



合 生 創 展 集 團 有 限 公 司

HOPSON DEVELOPMENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

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

DISCLOSEABLE AND CONNECTED TRANSACTION

The Directors announce that on 25th April, 2001, the Group entered into the Agreement (conditional) with a connected person (as defined under the Listing Rules) of the Company to establish Hopson Junjing, a sino-foreign co-operative joint venture in the PRC for the development and construction of commodity property on a site in Tianhe District of Guangzhou, PRC.

The Agreement constitutes a discloseable and connected transaction under the Listing Rules and 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 the Agreement on the terms specified therein. The Company has applied to the Stock Exchange 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 Agreement.

The Directors (including the independent non-executive Directors) consider that the Agreement is in the ordinary and usual course of business of the Group and the terms of which have been negotiated on an arm’s length basis and on 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 the Agreement will be despatched to the shareholders of the Company as soon as practicable.

THE AGREEMENT

Background

On 25th April, 2001, the Group entered into the Agreement for the formation of Hopson Junjing, a sino-foreign co-operative joint venture for the development and construction of commodity (commercial and residential) property with a construction area of approximately 332,500 square metres located on Gallopade Park – South Court in Tianhe District of Guangzhou, PRC.

Parties

- (i) Nambour, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company; and
- (ii) GT Science, a company owned as to 65 per cent. by GD Zhujiang and 35 per cent. by an independent third party not connected with the Group or any of its directors, chief executives or substantial shareholders or any of its subsidiaries or their respective associates (as defined in the Listing Rules).

Condition

The 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 Agreement on the terms specified in the Agreement, or a waiver being granted by the Stock Exchange exempting the Agreement from the approval requirement, by no later than 60 days from the date of the Agreement (or such later date as the parties shall agree).

Upon fulfilment of the condition, the parties to the Agreement shall enter into a joint venture agreement in respect of Hopson Junjing within 30 days from the date such condition is fulfilled (or such later date as the parties shall agree).

Principal terms of the co-operative joint venture

Parties:	(i) Nambour; and (ii) GT Science
Business Scope:	Development, construction, sale, letting and management of commodity property of Gallopade Park – South Court
Total investment:	Rmb 598.5 million (equivalent to HK\$550.62 million)
Registered capital:	Rmb 199.5 million (equivalent to HK\$183.54 million)
Term:	30 years from the date of issue of the business licence of Hopson Junjing
Capital contribution: and financing	The whole amount of the registered capital will be contributed by Nambour and GT Science in cash in the ratio of 95 per cent. and 5 per cent. respectively. Nambour will arrange for financing of the difference between the amount of total investment and the amount of registered capital of Rmb 399 million (equivalent to HK\$367.08 million). If there shall be capital requirements beyond the amount of the total investment, either Hopson Junjing or Nambour shall procure such further financing. The board of Hopson Junjing shall decide whether it is Hopson Junjing or Nambour that shall arrange for such further financing.
	Nambour’s registered capital contribution shall be made by 12 instalments, the first payment of which shall be made within 3 months from the date of issue of the business licence of Hopson Junjing and the last payment of which shall be made within 60 months from the date of issue of the business licence of Hopson Junjing.
Land use right:	According to the Contract for Grant of State Owned Land Use Right No. (2001)024 entered into between the Land Bureau and GT Science on 22nd March, 2001, the Land Bureau agreed to grant the land use rights of Gallopade Park – South Court to GT Science subject to certain terms and conditions. Under the joint venture agreement in respect of Hopson Junjing, GT Science shall apply to the relevant government authority to transfer the land use rights to Hopson Junjing by arranging Hopson Junjing to enter into a contract for grant of state owned land use rights with the Land Bureau. Upon full payment of the land grant fee, the certificate for the use of state-owned land shall be issued in the name of Hopson Junjing.
Land grant fee:	The land grant fee in respect of Gallopade Park – South Court of Rmb 125,588,446 shall be payable to the Land Bureau semi-annually. The first instalment of 20 per cent. of the land grant fee was paid by GT Science on 23rd March, 2001. Hopson Junjing shall reimburse GT Science for its payment of the first instalment of the land grant fee. The remaining 80 per cent. of the land grant fee shall be made by 8 equal instalments semi-annually commencing from 30th September, 2001.
Profit sharing:	The profits and losses of Hopson Junjing will be borne by Nambour and GT Science in the ratio of 95 per cent. and 5 per cent. respectively.
Other responsibilities:	Hopson Junjing shall pay to GT Science the sum of Rmb 404.5 million (equivalent to HK\$372.14 million), which includes the land acquisition cost and the costs for settlement, site clearance and levelling and infrastructure (such as connection of basic utilities) incurred by GT Science, by quarterly payment within 2 years from the date of execution of the joint venture agreement in respect of Hopson Junjing. Such sum is agreed by the parties with reference to the fair market value of Gallopade Park – South Court based on DTZ’s valuation on Gallopade Park– South Court. Hopson Junjing shall also be responsible for payment of the remaining land grant fee of Rmb 100,470,757 commencing from 30th September, 2001.
Board of directors:	Nambour and GT Science shall be entitled to appoint 3 and 2 directors to the board of directors of Hopson Junjing respectively. The chairman of the board shall be nominated by Nambour and the vice-chairman by GT Science. The chairman shall have no casting vote.
Unanimous consent:	The following actions shall require the unanimous consent of the directors of Hopson Junjing:– (1) the amendment of the articles of association of Hopson Junjing; (2) the granting of any mortgage/charge in respect of the assets of Hopson Junjing; (3) the increase, reduction or transfer of the registered capital of Hopson Junjing; (4) the dissolution of Hopson Junjing; (5) the consolidation or merger or change of composition of Hopson Junjing; (6) any other matters which the directors of Hopson Junjing consider that unanimous consent is required therefor.

