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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)

CONTINUING CONNECTED TRANSACTIONS

REFRESHMENT OF NEW GENERAL MANDATE

BACKGROUND

On 25 March 2003, the Group obtained the Waiver from strict compliance with the relevant requirements of the Listing Rules in respect of certain continuing connected transactions of the Group as disclosed in the announcement of the Company dated 29 January 2003 and the circular of the Company dated 19 February 2003. The Waiver expired on 31 December 2005. The Directors wish to continue some of the continuing connected transactions covered by the Waiver and conduct other continuing connected transactions. In compliance with the requirements under Chapter 14A of the Listing Rules, the Company has entered into a conditional Framework Agreement with Hanjiang for the purpose of governing the Continuing Connected Transactions.

CONNECTION BETWEEN THE PARTIES

Hanjiang, a company owned by the brother of Mr. Chu as to 90 percent, and the brother-in-law of Mr. Chu as to 10 percent, is a connected person of the Company under the Listing Rules. GZ Construction, a wholly-owned subsidiary (directly and indirectly) of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. Shanghai Hopson, an indirect wholly-owned subsidiary of Hanjiang, is an associated of Hanjiang and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Continuing Connected Transactions contemplated under the Framework Agreement constitute continuing connected transactions under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.26 of the Listing Rules, the Continuing Connected Transactions in aggregate constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements. Accordingly, the Company proposes to seek the Independent Shareholders' approval of the Framework Agreement, the Continuing Connected Transactions contemplated thereunder and the Annual Caps for the three financial years ending 31 December 2008 at the SGM. Sounda and its associates will abstain from voting at the SGM and the votes of the Independent Shareholders at the SGM will be taken by poll.

The Directors consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement are on normal commercial terms which are fair and reasonable in so far as the interests of the Company and the shareholders of the Company as a whole are concerned.

REFRESHMENT OF NEW GENERAL MANDATE

The Directors propose to seek also the approval of the Independent Shareholders at the SGM to refresh the New General Mandate. Sounda and its associates will abstain from voting at the SGM and the votes of the Independent Shareholders at the SGM will be taken by poll.

GENERAL

The Independent Board Committee will be formed to advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Framework Agreement, the Continuing Connected Transactions, the Annual Caps for the three financial years ending 31 December 2008 and the proposed refreshment of the New General Mandate.

A circular containing, inter alia, details of the Framework Agreement, the Continuing Connected Transactions and the proposed refreshment of the New General Mandate, the letter from the independent financial adviser, the recommendation of the Independent Board Committee and a notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

A. BACKGROUND

On 25 March 2003, the Company obtained the Waiver from the Stock Exchange from strict compliance with the requirements for continuing connected transactions under the then Chapter 14 of the Listing Rules in respect of certain continuing connected transactions, details of which were disclosed in the Company's announcement and circular dated 29 January 2003 and 19 February 2003 respectively, for the three financial years ended 31 December 2005.

The Group intends to continue the Continuing Connected Transactions 1 and 2 (which were covered by the Waiver) and conduct the Continuing Connected Transactions 3 to 8. Particulars of which are set out below:—

(a) Continuing Connected Transaction 1:

The appointment of Hanjiang and GZ Construction as the Group's main contractors in respect of construction works to be carried out on property development projects of the Group.

(b) Continuing Connected Transaction 2:

The appointment of Shanghai Hopson by the Group to manage certain properties developed by the Group in Shanghai.

(c) Continuing Connected Transaction 3:

The appointment of Hanjiang Group to carry out design works for certain property development projects of the Group.

(d) Continuing Connected Transaction 4:

The appointment of Hanjiang Group to carry out installation and decoration works for certain property development projects of the Group.

(e) Continuing Connected Transaction 5:

The appointment of Hanjiang Group to carry out intelligent-building design and installation works for certain property development projects of the Group.

(f) Continuing Connected Transaction 6:

The provision of leased premises in Guangzhou by Hanjiang Group to the Group for use as office.

