth development potential and opportunity for the Group.

In the event that the Group will not obtain the land use right of the Land in the future, the Directors consider that the Transaction would still be beneficial to the Group as pursuant to the Framework Agreement, New Coastal will be reimbursed for the actual costs incurred in carrying out the Development and be entitled to a fixed return of 12% of the total capital injected for carrying out the Development irrespective of whether the Group will obtain the land use right of the Land or not in the future.

E. DISCLOSEABLE TRANSACTION

Based on the relevant percentage ratio 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 is in the ordinary and usual course of business of the Group and the terms of the Cooperation Agreement have been negotiated 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 are concerned.

LETTER FROM THE CHAIRMAN

F. EFFECT OF THE TRANSACTION ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

The consolidated net asset value of the Group as at 30 June 2007 was approximately HK\$8,858,000,000. The earnings of the Group will be increased upon the completion of the Development. As the Group will only be responsible for carrying out the Development, the Directors believe that there would be no material impact on the assets and liabilities of the Group upon the completion of the Development.

G. FURTHER INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

H. DIRECTORS

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

By Order of the Board
Chu Mang Yee
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long position in Shares

Name	Number of Shares beneficially held		Approximate percentage of Shares in issue
	Personal	Corporate	
Mr. Chu Mang Yee	—	868,632,346 ⁽¹⁾	59.00
Mr. Au Wai Kin	—	34,500,000 ⁽²⁾	2.34
Ms. Xiao Yan Xia	30,000	—	0.01 ⁽³⁾

Notes:

- These Shares are held by Sounda Properties Limited, a company wholly-owned by Mr. Chu Mang Yee and HKSCC Nominees Limited, a nominee company.
- These Shares are owned by Yield Plentiful Incorporated, a company wholly-owned and controlled by Mr. Au Wai Kin.
- This figure has been rounded up for illustration purpose.

(2) Long position in underlying Shares

The following Director holds options to subscribe for Shares pursuant to the share option scheme adopted by the Company on 4 November 2002, details of which as at the Latest Practicable Date were as follows:

Name	Date of Grant	Exercisable period	Exercise Price (HK\$)	Number of underlying Shares in respect of which options were granted	Number of underlying Shares in respect of which options were outstanding as at the Latest Practicable Date
Mr. Zhao Hai	26 November 2007	26 November 2007 to 22 October 2012	25.20	1,000,000	1,000,000
				1,000,000	1,000,000
				1,000,000	1,000,000

Save as disclosed herein, none of the Directors, chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted at the date of this circular.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which, since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Mr. Chu Mang Yee was a director of Sounda Properties Limited. Save for this, none of the Directors was a director or employee of a company which had any interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to or can be ascertained after reasonable enquiry by the Director, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of shares of any class in the Company were as follows:

Name	Number of issued Shares	Approximate percentage of Shares in issue
Sounda Properties Limited	868,632,346	59.00
Sloane Robinson LLP	73,768,000	5.01

Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of shares of the Company.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up.

6. SECRETARY AND QUALIFIED ACCOUNTANT

The secretary of the Company is Ms. Mok Wai Kun, Barbara, a solicitor practising in Hong Kong.

The qualified accountant of the Company is Mr. Lee Bun Ching, Terence, a certified public accountant and a member of the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants respectively.

7. COMPETING BUSINESS

None of the Directors and his/her respective associates has an interest in a business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's business.

8. LITIGATION

As at the latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and no other litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

9. MISCELLANEOUS

The English text of this circular shall prevail over its Chinese text.