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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

CONNECTED TRANSACTIONS

Acquisition of equity interest in Beijing Dongfangwenhua International Properties Company Limited, a company engaging in a property development project

The Directors announce that on 19 May, 2006, the Group entered into two conditional agreements with Beijing Huaxia, namely (i) the Beijing Oriental Agreement for the acquisition of Beijing Huaxia's entire equity interest representing approximately 60.98% in Beijing Dongfangwenhua and (ii) the Loan Assignment Agreement for the purchase of the Oriental Assigned Loan and the Zhaode Assigned Loan.

Beijing Dongfangwenhua, which is owned by Beijing Huaxia, Beijing Cultural and Beijing Zhaode (all are domestic companies), is a domestic liability company before the Oriental Completion. Upon the Oriental Completion, Beijing Dongfangwenhua will become a sino-foreign co-operative joint venture between the Purchaser (the foreign partner), Beijing Cultural and Beijing Zhaode (the domestic partners).

As Beijing Huaxia is a connected person (as defined under the Listing Rules) of the Company, the Beijing Oriental Transaction constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules and is subject to the approval of the independent shareholders of the Company voting at the SGM pursuant to Rule 14A. 18 of the Listing Rules. Sounda and its associates will abstain from voting on the resolution at the SGM and the votes of the independent shareholders will be taken by poll.

A circular containing, inter alia, details of the Beijing Oriental Transaction, opinion from the Independent Board Committee, the independent financial adviser's advice and a notice of the SGM will be despatched to the shareholders of the Company as soon as practicable.

The Directors consider that the Beijing Oriental Transaction is in the ordinary and usual course of business of the Group and the terms of the Transaction Documents have been negotiated on an arm's length basis and 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.

A. BEIJING ORIENTAL TRANSACTION

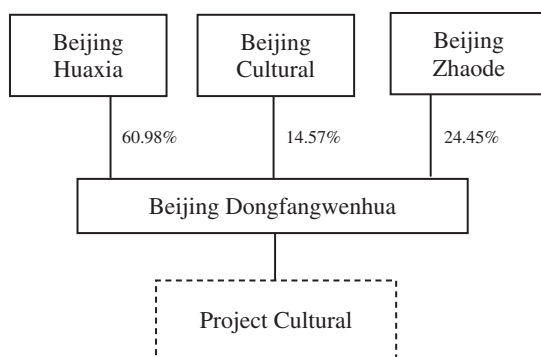
1. Background

On 19 May, 2006, the Group entered into the Beijing Oriental Agreement with Beijing Huaxia pursuant to which the Group conditionally agreed to acquire Beijing Huaxia's entire equity interest representing approximately 60.98% in Beijing Dongfangwenhua. On the same date, the Group entered into the Loan Assignment Agreement with Beijing Huaxia pursuant to which the Group conditionally agreed to purchase the Oriental Assigned Loan and the Zhaode Assigned Loan in addition to the acquisition of equity interest in Beijing Dongfangwenhua.

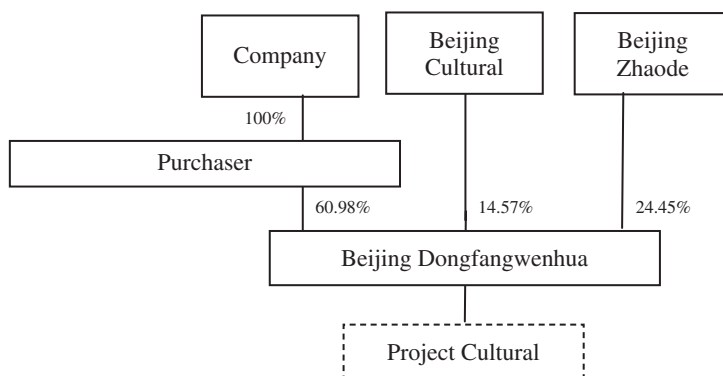
Beijing Dongfangwenhua is engaged in property development in Beijing, PRC. Beijing Dongfangwenhua is currently interested in one property development project, namely Project Cultural. Beijing Dongfangwenhua is the owner of the land use right in respect of Cultural Lot. Cultural Lot comprises a site of approximately 15,834 sq.m. in area, in respect of which approval for the development and construction of the Sections, namely (i) office buildings, (ii) hotels and (iii) music halls has been granted by 北京市發展計劃委員會 (Beijing Municipal Development Planning Commission) and 北京市建設委員會 (Beijing Municipal Construction Commission) to Beijing Dongfangwenhua. As the construction of Project Cultural has not yet completed, Beijing Dongfangwenhua has not yet generated any revenue.