(g) Continuing Connected Transaction 7:

The provision of leased premises in Guangzhou by the Group to Hanjiang Group for use as shops.

(h) Continuing Connected Transaction 8:

The appointment of the Group by Hanjiang Group to manage certain vacant properties of Hanjiang Group.

B. PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

On 13 April 2006, the Company and Hanjiang, being the respective holding companies of the Group and Hanjiang Group, entered into the Framework Agreement setting out the principal terms of, among other things, the Continuing Connected Transactions as follow:

- Date: 13 April 2006
- Parties: the Company; and
Hanjiang
- Scope:
- (1) Services/leased premises to be provided by Hanjiang Group:
Hanjiang shall, and shall procure the relevant members of Hanjiang Group (as the case may be) to carry out construction, property management, property design, installation and decoration and intelligent-building design and installation works for certain property projects of the Group. Hanjiang shall also procure the relevant member of Hanjiang Group to lease to the Group certain premises in Guangzhou for use as the Group's office.
 - (2) Services/leased premises to be provided by the Group:
The Company shall procure the relevant members of the Group to manage certain vacant properties of Hanjiang Group and to lease to Hanjiang Group certain premises in Guangzhou for use as Hanjiang Group's shops.
- Term: The Framework Agreement shall be for a term of three years commencing on the date when it becomes effective.
- Condition precedent: The Framework Agreement is conditional, and will become effective, upon the approval of the shareholders of the Company (excluding those shareholders who are required to abstain from voting on the resolution by the Listing Rules) voting at a special general meeting convened to approve the Framework Agreement, the Continuing Connected Transactions and the Annual Caps for the three financial years ending 31 December 2008.

C. CONTINUING CONNECTED TRANSACTIONS

Set out below are the particulars of the Continuing Connected Transactions contemplated under the Framework Agreement. The proposed Annual Caps in respect of each of the Continuing Connected Transactions for the three financial years ending 31 December 2008 are set out in paragraph E below:

1. Continuing Connected Transaction 1 – Construction

Scope: Pursuant to the Framework Agreement, the Group agrees to appoint Hanjiang and GZ Construction to carry out construction works on certain property development projects of the Group and Hanjiang agrees to, and procure GZ Construction to, carry out such construction works for the Group.

Pricing Basis: The construction fees payable by the Group to Hanjiang and GZ Construction for carrying out construction works for various property projects of the Group in the PRC shall be determined by the parties by reference to the market rate charged by independent third parties for similar construction projects, which shall conform with the stipulated standards prescribed by 建設委員會 (Construction Committee) of where the particular property project is located, such as 北京市建築工程預算定額 (Base Price for Budgeting of Construction and Installation Works, Beijing Municipal) published by 北京市建設委員會 (Construction Committee of Beijing Municipal) in 2001 for properties in Beijing; 廣東省建築工程綜合定額 (Comprehensive Calculation of Construction Works, Guangdong Province) published by 廣東省建設廳 (Construction Department of Guangdong Province) in 2003 for properties in Guangzhou; 上海市建設工程綜合預算定額 (Comprehensive Calculation of Construction Works, Shanghai Municipal) published by 上海市建設委員會 (Construction Committee of Shanghai Municipal) in 1993 for properties in Shanghai; and 天津市建築工程預算基價 (Base Price for Budgeting of Construction Works, Tianjin Municipal) published by 天津市建設管理委員會 (Construction Management Committee of Tianjin Municipal) in 2004 for properties in Tianjin.

2. Continuing Connected Transaction 2 – Property Management

Scope: Pursuant to the Framework Agreement, the Group agrees to appoint Shanghai Hopson to manage certain properties developed and to be developed by the Group in Shanghai.