Reasons for the Agreement

As the Group is principally engaged in property development and also in property investment in Guangzhou and in the southern part of Guangdong Province, the Agreement is in the ordinary and usual course of business of the Group.

By an agreement dated 1st September, 1997 entered into between Nambour and GT Science as amended by a supplemental agreement dated 21st May, 1998 and a second supplemental agreement dated 17th February, 2000, Nambour and GT

Science formed Keji Garden, a sino-foreign co-operative joint venture established for the development and construction of Gallopade Park. Gallopade Park is located on a site between North of Huangpu Avenue and South of Zhongshan Avenue in Tianhe District, Guangzhou, PRC. Brief descriptions of Gallopade Park, Keji Garden and the said agreements have been disclosed in the prospectus of the Company dated 18th May, 1998, an announcement of the Company published on 8th December, 1999 and a circular of the Company dated 26th January, 2000.

Gallopade Park – South Court is adjacent to Gallopade Park. The Directors believe that by combining Gallopade Park and Gallopade Park – South Court and thus developing both sites, the Group will enjoy economies of scale and reduce costs in the development and construction of both sites. Such joint development of the sites will also facilitate general planning as well as the provision and construction of corresponding facilities and amenities. In addition, the Group has established a good reputation for the Gallopade Park development. The Directors believe that such established reputation and goodwill will enhance the future sale of the commodity property in Gallopade Park – South Court.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are arrived at after arm’s length negotiation and on normal commercial terms which are fair and reasonable so far as the shareholders of the Company are concerned.

Effects of the Junjing Transaction on the Group’s financial position

The Junjing Transaction will be financed by the Group’s internal resources, the on-going proceeds from sales of development properties and bank borrowings, if necessary. As payment of the Group’s capital contribution under the Junjing Transaction shall be made by instalments, the Group does not anticipate that there will be any adverse effect on the Group’s financial position.

Discloseable transaction, connection between the parties and the connected transaction

The Group’s total investment of approximately Rmb 598.50 million (equivalent to approximately HK\$550.62 million) in Hopson Junjing represents approximately 25.91 per cent. of the consolidated net tangible assets of the Group as at 31st December, 2000. Accordingly, the Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

GD Zhujiang is a company established in the PRC and a substantial shareholder of certain subsidiaries of the Company. GT Science, being 65 per cent. owned by GD Zhujiang, is a connected person of the Company under the Listing Rules. Accordingly, the Agreement constitutes a connected transaction under the Listing Rules and 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 the Agreement pursuant to Rule 14.26 of the Listing Rules. Sounda which beneficially owns 63.75 per cent. of the issued share capital of the Company has confirmed in writing that in the event that shareholders’ approval in respect of the 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 Agreement. GD Zhujiang and GT Science and their respective associates will be the “connected persons” required to abstain from voting at the meeting to approve the Agreement. However, neither of them has any control over any shares in the Company. Accordingly, no shareholders will be required to abstain from voting.

Since the passing of any resolution in respect of the 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 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 Agreement.

GENERAL

JS Cresvale has been appointed as the independent financial adviser to advise the shareholders of the Company on whether the Agreement is in the best interest of the Company. DTZ has been appointed to prepare a valuation report in respect of Gallopade Park – South Court. A circular containing details of the Agreement, opinion of the independent board committee, JS Cresvale’s advice and DTZ’s valuation report will be despatched to the shareholders of the Company as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

“Agreement”	a conditional agreement dated 25th April, 2001 entered into between Nambour and GT Science to establish Hopson Junjing
“Company”	Hopson Development Holdings Limited
“Directors”	the directors of the Company
“DTZ”	DTZ Debenham Tie Leung Limited
“Gallopade Park – South Court”	a site between Zhongshan Avenue South and Chebei Road West in Tianhe District of Guangzhou, PRC
“Group”	the Company and its subsidiaries
“GT Science”	Guangzhou Tianhe Science and Technology Enterprises Development Company Limited
“GD Zhujiang”	Guangdong Zhujiang Investment Company Limited
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hopson Junjing”	Guangzhou Hopson Junjing Real Estate Limited, a sino-foreign co-operative joint venture in the PRC for the development and construction of Gallopade Park – South Court
“Keji Garden”	Guangzhou Hopson Keji Garden Real Estate Limited
“Land Bureau”	Guangzhou State Land Bureau
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Junjing Transaction”	the proposed formation of Hopson Junjing
“JS Cresvale”	JS Cresvale International Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
“Nambour”	Nambour Properties Limited
“PRC”	the People’s Republic of China
“Rmb”	Renminbi
“Sounda”	Sounda Properties Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, Rmb 100 = HK\$92

*Please also refer to the published version of this announcement in  
Hong Kong iMail and Hong Kong Economic Journal.*