Beijing Dongfangwenhua is owned as to approximately 60.98% by Beijing Huaxia, 14.57% by Beijing Cultural and 24.45% by Beijing Zhaode. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Beijing Cultural and Beijing Zhaode and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The chart below illustrates the shareholding structure of Beijing Dongfangwenhua as of today:



The chart below illustrates the shareholding structure of Beijing Dongfangwenhua upon Oriental Completion (as defined in paragraph 2 headed "Principal terms of the Beijing Oriental Agreement" below):



2. Principal terms of the Beijing Oriental Agreement

Date: 19 May, 2006

Parties: Purchaser : Hopeson Holdings Limited
Vendor : Beijing Huaxia

Interests Acquired: The Purchaser agrees to purchase and Beijing Huaxia agrees to sell its entire equity interest representing approximately 60.98% in Beijing Dongfangwenhua. As a result of the said acquisition, Beijing Dongfangwenhua will become owned as to approximately 60.98% by the Purchaser, approximately 14.57% by Beijing Cultural and approximately 24.45% by Beijing Zhaode.

Total Consideration: The Equity Interest Consideration will be approximately RMB17,690,000 (equivalent to approximately HK\$17,010,000).

Joint Venture Terms: Pursuant to the Beijing Oriental Agreement, the Purchaser, Beijing Cultural and Beijing Zhaode shall enter into a co-operative joint venture contract in respect of Beijing Cultural which, among other things, shall provide for the following terms:

(i) Change to co-operative joint venture

Beijing Dongfangwenhua shall become a co-operative joint venture as a result of the acquisition by the Purchaser of approximately 60.98% in Beijing Dongfangwenhua pursuant to the Beijing Oriental Agreement.

(ii) Increase in registered capital:

The total investment of Beijing Dongfangwenhua will be RMB810,000,000 whereas the registered capital of Beijing Dongfangwenhua will be increased from RMB29,000,000 to RMB270,000,000 in order to comply with the relevant requirements under the PRC law governing the acquisition of domestic enterprise by foreign companies which provides that where the registered capital of a co-operative joint venture is above US\$12,000,000 (equivalent to approximately RMB97,344,000), such registered capital shall represent not more than one third of the total investment of the co-operative joint venture. The Capital Contribution, being the increased amount of the registered capital of RMB241,000,000 (equivalent to approximately HK\$231,731,000) shall be contributed by the Purchaser by instalments, the first instalment of RMB36,150,000 and the remaining RMB204,850,000 shall be contributed by the Purchaser within 3 months and 3 years upon the issuance of a new business licence for Beijing Dongfangwenhua respectively. The Capital Contribution shall be used by the Purchaser for the construction of the relevant Section of Project Cultural in the proportion as set out in sub-paragraph (iv) below.

(iii) Profit and loss sharing arrangement:

- (a) With respect to the office buildings Section of Project Cultural, the Purchaser will have the management rights thereof, be solely entitled to the profits and responsible for risks arising therefrom or in connection therewith.
- (b) With respect to the hotels Section of Project Cultural, the management rights thereof, the profits and risks arising therefrom or in connection therewith shall be shared among the Purchaser, Beijing Cultural and Beijing Zhaode in the proportion of 45%, 10% and 45% respectively.
- (c) With respect to the music halls Section of Project Cultural, Beijing Cultural will have the management rights thereof, be solely entitled to the profits and responsible for the risks arising therefrom or in connection therewith.

