

Hopson Development Holdings Limited

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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)

MAJOR AND CONNECTED TRANSACTIONS

The Directors announce that on 23 June, 2004, the Group entered into (i) the (conditional) Zhujiang Agreement with GD Zhujiang for the acquisition of Zhujiang Group's interests in the JV Companies and (ii) the (conditional) Qiaodao Agreement with GD Zhujiang and Shanlian for the acquisition of the respective interests of GD Zhujiang and Shanlian in Qiaodao. Both GD Zhujiang and Shanlian are connected persons (as defined under the Listing Rules) of the Company.

Each of the Zhujiang Transaction and the Qiaodao Transaction constitutes a connected transaction of the Company under the Listing Rules. In accordance with Rule 14A.26(1) of the Listing Rules, as the Group entered into the Zhujiang Transaction and the Qiaodao Transaction with the same parties connected with one another, the aggregate of the Zhujiang Transaction and the Qiaodao Transaction constitutes a major transaction of the Company under the Listing Rules. Each of the Zhujiang Transaction and the Qiaodao Transaction is subject to the approval of the shareholders of the Company (excluding those shareholders prohibited by the Listing Rules from voting on the resolution) voting at a special general meeting convened to approve each of the Zhujiang Agreement and the Qiaodao Agreement on the terms specified therein. No shareholder will be required to abstain from voting. The Company has applied to the Stock Exchange pursuant to Rules 14.44 and 14A.43 of the Listing Rules for a waiver from the requirement under the Listing Rules for the Company to hold a general meeting to seek shareholders' approval in respect of each of the Zhujiang Agreement and the Qiaodao Agreement.

The Directors consider that each of the Zhujiang Transaction and the Qiaodao Transaction is in the ordinary and usual course of business of the Group and the terms of each of the Zhujiang Agreement and the Qiaodao Agreement have been negotiated on an arm's length basis and are normal commercial terms which are fair and reasonable so far as the shareholders of the Company are concerned.

A circular containing, inter alia, details of each of the Zhujiang Agreement and the Qiaodao Agreement will be despatched to the shareholders of the Company as soon as practicable.

A. ZHUJIANG TRANSACTION

1. Background

On 23 June, 2004, the Group entered into the Zhujiang Agreement for the acquisition of Zhujiang Group's respective interests in the JV Companies.

The Group and Zhujiang Group had established the JV Companies in the PRC.

Details of the date of establishment of each of the JV Companies, existing ratio of equity interests held by the Group and Zhujiang Group in each of the JV Companies, the percentage of equity interests in each of the JV Companies to be acquired by the Group and the relevant consideration payable by the Group pursuant to the Zhujiang Agreement are set out below:-

Hopson Development Holdings Limited

Name of the JV Company	Date of Establishment	Existing percentage of equity interests held by		Percentage of equity interest to be acquired by the Group from Zhujiang Group	Consideration (approximately RMB million)
		the Group	Zhujiang Group		
1. Guangdong Huajingxincheng Real Estate Limited (廣東華景新城房地產有限公司) ("JV Company 1")	4/6/1996	90%	10%	10%	36.8
2. Guangdong Hopson Yuehua Real Estate Limited (廣東合生越華房地產有限公司) ("JV Company 2")	1/8/1997	90%	10%	10%	Nil
3. Guangdong Hopson Lejing Real Estate Limited (廣東合生樂景房地產有限公司) ("JV Company 3")	1/8/1997	74.5%	25.5%	25.5%	35.4
4. Guangdong New Tai An Real Estate Limited (廣東新泰安房地產有限公司) ("JV Company 4")	4/1/2000	52%	48%	48%	3
5. Guangzhou Hopson Yijing Real Estate Limited (廣州合生逸景房地產有限公司) ("JV Company 5")	27/2/2001	65%	35%	34.5%	36.3
6. Guangdong Huanan New City Real Estate Limited (廣東華南新城房地產有限公司) ("JV Company 6")	9/6/2000	60%	40%	39%	113.6
7. Beijing Hopson Lu Zhou Real Estate Development Limited (北京合生綠洲房地產開發有限公司) ("JV Company 7")	6/2/2002	70%	30%	30%	62.3
8. Beijing Hopson Beifang Real Estate Development Limited (北京合生北方房地產開發有限公司) ("JV Company 8")	25/6/2002	70%	30%	30%	32.0
9. Beijing Hopson YuJing Real Estate Development Limited (北京合生榆景房地產開發有限公司) ("JV Company 9")	25/6/2002	70%	30%	30%	31.7