Pricing Basis: The amount of management fees payable by the Group to Shanghai Hopson for providing management services to certain properties developed and to be developed by the Group in Shanghai shall be determined by the parties by reference to the market rate charged by independent third parties for providing similar property management services in similar locations, being the aggregate of (i) the vacant property management fees and (ii) the early-stage property management fees which shall be determined as follows:

- (1) the vacant property management fees shall be determined by reference to the size of the constructed and unsold areas of the property at the rate ranging from RMB1.7 to RMB3.07, depending on the type and location of the property; and
- (2) the early-stage property management fees shall comprise the following:
 - (i) the general management fee at the rate ranging from RMB1.7 to RMB3.0 per sq.m., depending on the type and location of the property;
 - (ii) property decoration management fee which shall be determined by reference to the size of the completed construction area of the property and at the rate of RMB4 per sq.m.;
 - (iii) management office set-up fee which shall be determined by reference to the pre-determined rates as agreed between the Group and Shanghai Hopson with reference to the market rate, namely RMB320,000 for each large scale management office (ie. property comprising 2000 to 3000 units), RMB200,000 for each medium scale management office (ie. property comprising 1000 to 2000 units) and RMB150,000 for each small scale management office (ie. property comprising 1000 or less units); and
 - (iv) property hand-over fee which shall be determined by reference to the number of units completed and at the rate of RMB60 per unit.

3. Continuing Connected Transaction 3 – Design

Scope: Pursuant to the Framework Agreement, the Group agrees to appoint Hanjiang Group to carry out design works for certain property development projects of the Group and Hanjiang agrees to procure any member of the Hanjiang Group which is engaging in the business of property design, to carry out such design works for the Group.

Pricing Basis: The amount of design fees payable by the Group to the Hanjiang Group for carrying out the design works for various property development projects of the Group shall be determined by the parties by reference to the market rate charged by independent third parties for similar design projects, which shall conform with the standards prescribed by 工程勘察設計收費標準(Construction, Inspection and Design Fees Standard).

4. Continuing Connected Transaction 4 – Installation and Decoration

Scope: Pursuant to the Framework Agreement, the Group agrees to appoint Hanjiang Group to carry out installation and decoration works for certain property development projects of the Group and Hanjiang agrees to procure any member of the Hanjiang Group which is engaging in the business of installation and decoration, to carry out such installation and decoration works for the Group.

Pricing Basis: The installation and decoration fees payable by the Group to the Hanjiang Group for carrying out installation and decoration works for various property development projects of the Group in the PRC will be determined by the parties by reference to the market rate charged by independent third parties for similar installation and decoration works, which shall conform with the standards prescribed by 二零零三廣東省裝飾裝修工程綜合定額(2003 Comprehensive Calculation of Decoration and Installation Works, Guangdong Province) for properties in Guangzhou, 二零零一北京市建設工程預算定額(2001 Base Price for Budgeting of Construction and Installation Works, Beijing Municipal) for properties in Beijing, 二零零四天津市裝飾裝修工程預算基價(Base Price for Budgeting of Decoration and Installation Works, Tianjin Municipal) for properties in Tianjin and 一九九三上海市建築裝飾工程預算定額(1993 Base Price for Budgeting of Construction and Decoration Works, Shanghai Municipal) for properties in Shanghai.

5. Continuing Connected Transaction 5 – Intelligent – building design and installation

Scope: Pursuant to the Framework Agreement, the Group agrees to appoint the Hanjiang Group to carry out intelligent building design and installation works for certain property development projects of the Group and Hanjiang agrees to procure any member of the Hanjiang Group which is engaging in the business of intelligent-building design and installation, to carry out such intelligent-building design and installation works for the Group.

Pricing Basis: The design and installation fee payable by the Group to the Hanjiang Group for carrying out intelligent-building design and installation works for various property projects of the Group in the PRC will be determined by reference to the prevailing market rates charged by independent third parties for similar works as of 31 December 2005.

6. Continuing Connected Transaction 6 – Office Lease

Scope: Pursuant to the Framework Agreement, Hanjiang Group agrees to lease certain premises in Guangzhou in the aggregate size of approximately 5,200 sq.m. to the Group for use as office.