Effectively, as a result of the acquisition of approximately 60.98% in Beijing Dongfangwenhua, the Purchaser will be entitled to (i) 100% of the profits arising from and in connection with the office buildings Section of Project Cultural and (ii) 45% of the profits arising from and in connection with the hotels Section of Project Cultural. Beijing Cultural and Beijing Zhaode will be entitled to the remaining 10% and 45% of the respective profits arising from and in connection with the hotels Section of Project Cultural. Beijing Cultural will be entitled to 100% of the profits arising from and in connection with the music hall Sections of Project Cultural proportion as set out above.

(iv) Financing for construction costs:

The construction costs for any Section of Project Cultural shall be funded in the following manner:

- (a) Beijing Dongfangwenhua shall arrange for financing in respect of the difference between the total investment and the registered capital by pledging its assets provided that:-
 - (aa) the finance obtained shall be applied solely for the construction of the particular Section of Project Cultural which is subject to the pledge; and
 - (bb) the relevant costs and expenses incurred in obtaining the finance as set out in sub-paragraph (aa) above shall be borne by the Purchaser, Beijing Cultural and Beijing Zhaode (as the case may be) in the same proportion as set out in the profit and loss sharing arrangement as set out in (iii) above.

- (b) In the event that Beijing Dongfangwenhua shall fail to obtain the finance as set out in (a) above or the finance obtained is insufficient for the construction of a particular Section of Project Cultural, the Purchaser, Beijing Cultural and Beijing Zhaode (as the case may be) shall be responsible for such additional construction costs for the particular Section in the same proportion as set out in the profit and loss sharing arrangement as set out in (iii) above.

Conditions Precedent: The Beijing Oriental Agreement is conditional upon, inter alia, the fulfillment of the following conditions precedent, which cannot be waived by the parties:

- (i) the approval of the independent shareholders of the Company voting at the SGM convened to approve the Beijing Oriental Agreement on the terms specified therein;
- (ii) the granting of the approval by the relevant approval authority approving the transfer of equity interests in Beijing Dongfangwenhua contemplated under the Beijing Oriental Agreement and the obtaining of the ratification from 國家發展和改革委員會 (National Development and Reform Commission) or its local counterparts in respect of the proposed foreign investment by the Purchaser in Beijing Dongfangwenhua (which will become a sino-foreign co-operative joint venture upon the Oriental Completion) and the approvals from the relevant approval authority in respect of (a) the change of Beijing Dongfangwenhua from a domestic limited liability company to a co-operative joint venture, and (b) the co-operative joint venture contract and the articles of association of Beijing Dongfangwenhua to be entered into among the Purchaser, Beijing Cultural and Beijing Zhaode;
- (iii) the granting of 外商投資企業批准證書 (Approval Certificate for Foreign Investment Enterprise) in respect of Beijing Dongfangwenhua; and
- (iv) the completion of the registration procedures for changing Beijing Dongfangwenhua to a co-operative joint venture and the obtaining of a new business licence for Beijing Dongfangwenhua.

Unless the Beijing Oriental Agreement is terminated in accordance with the terms therein and subject to the fulfillment of the above condition precedent (i), completion (“Oriental Completion”) shall take place within 5 days upon receipt by the Group of the written notice from Beijing Huaxia confirming fulfillment of the above conditions precedent (ii) to (iv) as set out in the Beijing Oriental Agreement.

Beijing Dongfangwenhua, which is owned by Beijing Huaxia, Beijing Cultural and Beijing Zhaode (all are domestic companies), is a domestic liability company before the Oriental Completion. Upon the Oriental Completion, Beijing Dongfangwenhua will become a sino-foreign co-operative joint venture between the Purchaser (the foreign partner), Beijing Cultural and Beijing Zhaode (the domestic partners).

Upon Oriental Completion, Beijing Dongfangwenhua will be accounted for in the books and accounts of the Company as a jointly-controlled entity of the Group and will not be consolidated in the consolidated accounts of the Company as a subsidiary. The Group's investment in Beijing Dongfangwenhua will be accounted for under the equity method of accounting, whereby the investment will be initially recorded at cost and is adjusted thereafter to recognize the Group's share of the post-acquisition results, distributions received, other necessary alternations in the Group's proportionate interest in Beijing Dongfangwenhua arising from changes in equity of the Beijing Dongfangwenhua that have not been included in the income statement of Beijing Dongfangwenhua.