JV Company 1 is engaged in the development and construction of commodity (commercial and residential) properties called Huajing New City on a site located in 105 Zhongshan Avenue, Tianhe District, Guangzhou, the PRC.

JV Company 2 is engaged in the development and construction of commodity (commercial and residential) properties called Zhujiang International Building on a site located in Yuehua Road, Yuexiu District, the PRC.

JV Company 3, 4 and 5, together with two other joint venture companies, are jointly engaged in the development and construction of commodity (commercial and residential) properties called Pleasant View Garden on a site located in west side of Guangzhou Avenue, Haizhu District, Guangzhou, the PRC.

JV Company 6 is engaged in the development and construction of commodity (commercial and residential) properties called Huanan New City on a site located in Panyu District, Guangzhou, the PRC.

JV Company 7 is engaged in the development and construction of commodity (commercial and residential) properties called Beijing Fresh Life Garden on a site located in Bangzijing Village of the Sanjianfang Town in the Chaoyang District, Beijing, the PRC.

Hopson Development Holdings Limited

JV Company 8 is engaged in the development and construction of commodity (commercial and residential) properties called Beijing Regal Court on a site located in Xidawang Road in the Chaoyang District, Beijing, the PRC.

JV Company 9 is engaged in the development and construction of commodity (commercial and residential) properties called Beijing Citta Eterna on a site located in Qingnian Road in the Chaoyang District, Beijing, the PRC.

2. Condition

The Zhujiang Agreement is conditional upon the approval of the shareholders of the Company (excluding those shareholders prohibited by the Listing Rules from voting on the resolution) voting at a special general meeting convened to approve the Zhujiang Agreement on the terms specified therein, or a waiver being granted by the Stock Exchange from the requirement under the Listing Rules for the Company to hold a general meeting to seek shareholders' approval in respect of the Zhujiang Agreement, by no later than 30 September, 2004 (or such later date as the parties shall agree) ("Condition 1").

Pursuant to Rules 14.44 and 14A.43 of the Listing Rules, a written independent shareholders approval may be accepted in lieu of holding a general meeting on the basis that no shareholder of the Company is required to abstain from voting if the Company was to convene a general meeting for the approval of the Zhujiang Transaction and written approval from the independent shareholder holding more than 50 per cent. of the issued share capital of the Company will be obtained.

3. Principal terms of the Zhujiang Agreement

Date: 23 June, 2004

Parties: (i) the Group; and
(ii) GD Zhujiang

Interest Acquired: The Group agrees to purchase and GD Zhujiang agrees to sell Zhujiang Group's entire equity interests in the JV Companies, except for JV Company 5 and JV Company 6 in which Zhujiang Group will remain interested in 0.5 per cent. and one per cent. thereof respectively.

Rights and Obligations: The Group will assume Zhujiang Group's rights and obligations under the relevant existing joint venture terms of each of the JV Companies and be entitled to share the profits and be responsible for the loss arising from or in connection with each of the JV Companies except for JV Company 6 in which Zhujiang Group will remain entitled to share 1 per cent. of the profits and be responsible for 1 per cent. of the loss of JV Company 6.

Board: The existing directors nominated by Zhujiang Group to the board of directors of each of the JV Companies (save for each of JV Company 5 and JV Company 6 in which one director nominated by Zhujiang Group will remain on the board) will resign from directorship within 15 days upon fulfillment of Condition 1. The Group will appoint new directors to the board of directors of each of the JV Companies.