Pricing Basis: The rent payable by the Group to Hanjiang Group will be determined by reference to the market rents charged by independent third parties for the leasing of similar properties in the vicinity.

7. Continuing Connected Transaction 7 – Shop Lease

Scope: Pursuant to the Framework Agreement, the Group agrees to lease certain premises in Guangzhou in the aggregate size of approximately 6,200 sq.m. to Hanjiang Group for use as shops.

Pricing Basis: The rent receivable by the Group from Hanjiang Group will be determined by reference to the market rents charged by the Group for the leasing of the same or similar properties to independent third parties.

8. Continuing Connected Transaction 8 – Vacant Property Management

Scope: Pursuant to the Framework Agreement, Hanjiang Group agrees to appoint the Group to manage certain vacant properties of Hanjiang Group.

Pricing Basis: The amount of management fees receivable by the Group from Hanjiang Group will be determined by the parties by reference to the market rate charged by independent third parties for providing similar property management services in similar location, the location of the vacant properties and the scope of management services requires, which shall conform with the standards prescribed 物業服務收費管理辦法之發改價格(2003)1864號 (Management Regulations on the Change of the Property Servicing Fees (2003) No.1864).

D. HISTORICAL FIGURES OF CONTINUING CONNECTED TRANSACTIONS 1 AND 2

The Group had carried out continuing connected transactions on similar basis as the Continuing Connected Transactions 1 and 2 (which were covered by the Waiver) in the last 3 and 2 financial years respectively. The Group, however, had not carried out any continuing connected transactions on similar basis as the Continuing Connected Transactions 3 to 8 in the last 3 financial years. The Continuing Connected Transaction 1 was covered by the Waiver as two separate on-going connected transactions, namely the on-going connected transaction between the Group and Hanjiang (“Hanjiang Transaction”) and the on-going connected transaction between the Group and GZ Construction (“GZ Construction Transaction”). The Annual Caps granted under the Waiver in respect of each of the Continuing Connected Transaction 1 (namely the Hanjiang Transaction and GZ Construction Transaction) for the three financial years ended 31 December 2005 and the Continuing Connected Transaction 2 for the two financial years ended 31 December 2005 and their respective historical figures for the two years ended 31 December 2004 and six months ended 30 June 2005 (Note 1) are set out below:

Transaction	Year ended 31 December 2003		Year ended 31 December 2004		Six months ended 30 June 2005	
	Approx. Amount		Approx. Amount		Approx. Amount	
	(RMB '000)		(RMB '000)		(RMB '000)	
	2003 Annual Caps	Historical Figures	2004 Annual Caps	Historical Figures	2005 Annual Caps	Historical Figures
1. Continuing Connected Transaction 1 – Construction						
Hanjiang Transaction	1,843,000 (Note 2)	882,000	2,178,000 (Note 2)	1,298,000	1,772,000 (Note 2)	464,622 (Note 1)
GZ Construction Transaction	2,206,000 (Note 3)	1,250,000	2,529,000 (Note 3)	792,000	2,581,000 (Note 3)	524,368 (Note 1)
2. Continuing Connected Transaction 2 – Property Management	N/A	N/A	770 (Note 4)	116	2,210 (Note 4)	0 (Note 1)

Notes:

1. As the 2005 audited financial results of the Group have not been published as of the date of this announcement, the figures for the year ended 31 December 2005 are not provided in this announcement.
2. Or 30% of the Group’s total turnover for the relevant financial year, whichever is higher.
3. Or 40% of the Group’s total turnover for the relevant financial year, whichever is higher.
4. Or 0.2% of the Group’s total turnover for the relevant financial year, whichever is higher.