3. Principal terms of the Loan Assignment Agreement

Date: 19 May, 2006

Parties: Assignee : Hopeson Holdings Limited
Assignor : Beijing Huaxia

Assignment of Oriental Assigned Loan and Zhaode Assigned Loan: Beijing Huaxia is the beneficial owner of the Oriental Assigned Loan and the Zhaode Assigned Loan. Beijing Huaxia agrees to assign and transfer and the Purchaser agrees to purchase the Oriental Assigned Loan and the Zhaode Assigned Loan.

The Oriental Assigned Loan (being the aggregate of the Oriental Shareholder's Loan and the Huaxia Set-up Expenses) was provided by Beijing Huaxia to Beijing Dongfangwenhua pursuant to the Original Equity Transfer Agreement. As at 19 May, 2006, the aggregate face values of the Oriental Assigned Loan was approximately RMB378,185,000 (equivalent to approximately HK\$363,639,000).

The Zhaode Assigned Loan (being the aggregate of the Zhaode Loan and the Zhaode Set-up Expenses) was advanced by Beijing Huaxia to Beijing Zhaode pursuant to the Financial Assistance Agreement. Under the Financial Assistance Agreement, Beijing Huaxia agreed to advance to Beijing Zhaode the Zhaode Loan and the Zhaode Set-up Expenses for the purpose of payment of the consideration by Beijing Zhaode for its acquisition of approximately 24.45% equity interest in Beijing Dongfangwenhua under the Original Equity Transfer Agreement. Under the Financial Assistance Agreement, the Zhaode Assigned Loan shall be repaid by Beijing Zhaode by two equal installments. Payment of the first instalment shall be made within 10 days upon completion of the construction of the cement ceiling of the main structure of the hotels Section of Project Cultural. Payment of the second instalment shall be made within 6 months upon the said completion of construction.

As at 19 May, 2006, the aggregate face values of the Zhaode Assigned Loan was approximately RMB158,709,000 (equivalent to approximately HK\$152,605,000).

As Beijing Zhaode is not a party to the Loan Assignment Agreement, on the same date of the Loan Assignment Agreement, the Purchaser, Beijing Zhaode and Beijing Huaxia entered into the Financial Assistance Confirmation which confirms that the Purchaser shall assume Beijing Huaxia's rights and obligations under the Financial Assistance Agreement.

Consideration: The Assigned Loan Consideration will be the aggregate of the respective face values of the Oriental Assigned Loan and the Zhaode Assigned Loan as at 19 May, 2006, namely approximately RMB536,894,000 (equivalent to approximately HK\$516,244,000).

Conditions Precedent: The Loan Assignment Agreement is conditional upon, inter alia, the fulfillment of the following conditions precedent which cannot be waived by the parties:-

- (i) the approval of the independent shareholders of the Company voting at the SGM convened to approve the Loan Assignment Agreement on the terms specified therein;
- (ii) the Oriental Completion having taken place; and
- (iii) the serving of written notice by Beijing Huaxia on Beijing Dongfangwenhua of assignment of the Oriental Assigned Loan in accordance with the regulations under the PRC Contract Law which provides that the assignment of loan will not be effective unless the assignor (namely Beijing Huaxia) notifies the debtor (namely Beijing Dongfangwenhua) of the assignment of the loan.

The Financial Assistance Confirmation is conditional upon the fulfillment of the conditions precedent set out in (i) and (ii) above, which cannot be waived by the parties.

Unless the Loan Assignment Agreement and the Financial Assistance Confirmation are terminated in accordance with the terms therein, completion of the assignment of the Oriental Assigned Loan and the Zhaode Assigned Loan ("Loan Completion") shall take place on the same date as the Oriental Completion upon fulfillment of the above conditions precedents as set out in the Loan Assignment Agreement and the Financial Assistance Confirmation.

4. Beijing Oriental Commitment

(a) The Purchaser's total financial commitment for the Beijing Oriental Transaction

The Beijing Oriental Commitment, being the total financial commitment for the Beijing Oriental Transaction is the aggregate of the Equity Interest Consideration, the Capital Contribution and the Assigned Loan Consideration. The Beijing Oriental Commitment of approximately RMB795,584,000 (equivalent to approximately HK\$764,984,000) was determined on an arm's length basis between the parties.