Total Consideration : The total consideration payable by the Group to Zhujiang Group will be approximately RMB351,124,000 (equivalent to approximately HK\$331,254,000) ("Zhujiang Consideration"), being the aggregate of the considerations as set out in the sub-paragraph headed "Background" under the paragraph headed "Zhujiang Transaction".

As a result of the acquisition of the said equity interests, the percentage of equity interests to be held by the Group in each of the JV Companies will be as follow:-

Name of the JV Company	Percentage of equity interests to be held by the Group
1. Guangdong Huajingxincheng Real Estate Limited (廣東華景新城房地產有限公司)	100%
2. Guangdong Hopson Yuehua Real Estate Limited (廣東合生越華房地產有限公司)	100%
3. Guangdong Hopson Lejing Real Estate Limited (廣東合生樂景房地產有限公司)	100%
4. Guangdong New Tai An Real Estate Limited (廣東新泰安房地產有限公司)	100%
5. Guangzhou Hopson Yijing Real Estate Limited (廣州合生逸景房地產有限公司)	99.5% ^{Note 1}
6. Guangdong Huanan New City Real Estate Limited (廣東華南新城房地產有限公司)	99% ^{Note 2}
7. Beijing Hopson Lu Zhou Real Estate Development Limited (北京合生綠洲房地產開發有限公司)	100%
8. Beijing Hopson Beifang Real Estate Development Limited (北京合生北方房地產開發有限公司)	100%
9. Beijing Hopson Yujing Real Estate Development Limited (北京合生榆景房地產開發有限公司)	100%

Notes:

1. The remaining 0.5 per cent. equity interest is held by Zhujiang Group.
2. The remaining 1 per cent. equity interest is held by Zhujiang Group.

4. Zhujiang Consideration

The Zhujiang Consideration was determined on an arm's length basis between the parties and with reference to (i) the amount of capital contributed to each of the JV companies by Zhujiang Group, amounting to approximately RMB235,000,000 (equivalent to approximately HK\$221,700,000) in aggregate, and (ii) a premium determined mainly with reference to the amount of accumulated profits that Zhujiang Group is entitled to in the respective JV Companies from their date of incorporation and up to 31 December, 2003 which represents approximately a return of 10 per cent. per annum on the amount of capital contributed by Zhujiang Group over an average investment period of four years. As Zhujiang Group has not made any capital contribution to JV Company 2 and JV Company 2 has not generated any profits, the consideration payable by the Group for the acquisition of Zhujiang Group's interest in JV Company 2 is nil. The aggregate audited net assets value of the JV Companies was approximately HK\$1,464,300,000 as at 31 December, 2003. Zhujiang Group's share of net assets value to be acquired by the Group as recorded in the audited accounts of the JV Companies amounted to approximately HK\$372,020,000 in aggregate as at 31 December, 2003. With reference to the valuation on the properties of the JV Companies prepared on the open market value basis by direct comparative approach taken into account the construction costs expended as at 31 December, 2003 as assessed by DTZ, the fair market value of Zhujiang Group's interests in the JV Companies to be acquired by the Group as at 31 December, 2003, net of the deferred tax effect on the fair value adjustment thereon, was approximately HK\$487,829,000. Accordingly, the Zhujiang Consideration, amounting to approximately RMB351,124,000 (equivalent to approximately HK\$331,254,000), represents an approximately 32 per cent. discount to the market value of Zhujiang Group's interests to be acquired by the Group in the JV Companies as at 31 December, 2003 as assessed by DTZ, namely approximately HK\$487,829,000.