E. PROPOSED ANNUAL CAPS FOR 2006, 2007 AND 2008

Set out below are the Annual Caps proposed by the Directors for the three financial years ending 31 December 2008 in respect of each of the Continuing Connected Transactions:–

Transaction	2006 Annual Cap Approx. Amount (RMB'000)	2007 Annual Cap Approx. Amount (RMB'000)	2008 Annual Cap Approx. Amount (RMB'000)
Continuing Connected Transaction 1 – Construction	2,550,000	3,092,000	3,246,000
Continuing Connected Transaction 2 – Property Management	1,040	2,830	2,690
Continuing Connected Transaction 3 – Design	35,000	37,000	35,000
Continuing Connected Transaction 4 – Installation and Decoration	29,000	65,000	84,000
Continuing Connected Transaction 5 – Intelligent-building design and installation	63,000	65,000	49,000
Continuing Connected Transaction 6 – Office Lease	6,500	6,700	7,300
Continuing Connected Transaction 7 – Shop Lease	2,800	3,300	3,300
Continuing Connected Transaction 8 – Vacant Property Management	5,000	5,000	5,000

The above proposed Annual Caps have been determined on the following basis:

Transaction

Continuing Connected
Transaction 1 –
Construction:

Basis for determining Annual Caps

The proposed Annual Caps have been determined by reference to (i) the relevant pricing basis under the Framework Agreement (as set out under paragraph C above), (ii) the historical figures of Continuing Connected Transaction 1 as set out paragraph D above and the historical figure for the financial year ended 31 December 2005 (such figure has not been published as of the date of this announcement) and (iii) the Directors' estimation of the aggregate gross floor area to be developed by the Group for the relevant years. Such estimation of the aggregate gross floor area to be constructed is derived from the Directors' forecast of the number of property projects to be developed by the Group for the relevant years based on the growing potential in the PRC's economic and the market trends in the property market in the major cities in the PRC.

It is anticipated by the Directors that there will be an increase in the number of property projects to be developed by the Group in the three financial years ending 31 December 2008 than in the last three financial years, hence the expected amount of construction works that are required to be carried out. Taking into account such anticipated growth of business and the historical figures, the Annual Caps proposed for the three financial years ending 31 December 2008 represent a reasonable increment from the historical figures in the last three financial years.

Continuing Connected Transaction 2 – Property Management

The proposed Annual Caps have been determined by reference to (i) the relevant pricing basis under the Framework Agreement (as set out under paragraph C above), (ii) the historical figures of Continuing Connected Transaction 2 as set out paragraph D above and the historical figure for the financial year ended 31 December 2005 (such figure has not been published as of the date of this Agreement), (iii) the completed areas of the Group’s property projects in Shanghai and (iv) the types of such properties.

The historical figures of Continuing Connected Transaction 2 for the last two financial years refer to the annual management fees payable by the Group to Shanghai Hopson for the management services provided in respect of one property in Shanghai. The Directors expect that the management services required from Shanghai Hopson for the next three years will cover up to 4 properties in Shanghai. In view of the expected increase in the number of properties that requires the management services from Shanghai Hopson, the Annual Caps proposed for the three financial years ending 31 December 2008 represent a reasonable increment from the historical figures in the last two financial years.

Continuing Connected Transaction 3 – Design:

The proposed Annual Caps, which have been determined by reference to the unit costs paid by the Group in the past in similar design projects, represent (i) the unit costs (which are determined based on the relevant pricing basis under the Framework Agreement (as set out under paragraph C above) multiplied by (ii) the Directors’ estimated aggregate gross floor area of design works in respect of the property projects to be completed by the Group in Guangdong Province, Beijing, Shanghai and Tianjin for the relevant years. Such estimation of the aggregate gross floor area is derived from the Directors’ forecast of the number of property projects to be developed by the Group based on the growing potential in the PRC’s economic and the market trends in the property market in the major cities in the PRC, hence the expected amount of design works required by the Group for its property development projects for the relevant years.