(b) Valuation of the assets to be acquired by the Purchaser

A valuation report was prepared by DTZ on the market value of the proposed development of the office buildings Section and hotels Section on Cultural Lot, namely the relevant Sections of Project Cultural to which the Purchaser is entitled to 100% and 45% of the profits arising therefrom and in connection with respectively. Based on the said valuation report, which was prepared by DTZ by adopting direct comparison method by making reference to comparable sales evidences as available in the relevant market, the capital value of 100% of the proposed office buildings Section and 45% of the proposed hotels Section of Project Cultural as at 30 April 2006 was approximately RMB559,000,000 (equivalent to approximately HK\$537,500,000). Beijing Dongfangwenhua is the owner of the land use right in respect of Cultural Lot. Upon completion of construction of Project Cultural, which comprises the Sections of office buildings, hotels and music halls, Beijing Dongfangwenhua will apply to 北京市房地產管理局(Beijing Municipal Real Estate Administration Bureau) for the building ownership certificate in respect of each building of the Sections of Project Cultural. The original purchase cost of approximately 60.98% equity interest in Beijing Dongfangwenhua was approximately RMB17,690,000 (equivalent to approximately HK\$17,010,000), which represents the aggregate of the par value of Beijing Huaxia's 60.98% equity interest in Beijing Dongfangwenhua and the actual contribution made by Beijing Huaxia to the registered capital of Beijing Dongfangwenhua, namely approximately RMB17,684,000 (being approximately 60.98% of the current registered capital of RMB29,000,000 of Beijing Dongfangwenhua).

(c) The effective amount payable by the Purchaser for the assets to be acquired

Effectively, the consideration payable by the Purchaser to Beijing Huaxia for the acquisition of its equity interest in Beijing Dongfangwenhua and thereby 100% interest in the office buildings Section (which is under construction) and 45% interest in the hotels Section (which is under construction) of Project Cultural will be approximately RMB395,875,000 (equivalent to approximately HK\$380,649,000), being the aggregate of the Equity Interest Consideration and the face value of the Oriental Assigned Loan, represents a 29% discount of the said value as assessed by DTZ as at 30 April 2006 as set out in paragraph (b) above.

(d) Payment of the Equity Interest Consideration and Assigned Loan Consideration

The Equity Interest Consideration shall be payable by the Group to Beijing Huaxia in cash in full within 15 business days upon the Oriental Completion. The Assigned Loan Consideration shall be payable by the Group in cash in the following manner:- (a) an amount of approximately RMB189,093,000, representing 50% of the Oriental Assigned Loan shall be payable to Beijing Huaxia within 5 days upon fulfillment of condition precedent (i) set out in the sub-paragraph headed "conditions precedent" of the paragraph headed "principal terms of the Loan Assignment Agreement" above; (b) an amount of approximately RMB189,093,000, representing the remaining balance of the Oriental Assigned Loan shall be payable to Beijing Huaxia upon the Loan Completion and (c) an amount of approximately RMB158,708,000, being the full amount of the Zhaode Assigned Loan shall be payable to Beijing Huaxia upon fulfillment of conditions precedent (i) and (ii) set out in the sub-paragraph headed "conditions precedent" of the paragraph headed "principal terms of the Loan Assignment Agreement" above.

The payment of the Beijing Oriental Commitment will be funded by the Group's internal resources.

5. Reasons for Beijing Oriental 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, PRC, the Beijing Oriental Transaction is in the ordinary and usual course of business of the Group.

The Purchaser is an investment holding company, Beijing Huaxia is principally engaged in real estate development. Beijing Cultural is principally engaged in investments and the organization of cultural activities and Beijing Zhaode is principally engaged in real estate development. The Cultural Lot is located in 東二環 (East Second Ring) of Dongcheng District between 朝陽門橋 (Chanoyangmen Bridge) and 東四十條橋 (East Fortieth Bridge), a prime business location in Beijing with a sophisticated transportation network where offices of prestigious national and multinational companies are situated. The Directors anticipate that in view of the economic growth of Beijing and the rising demand of office buildings and hotels in prime business districts in Beijing, Project Cultural, after development, will be of great commercial value and have good sale potentials and thus have a positive impact on the profits of the Group.