15 per cent. of the Zhujiang Consideration, amounting to approximately RMB52,669,000 (equivalent to approximately HK\$49,688,000) will be payable by the Group within 15 days upon the signing between the parties of the individual share transfer agreement in respect of the acquisitions of each of the JV Companies and the relevant amendments to the existing joint venture terms of each of the JV Companies. The remaining balance of the Zhujiang Consideration will be payable by the Group within 12 months after completion of the necessary registration and filing procedures in the PRC and the relevant approvals have been obtained in respect of the acquisitions of each of the JV Companies in the following manner: 7 per cent. of the Zhujiang Consideration, amounting to approximately RMB24,578,000 (equivalent to approximately HK\$23,188,000) will be payable for each of the first eleven consecutive months and 8 per cent. of the Zhujiang Consideration, amounting approximately to RMB28,089,000 (equivalent to approximately HK\$26,499,000) will be payable for the twelfth month. The payment of the Zhujiang Consideration will be funded by internal resources of the Group and bank loans. It is estimated by the Group that approximately 40 per cent. of the Zhujiang Consideration will be funded by internal resources of the Group and the remaining by bank loans.

5. Reasons for Zhujiang Transaction

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

GD Zhujiang, being a substantial shareholder of certain subsidiaries of the Company, has granted the Group a first right of refusal to invest in and jointly develop any property development projects in the PRC, in which GD Zhujiang has or may have development rights. GD Zhujiang is desirous of disposing its minority interests in the JV Companies in order to refocus on and strengthen its own business activities. Zhujiang Group is principally engaged in property developments in the PRC and the investment in highway infrastructure, broadband transmission network and building construction in the PRC. The Directors consider that the Zhujiang Transaction will be beneficial to the Group for the following reasons:

- (a) The Directors recognise that a sustained income growth of household income in the cities in the PRC will boost the growth in the residential property markets. As Guangzhou and Beijing are two of the fastest growing and affluent cities in the PRC, the Directors consider that the property markets in these cities will continue to grow positively in the next few years. The acquisition of additional interests in the JV Companies will enable the Group to capture opportunities arising from the growing property demand.
- (b) The properties development and construction projects engaged by the JV Companies, including Pleasant View Garden, Beijing Fresh Life Garden, Beijing Regal Court and Beijing Citta Eterna, are profit generating. In view of the sale potentials of the projects engaged by the JV Companies, the Directors consider that the Zhujiang Transaction will have a positive impact on the profits of the Group in the near future.

The aggregate audited profits after taxation and extraordinary items attributable to shareholders of the JV Companies for the two years ended 31 December, 2003 were approximately HK\$74,700,000 and HK\$221,100,000 respectively. The aggregate audited profits before taxation and extraordinary items of the JV Companies for the two years ended 31 December, 2003 were approximately HK\$131,500,000 and HK\$351,900,000 respectively. No dividends were paid to the shareholders of the JV Companies for the two years ended 31 December, 2003. The aggregate audited net assets value of the JV Companies was approximately HK\$1,464,300,000 as at 31 December, 2003. The aggregate total assets value of the JV Companies as at 31 December, 2003 to be acquired by the Group from Zhujiang Group amounted to approximately HK\$2,313,755,000. As of 30 April, 2004, approximately 18.5 per cent. of the gross floor area of the projects of the JV Companies had been sold.

6. Connection between the parties and the connected transaction

GD Zhujiang, being a substantial shareholder of the JV Companies (all of which are subsidiaries of the Group), is a connected person of the Company under the Listing Rules. Accordingly, the Zhujiang Agreement constitutes a connected transaction of the Company under the Listing Rules.

7. Major Transaction

In accordance with Rule 14A.26(1) of the Listing Rules and based on the aggregate results of the “five tests” for the Zhujiang Transaction and the Qiaodao Transaction, the Zhujiang Transaction and the Qiaodao Transaction constitute a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is conditional upon the approval of the shareholders of the Company (excluding those shareholders prohibited by the Listing Rules from voting on the resolution) voting at a special general meeting convened to approve the Zhujiang Agreement on the terms specified therein pursuant to Rule 14.40 of the Listing Rules. No shareholder will be required to abstain from voting.

The Directors consider that the terms of the Zhujiang Agreement have been arrived at after arm’s length negotiation and are normal commercial terms which are fair and reasonable so far as the shareholders are concerned and are in the interest of the Company.