Continuing Connected Transaction 4 – Installation and Decoration:

The proposed Annual Caps, which have been determined by reference to the unit costs paid by the Group in the past in similar installation and decoration projects, represent (i) the unit costs (which are determined based on the relevant pricing basis under the Framework Agreement (as set out under paragraph C above) multiplied by (ii) the Directors’ estimated aggregate gross floor area of decoration works in respect of the property projects to be completed by the Group in Guangdong Province, Beijing, Shanghai and Tianjin for the relevant years. Such estimation of the aggregate gross floor area is derived from the Directors’ forecast of the number of property projects to be developed by the Group based on the growing potential in the PRC’s economic and the market trends in the property market in the major cities in the PRC, hence the expected amount of installation and decoration works required by the Group for its property development projects for the relevant years.

The significant increase in the Annual Caps for the financial years of 2007 and 2008 is mainly due to the expected increase in the estimated aggregate gross floor area of installation and decoration works to be completed during these two years as several new installation and decoration projects or new phases of existing projects of the Group will commence in 2007.

Continuing Connected
Transaction 5 –
Intelligent-building
design and installation

The proposed Annual Caps, which have been determined by reference to the unit costs paid by the Group in the past in similar intelligent-building design and installation projects, represent (i) the unit costs (which are determined based on the relevant pricing basis under the Framework Agreement (as set out under paragraph C above) multiplied by (ii) the Directors' estimated aggregate gross floor area of the property projects to be completed as intelligent-buildings by the Group in Guangdong Province, Beijing, Shanghai and Tianjin for the relevant years. Such estimation of the aggregate gross floor area is derived from the Directors' forecast of the number of property projects to be developed by the Group based on the growing potential in the PRC's economic and the market trends in the property market in the major cities in the PRC, hence the expected amount of intelligent-building design and decoration works required by the Group for its property development projects for the relevant years.

Continuing Connected
Transaction 6 –
Office Lease:

The proposed Annual Caps have been determined by reference to (i) the relevant pricing basis under the Framework Agreement (as set out under paragraph C above) and (ii) the principal terms of the lease arrangement as agreed between the Group and Hanjiang Group with respect to the lease of the properties in an aggregate size of approximately 5,200 of sq.m. in Guangzhou.

Continuing Connected
Transaction 7 –
Shop Lease:

The proposed Annual Caps have been determined by reference to (i) the relevant pricing basis under the Framework Agreement (as set out under paragraph C above) and (ii) the principal terms of the lease arrangement as agreed between the Group and Hanjiang Group with respect to the lease of the properties in an aggregate size of approximately 6,200 of sq.m. in Guangzhou.

Continuing Connected
Transaction 8 – Vacant
Property Management:

The proposed Annual Caps have been determined by reference to (i) the relevant pricing basis under the Framework Agreement (as set out under paragraph C above) and (ii) the estimated aggregate size, types and locations of the vacant properties of Hanjiang Group based on the current vacancy rate of Hanjiang's Group properties.

F. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in property development and property investment in Guangdong Province, Beijing, Tianjin and Shanghai, the PRC. The Continuing Connected Transactions are part and parcel of the Group's normal and ordinary business.

Both Hanjiang and GZ Construction, which are engaged principally in the business of property construction in the PRC, are classified as 房屋建築工程總承包壹級(Property Construction First Class Contractors) by the relevant government authority in the PRC. First class contractors can undertake larger scale projects than non-first class contractors. Both companies have proven track record and possess technical capabilities and expertise in handling large scale construction projects and have completed various property projects for the Group in the PRC. The Continuing Connected Transaction 1 has taken place since 2003. The Group and Hanjiang Group have built up a close and good working relationship since then. The Group is of the view that the appointment of top-quality construction companies such as Hanjiang and GZ Construction is essential in ensuring the quality of its property projects and the continuance of the Continuing Connected Transaction 1 is in the best interests of the Company and its shareholders as a whole.

Shanghai Hopson is engaged in the business of property management in the PRC. Shanghai Hopson has proven track record and possess relevant experience and technical expertise in managing quality property projects in the PRC. The Continuing Connected Transaction 2 has taken place since 2004. The Group is of the view that the continuance appointment of top-quality management company such as Shanghai Hopson is paramount in the management of its large-scale and quality property projects and the continuance of the Continuing Connected Transaction 2 is in the best interest of the Company and its shareholders as a whole.