6. Connection between the parties and the connected transaction

Beijing Huaxia is owned by Hanjiang as to 75% and the brother-in-law of Mr. Chu as to 25%. Hanjiang is a company owned by the brother of Mr. Chu as 90% and the brother-in-law of Mr. Chu as to 10%. As Mr. Chu is a Director, Hanjiang is a connected person of the Company under the Listing Rules. Beijing Huaxia, being a subsidiary of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Beijing Oriental Transaction constitutes a connected transaction of the Company under the Listing Rules.

B. INDEPENDENT SHAREHOLDERS' APPROVAL

Pursuant to the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Beijing Oriental Transaction constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules and is subject to the approval of the independent shareholders of the Company voting at the SGM to be convened to approve the Beijing Oriental Transaction and Transaction Documents pursuant to Rule 14A.18 of the Listing Rules. Sounda is wholly-owned by Mr. Chu and is the controlling shareholder of the Company interested in approximately 52.27 percent of the entire issued share capital of the Company. In view of Sounda's relationship with Hanjiang and Beijing Huaxia as described above, Sounda and its associates (as defined in the Listing Rules) will abstain from voting in respect of the Beijing Oriental Transaction and the Transaction Documents at the SGM. None of Beijing Huaxia, Beijing Cultural and Beijing Zhaode has any shareholding in the Company. The relevant resolution will be taken by way of poll.

C. GENERAL

An independent financial adviser will be appointed to advise the Independent Board Committee and the independent shareholders of the Company on whether the terms of the Transaction Documents are fair and reasonable so far as the shareholders of the Company are concerned.

A circular containing details of the Beijing Oriental Transaction, opinion of the Independent Board Committee, the independent financial adviser's advice and a notice of the SGM will be dispatched to the shareholders of the Company as soon as practicable.

D. 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.

E. TERMS USED IN THIS ANNOUNCEMENT

“associate”	the meaning given to that term in the Listing Rules
“Assigned Loan Consideration”	the sum of approximately RMB536,894,000 (equivalent to approximately HK\$516,244,000), being the aggregate consideration payable by the Purchaser under the Loan Assignment Agreement for the purchase of the Oriental Assigned Loan and the Zhaode Assigned Loan
“Beijing Cultural”	北京東方文化資產經營公司 (formerly北京東方文化經濟發展集團有限公司) (Beijing Oriental Cultural Asset Operation Company), a company established in the PRC
“Beijing Dongfangwenhua”	北京東方文華國際置業有限公司 (Beijing Dongfangwenhua International Properties Company Limited), a limited liability company established in the PRC
“Beijing Huaxia”	北京華夏創業房地產開發有限公司 (Beijing Huaxia Chuang Ye Real Estate Development Company Limited), a company established in the PRC
“Beijing Oriental Agreement”	the conditional agreement dated 19 May, 2006 entered into between the Purchaser and Beijing Huaxia for the sale and purchase of Beijing Huaxia’s entire equity interest representing approximately 60.98% in Beijing Dongfangwenhua
“Beijing Oriental Commitment”	the aggregate of the Equity Interest Consideration, the Capital Contribution and the Assigned Loan Consideration
“Beijing Oriental Transaction”	the transactions under the Beijing Oriental Agreement, the Loan Assignment Agreement and the Financial Assistance Confirmation
“Beijing Zhaode”	北京昭德置業有限公司 (Beijing Zhaode Property Company Limited), a company established in the PRC
“Capital Contribution”	the sum of approximately RMB241,000,000 (equivalent to approximately HK\$231,731,000) to be contributed by the Purchaser to the registered capital of Beijing Dongfangwenhua
“Company”	Hopson Development Holdings Limited