B. QIAODAO TRANSACTION

1. Background

On 23 June, 2004, the Group entered into the Qiaodao Agreement with GD Zhujiang and Shanlian for the acquisition of GD Zhujiang’s 29.5 per cent. and Shanlian’s 30 per cent. equity interests in Qiaodao.

Qiaodao, which was established on 12 January, 1998, is engaged in the development and construction of commodity (commercial and residential) properties called Regal Riviera (formerly known as “Riverside New City”) on a site located on the east side of Guangzhou Avenue, Chigang, Haizhu District, Guangzhou, Guangdong Province, the PRC comprising a site area of approximately 410,000 square meters, on which a residential complex together with hotel clubhouse and ancillary facilities will be developed. Qiaodao is owned as to 40 per cent. by the Group, 30 per cent. by GD Zhujiang and 30 per cent. by Shanlian.

2. Condition

The Qiaodao Agreement is conditional upon the approval of the shareholders of the Company (excluding those shareholders prohibited by the Listing Rules from voting on the resolution) voting at a special general meeting convened to approve the Qiaodao Agreement on the terms specified therein, or a waiver being granted by the Stock Exchange from the requirement under the Listing Rules for the Company to hold a general meeting to seek shareholders’ approval in respect of the Qiaodao Agreement, by no later than 30 September, 2004 (or such later date as the parties shall agree) (“Condition 2”).

Pursuant to Rules 14.44 and 14A.43 of the Listing Rules, a written independent shareholders approval may be accepted in lieu of holding a general meeting on the basis that no shareholder of the Company is required to abstain from voting if the Company was to convene a general meeting for the approval of the Qiaodao Transaction and written approval from the independent shareholder holding more than 50 per cent. of the issued share capital of the Company will be obtained.

3. Principal terms of the Qiaodao Agreement

Date: 23 June, 2004

Parties: (i) the Group;
(ii) GD Zhujiang; and
(iii) Shanlian

Interest Acquired: The Group agrees to purchase and (i) GD Zhujiang agrees to sell 29.5 per cent. of its 30 per cent. equity interests in Qiaodao and (ii) Shanlian agrees to sell its 30 per cent. equity interests in Qiaodao. As a result of the said acquisitions, Qiaodao will become owned by the Group as to 99.5 per cent and GD Zhujiang as to 0.5 per cent.

Rights and Obligations: The Group will assume the respective rights and obligations of GD Zhujiang and Shanlian under the existing joint venture terms for Qiaodao and be entitled to share the profits and be responsible for the loss arising from or in connection with Qiaodao except that GD Zhujiang will remain entitled to share 0.5 per cent. of the profits and be responsible for 0.5 per cent. of the loss of Qiaodao.

Board: The existing directors respectively nominated by GD Zhujiang and Shanlian to the board of directors of Qiaodao will resign from directorship within 15 days upon fulfillment of the Condition 2 save that one director nominated by GD Zhujiang shall remain on the board. The Group will appoint new directors to the board of directors of Qiaodao.

Total Consideration: The aggregate consideration payable by the Group to GD Zhujiang and Shanlian will be approximately RMB496,900,000 (equivalent to approximately HK\$468,775,000) (“Qiaodao Consideration”), being the aggregate of (i) the consideration payable by the Group to GD Zhujiang which amounts to approximately RMB 361,900,000 (equivalent to approximately HK\$341,415,000) (“Qiaodao Zhujiang Consideration”) and (ii) the consideration payable by the Group to Shanlian which amounts to approximately RMB135,000,000 (equivalent to approximately HK\$127,360,000) (“Qiaodao Shanlian Consideration”).