Certain members of the Hanjiang Group are also respectively engaged in the businesses of building design, installation and decoration works or intelligent-building design and installation works (as the case may be) for property developments in the PRC. Each of such members of Hanjiang Group has proven track records in its area of expertise and possesses technical capabilities and expertise in carrying out large scale property design projects, installation and decoration projects and intelligent-building design and installation projects (as the case may be) in the PRC. The Group is of the view that the appointment of companies with proven track records is of paramount importance in terms of quality control of its projects. As the Continuing Connected Transactions 3 to 5 are entered into in the ordinary and usual course of business of the Group upon normal commercial terms, the Group is of the view that the appointment of Hanjiang Group to carry out the Continuing Connected Transactions 3 to 5 is in the best interest of the Company and its shareholders as a whole in view of its close long-term working relationship with Hanjiang Group.

In view of the good and reliable long-term working relationship between the Group and Hanjiang Group, the Group is of the view that the Continuing Connected Transactions 6 to 8, which are entered into in the ordinary and usual course of the respective businesses of the Group and Hanjiang Group upon normal commercial terms, are in the best interest of the Company and its shareholders as a whole.

The Directors are of the view that the Framework Agreement and the Continuing Connected Transactions contemplated thereunder are fair and reasonable in so far as the interests of the Company and its shareholders as a whole are concerned and in the ordinary and usual course of business of the Company. The Directors consider that the terms of the Framework Agreement are on normal commercial terms.

G. CONNECTION BETWEEN THE PARTIES AND THE CONTINUING CONNECTED TRANSACTIONS

Hanjiang, a company owned by the brother of Mr. Chu as to 90 percent. and the brother-in-law of Mr. Chu as to 10 percent., is a connected person of the Company under the Listing Rules. GZ Construction, a wholly-owned subsidiary (directly and indirectly) of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. Shanghai Hopson, an indirect wholly-owned subsidiary of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Continuing Connected Transactions contemplated under the Framework Agreement constitute continuing connected transactions under the Listing Rules.

H. SPECIAL GENERAL MEETING

Pursuant to Rule 14A.26 of the Listing Rules, the Continuing Connected Transactions in aggregate constitute non-exempt continuing connected transactions and are subject to reporting, announcement and approval of the Independent Shareholders. The SGM will be convened as soon as practicable at which ordinary resolutions will be proposed to approve the Framework Agreement, the Continuing Connected Transactions and the Annual Caps for the three financial years ending 31 December 2008. In view of its relationship with Hanjiang, GZ Construction and Shanghai Hopson as described above, Sounda, a company wholly-owned by Mr. Chu and the controlling shareholder of the Company interested in approximately 52.27 percent. of the entire issued share capital of the Company, and its associates (as defined in the Listing Rules) will abstain from voting in respect of the Continuing Connected Transactions and the Annual Caps for the three financial years ending 31 December 2008 at the SGM. None of Hanjiang, GZ Construction and Shanghai Hopson has any shareholding in the Company.

I. REFRESHMENT OF NEW GENERAL MANDATE

The Directors were authorised to allot and issue up to 20 percent. of the then issued share capital of the Company, being 200,600,000 Shares pursuant to the Current General Mandate. As disclosed in the Company's announcement dated 10 August 2005, the Company has issued and allotted a total of 200,600,000 Shares under the Current General Mandate to the strategic investors as set out in the said announcement. As the Current General Mandate has been duly utilised, the Directors propose to seek the approval of the Independent Shareholders for refreshment of the New General Mandate at the SGM in order to allow flexibility for future business development of the Group.

Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of New General Mandate shall be subject to the approval of the Independent Shareholders. Sounda, the controlling shareholder of the Company, and its associates shall abstain from voting of the relevant resolution for refreshing the New General Mandate at the SGM pursuant to Rule 13.36(4)(a) of the Listing Rules. The relevant resolution will be voted by way of poll.