4. Reasons for Qiaodao Transaction

As the Group is principally engaged in property development and property investment in various cities in the PRC including, Shanghai, Beijing, Tianjin and Guangzhou, the Qiaodao Transaction is in the ordinary and usual course of business of the Group. The audited profits after taxation and extraordinary items attributable to shareholders of Qiaodao for the two years ended 31 December, 2003 were approximately HK\$122,813,000 and HK\$140,191,000 respectively. The aggregate audited profits before taxation and extraordinary items of Qiaodao for the two years ended 31 December, 2003

Hopson Development Holdings Limited

were approximately HK\$228,966,000 and HK\$277,305,000 respectively. The audited net asset value of Qiaodao as at 31 December, 2003 was approximately HK\$715,300,000. The total assets value of Qiaodao as at 31 December, 2003 amounted to approximately HK\$1,977,078,000. As of 31 December, 2003, 17.4 per cent. of the gross floor area of Regal Rivera (formerly known as “Riverside New City”) had been sold.

In view of the encouraging economic condition, the growth in the property values in Guangzhou, the PRC and the increase in demand for good quality commodity properties in Guangzhou, the PRC, the Directors consider that Regal Riviera (formerly known as “Riverside New City”) will have a good sale potential and thus will have a positive impact on the profits of the Group in the long term by acquiring additional equity interests in Qiaodao.

5. Qiaodao Consideration

The Qiaodao Consideration was determined on an arm’s length basis between the parties, primarily based on (i) the amount of capital contributed to Qiaodao by GD Zhujiang and Shanlian and (ii) the appraisal report dated 3 January, 2004 on the market value of Shanlian’s 30 per cent. equity interest in Qiaodao as at 25 December, 2003 prepared by Golden Bridge. As Shanlian has not made any contribution to the registered capital of Qiaodao, the Qiaodao Shanlian Consideration, namely approximately RMB135,000,000 (equivalent to approximately HK\$127,360,000) was determined with reference to the market value of Shanlian’s 30 per cent. equity interest in Qiaodao as assessed by Golden Bridge, which was approximately RMB120,700,000 (equivalent to approximately HK\$ 113,900,000) as of 25 December, 2003. On the other hand, GD Zhujiang has contributed approximately RMB229,000,000 (equivalent to approximately HK\$216,000,000) to the registered capital of Qiaodao. In determining the value of GD Zhujiang’s 29.5 per cent. interest in Qiaodao, the Group used the Qiaodao Shanlian Consideration (which represents 30 per cent. equity interest in Qiaodao) as a reference. Accordingly, the Qiaodao Zhujiang Consideration, namely approximately RMB361,900,000 (equivalent to approximately HK\$341,415,000) was determined with reference to the said amount of capital contributed to Qiaodao by GD Zhujiang, namely approximately RMB229,000,000 (equivalent to approximately HK\$216,000,000), and the Qiaodao Shanlian Consideration.

15 per cent. of the Qiaodao Zhujiang Consideration amounting to approximately RMB54,285,000 (equivalent to approximately HK\$51,212,000) will be payable by the Group to GD Zhujiang within 15 days upon the signing between the parties of a share transfer agreement in respect of the acquisition of Qiaodao and the relevant amendments to the existing joint venture terms of Qiaodao after fulfillment of Condition 2. The remaining balance of the Qiaodao Zhujiang Consideration will be payable by the Group to GD Zhujiang within 12 months after completion of the necessary registration and filing procedures in the PRC and the approval has been obtained in respect of the acquisition of Qiaodao in the following manner: 7 per cent. of each of the Qiaodao Zhujiang Consideration amounting to approximately RMB25,333,000 (equivalent to approximately HK\$23,899,000) will be payable for each of the first eleven consecutive months and 8 per cent. of Qiaodao Zhujiang Consideration amounting to approximately RMB28,952,000 (equivalent to approximately HK\$27,313,000) will be payable for the twelve month.

50 per cent. of the Qiaodao Shanlian Consideration amounting to approximately RMB67,500,000 (equivalent to approximately HK\$ 63,680,000) will be payable by the Group to Shanlian within 15 days upon the signing between the parties of a share transfer agreement in respect of the acquisition of Qiaodao and the relevant amendments to the existing joint venture terms of Qiaodao after fulfillment of Condition 2. The remaining balance of the Qiaodao Shanlian Consideration amounting to approximately RMB67,500,000 (equivalent to approximately HK\$63,680,000) will be payable by the Group to Shanlian within 15 days after submission to the relevant authority in the PRC for amending the registration details of Qiaodao and the approval in respect of the acquisition of Qiaodao has been obtained.

The payment of the Qiaodao Consideration will be funded by internal resources of the Group and bank loans. It is estimated by the Group that approximately 40 per cent. of the Qiaodao Consideration will be funded by internal resources of the Group and the remaining by bank loans.

6. Connection between the parties and the connected transaction

GD Zhujiang, being a substantial shareholder of the JV Companies, is a connected person of the Company. As Qiaodao is a jointly-controlled entity of the Company, Shanlian, being a substantial shareholder of Qiaodao, is a connected person of the Company. Accordingly, the Qiaodao Transaction constitutes a connected transaction of the Company under the Listing Rules.

7. Major transaction

In accordance with Rule 14A.26(1) of the Listing Rules and based on the results of the aggregate “five tests” for the Zhujiang Transaction and Qiaodao Transaction, the Zhujiang Transaction and the Qiaodao Transaction constitute a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is conditional upon the approval of the shareholders of the Company (excluding those shareholders prohibited by the Listing Rules from voting on the resolution) voting at a special general meeting convened to approve the Qiaodao Agreement on the terms specified therein pursuant to Rule 14.40 of the Listing Rules. No shareholder will be required to abstain from voting.

The Directors consider that the terms of the Qiaodao Agreement have been arrived at after arm’s length negotiation and are normal commercial terms which are fair and reasonable so far as the shareholders are concerned and are in the interest of the Company.

C. WAIVER

Sounda, which beneficially owns approximately 63.56 per cent. of the issued share capital of the Company as of the date hereof, has confirmed in writing that in the event that shareholders’ approval in respect of each of the Zhujiang Agreement and the Qiaodao Agreement is required, it will vote, or procure the voting of the shares in the Company in which Sounda and its associates are interested, in favour of the Zhujiang Agreement and the Qiaodao Agreement. Sounda does not have any interest in either the Zhujiang Transaction or the Qiaodao Transaction and does not have any interest which is different from those of the other shareholders of the Company.

Hopson Development Holdings Limited

GD Zhujiang is a connected person of the Company only by virtue of its interests in the JV Companies and Qiaodao. Other than being interested in the JV Companies and Qiaodao, GD Zhujiang and its associates has no connection with the Group. Since none of GD Zhujiang, its directors, shareholders or associates has any interest in the shares in the Company, no shareholder of the Company would be required to abstain from voting.

Shanlian is a connected person of the Company only by virtue of its interests in Qiaodao. Other than being interested in Qiaodao, Shanlian and its associates has no connection with the Group. Since none of Shanlian, its directors, shareholders or associates has any interest in the shares in the Company, no shareholder of the Company would be required to abstain from voting.

Since the passing of any resolution in respect of each of the Zhujiang Agreement and the Qiaodao Agreement by the shareholders of the Company will be a foregone conclusion and no shareholders will be required to abstain from voting, the expense to the Company of holding a shareholders' meeting would be an unnecessary expense. In view of the aforesaid, the Company has applied to the Stock Exchange pursuant to Rules 14.44 and 14A.43 of the Listing Rules for a waiver from the requirement under the Listing Rules for the Company to hold a general meeting to seek shareholders' approval in respect of the Zhujiang Agreement and the Qiaodao Agreement pursuant to Rules 14.44 and 14A.43 of the Listing Rules on the basis that no shareholders of the Company is required to abstain from voting if the Company was to convene a general meeting for the approval of the Zhujiang Transaction and the Qiaodao Transaction and written approval from the independent shareholder holding more than 50 per cent. of the issued share capital of the Company will be obtained.

D. GENERAL

CSC Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent shareholders of the Company on whether the terms of each of the Zhujiang Agreement and the Qiaodao Agreement are fair and reasonable so far as the shareholders of the Company are concerned. DTZ has been appointed to prepare a valuation report in respect of the properties of the JV Companies and the property of Qiaodao respectively.