J. GENERAL

The Independent Board Committee will be formed to advise the shareholders of the Company in respect of the Framework Agreement, the Continuing Connected Transactions and the Annual Caps for the three financial years ending 31 December 2008 and the New General Mandate. An independent financial adviser will be appointed to advise the Independent Board Committee regarding the Continuing Connected Transaction and the Annual Caps for the three financial years ending 31 December 2008 and the New General Mandate. A circular containing, inter alia, further details of the Framework Agreement, the Continuing Connected Transactions and the proposed refreshment of the New General Mandate, the notice convening the SGM, the advice of the independent financial adviser to the Independent Board Committee and the recommendation of the Independent Board Committee will be dispatched to the shareholders of the Company as soon as practicable.

K. DIRECTORS

As at the date hereof, the executive Directors are CHU Mang Yee (Chairman), WU Jiesi (Chief Executive Officer), XIANG Bin, TAM Lai Ling, AU Wai Kin, CHEN Chang Ying, XIAO Yan Xia, the non-executive Directors are Steven SHAFRAN, CHEN Xiaohong and HU Yongmin, and the independent non-executive Directors are YUEN Pak Yiu, Philip, LEE Tsung Hei, David and WONG Shing Kay, Oliver.

L. TERMS USED IN THIS ANNOUNCEMENT

“Annual Caps”	the maximum aggregate annual value of each of the Continuing Connected Transactions for the relevant financial year
“associate”	the meaning given to that term in the Listing Rules
“Board”	board of Directors
“Company”	Hopson Development Holdings Limited
“Continuing Connected Transactions”	Continuing Connected Transaction 1, Continuing Connected Transaction 2, Continuing Connected Transaction 3, Continuing Connected Transaction 4, Continuing Connected Transaction 5, Continuing Connected Transaction 6, Continuing Connected Transaction 7 and Continuing Connected Transaction 8
“Current General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 6 June 2005 to allot and issue up to 20 percent. of the then issued share capital of the Company
“Directors”	directors of the Company
“Framework Agreement”	the conditional agreement dated 13 April 2006 entered into between the Company and Hanjiang
“Group”	the Company and its subsidiaries
“GZ Construction”	廣東珠江工程總承包有限公司 (Guangdong Zhujiang Construction Limited), a company established in the PRC
“Hanjiang”	廣東韓江建築安裝工程有限公司 (Guangdong Hanjiang Construction Installation Project Limited), a company established in the PRC
“Hanjiang Group”	Hanjiang, its subsidiaries and its associates
“HK\$”	Hong Kong dollars

“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 Framework Agreement, the Continuing Connected Transactions, the Annual Caps for the three financial years ending 31 December 2008 and the New General Mandate
“Independent Shareholders”	the shareholders of the Company other than Sounda and its associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	Mr. Chu Mang Yee, the chairman of the Board
“New General Mandate”	the general mandate proposed to be granted to the Directors to allot and issue up to 20 percent. of the issued share capital of the Company as at the date of the SGM
“PRC”	the People’s Republic of China
“RMB”	Renminbi
“Shanghai Hopson”	上海合生物業管理有限公司 (Shanghai Hopson Property Management Limited), a company established in the PRC
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“SGM”	a special general meeting of the Company to be convened to approve, among other things, the Framework Agreement, the Continuing Connected Transactions, the Annual Caps for the three financial years ending 31 December 2008 and the refreshment of the New General Mandate
“Sounda”	Sounda Properties Limited, a company incorporated in the British Virgin Islands
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Waiver”

the waiver granted by the Stock Exchange to the Company on 25 March 2003 in relation to certain continuing connected transactions of the Group, details of which were disclosed in the Company’s announcement and circular dated 29 January 2003 and 19 February 2003 respectively

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong, 13 April 2006

For illustrative purposes of this announcement, RMB104 = HK\$100

** For identification purpose only*

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