A circular containing details of the Zhujiang Agreement and the Qiaodao Agreement, opinion of the Independent Board Committee, CSC Asia Limited's advice, DTZ's valuation report and the accountants' reports will be despatched to the shareholders of the Company as soon as practicable.

As at the date hereof, the executive Directors are Messrs. Chu Mang Yee, Xiang Bin, Au Wai Kin, Chen Chang Ying and Xiao Yan Xia and the independent non-executive Directors are Messrs. Yuen Pak Yiu, Philip, Lee Tsung Hei, David and Wong Shing Kay, Oliver.

E. TERMS USED IN THIS ANNOUNCEMENT

"Company"	Hopson Development Holdings Limited
"Directors"	the directors of the Company
"DTZ"	DTZ Debenhem Tie Leung, an independent valuer
"GD Zhujiang"	Guangdong Zhujiang Investment Limited, a company established in the PRC
"Golden Bridge"	Guangdong Golden Bridge Certified Public Accountants Co., Ltd., an assets appraisal firm in the PRC, an independent assets appraisal firm
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising Messrs. Yuen Pak Yiu, Philip, Lee Tsung Hei, David and Wong Shing Kay, Oliver, established to review and consider the Zhujiang Transaction and the Qiaodao Transaction
"JV Companies"	(i) Guangdong Huajingxincheng Real Estate Limited (廣東華景新城房地產有限公司), (ii) Guangdong Hopson Yuehua Real Estate Limited (廣東合生越華房地產有限公司), (iii) Guangdong Hopson Lejing Real Estate Limited (廣東合生樂景房地產有限公司), (iv) Guangdong New Tai An Real Estate Limited (廣東新泰安房地產有限公司), (v) Guangzhou Hopson Yijing Real Estate Limited (廣州合生逸景房地產有限公司), (vi) Guangdong Huanan New City Real Estate Limited (廣東華南新城房地產有限公司), (vii) Beijing Hopson Lu Zhou Real Estate Development Limited (北京合生綠洲房地產開發有限公司), (viii) Beijing Hopson Beifang Real Estate Development Limited (北京合生北方房地產開發有限公司) and (ix) Beijing Hopson YuJing Real Estate Development Limited (北京合生愉景房地產開發有限公司), each of which is a sino-foreign co-operative joint venture established in the PRC
"PRC"	the People's Republic of China
"Qiaodao"	廣州珠江橋都房地產有限公司 (Guangzhou Zhujiang Qiaodao Real Estate Limited), a sino-foreign co-operative joint venture established in the PRC
"Qiaodao Agreement"	the conditional agreement dated 23 June, 2004 entered into among the Group, GD Zhujiang and Shanlian
"Qiaodao Transaction"	the transaction under the Qiaodao Agreement
"Shanlian"	廣州三聯華僑房產有限公司 (Guangzhou Shanlian Hua Qiao Real Estate Limited), a company established in the PRC and a connected person of the Company as defined in the Listing Rules
"Sounda"	Sounda Properties Limited, a company incorporated in the British Virgin Islands and entirely owned by Mr. Chu Mang Yee, the chairman of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Zhujiang Agreement"	the conditional agreement dated 23 June, 2004 entered into between the Group and GD Zhujiang for the acquisition of GD Zhujiang's interests in the JV Companies
"Zhujiang Group"	GD Zhujiang and its subsidiaries

Hopson Development Holdings Limited

“Zhujiang Transaction” the transaction under the Zhujiang Agreement

“HK\$” Hong Kong dollars

“RMB” Renminbi, the lawful currency of the PRC

For illustrative purpose of this announcement, RMB1.06 = HK\$1.00

By Order of the Board

Chu Mang Yee

Chairman

Hong Kong, 23 June, 2004

* *For identification purpose*

Please also refer to the published version of this announcement in The Standard dated 24 June 2004.