“Cultural Lot”	a site located in 北京東二環路西側，南臨東四危改小區南門倉胡同，北至東西危改小區，西臨東二環西輔路 (the west of Beijing East Second Ring Road, with Nanmencang Lane in Dongsì Reconstruction District on its south, Dongxi Reconstruction District on its north, West Byroad of East Second Ring Road on its west, Beijing, the PRC)
“Directors”	the directors of the Company
“DTZ”	DTZ Debenham Tie Leung Limited, an independent valuer
“Equity Interest Consideration”	the sum of approximately RMB17,690,000 (equivalent to approximately HK\$17,010,000), being the consideration payable by the Purchaser under the Beijing Oriental Agreement for the acquisition of Beijing Huaxia’s equity interest in Beijing Dongfangwenhua
“Financial Assistance Agreement”	the agreement dated 8 November, 2005 entered into between Beijing Huaxia and Beijing Zhaode (as supplemented by a supplemental agreement dated 19 November, 2005 entered into between the same parties) in respect of the Zhaode Loan and the Zhaode Set-up Expenses
“Financial Assistance Confirmation”	the confirmation dated 19 May, 2006 entered into between the Purchaser, Beijing Zhaode and Beijing Huaxia in respect of the Zhaode Assigned Loan
“Group”	the Company and its subsidiaries
“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
“Huaxia Set-up Expenses”	the interest-free loan in the principal amount of approximately RMB8,652,000 (equivalent to approximately HK\$8,319,000) (subject to a cap of RMB10,000,000) (equivalent to approximately HK\$9,615,000) due and owing by Beijing Dongfangwenhua to Beijing Huaxia as at 19 May, 2006
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the board of Directors comprising Messrs. Yuen Pak Yiu, Philip, Lee Tsung Hei, David and Wong Shing Kay, Oliver, established to review and consider the Beijing Oriental Transaction
“Loan Assignment Agreement”	the conditional agreement dated 19 May, 2006 entered into between the Purchaser and Beijing Huaxia for the assignment of the Oriental Assigned Loan and the Zhaode Assigned Loan

“Loan Completion”	the completion of the Loan Assignment Agreement as described in sub-paragraph headed “Conditions precedent” under the paragraph headed “Principal terms of the Loan Assignment Agreement” of this announcement
“Mr. Chu”	Mr. Chu Mang Yee, the chairman and an executive Director of the Company
“Oriental Completion”	the completion of the Beijing Oriental Agreement as described in sub-paragraph headed “Conditions Precedent” under the paragraph headed “Principal terms of the Beijing Oriental Agreement” of this announcement
“Oriental Equity Transfer Agreement”	an agreement dated 7 November, 2005 entered into among Beijing Cultural, Beijing Huaxia, Beijing Zhaode, 北京東方世紀文化旅遊投資管理有限公司 (Beijing Oriental Century Cultural Tourism Investment Management Company Limited) and Beijing Dongfangwenhua (as supplemented by a supplemental agreement dated 18 November, 2005 entered into among the same parties) for the transfer of equity interests in Beijing Dongfangwenhua
“Oriental Assigned Loan”	the aggregate of the Oriental Shareholder’s Loan and the Huaxia Set-up Expenses provided by Beijing Huaxia to Beijing Dongfangwenhua pursuant to the Original Equity Transfer Agreement
“Oriental Shareholder’s Loan”	the interest free shareholder’s loan in the principal amount of approximately RMB369,533,000 (equivalent to approximately HK\$355,320,000) due and owing by Beijing Dongfangwenhua to Beijing Huaxia as at 19 May, 2006
“PRC”	the People’s Republic of China
“Project Cultural”	a property development project located in Cultural Lot
“Purchaser”	Hopeson Holdings Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Sections”	the three Sections of Project Cultural, namely office buildings, hotels and music halls, and a “Section” shall refer to each one of them
“SGM”	a special general meeting of the Company to be convened to approve the Transaction Documents and the Beijing Oriental Transaction contemplated thereunder
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Sounda”	Sounda Properties Limited, a company incorporated in the British Virgin Islands

“Transaction Documents”	the Beijing Oriental Agreement, the Loan Assignment Agreement and the Financial Assistance Confirmation
“Zhaode Assigned Loan”	the aggregate of the Zhaode Loan and the Zhaode Set-up Expenses advanced to Beijing Zhaode by Beijing Huaxia pursuant to the Financial Assistance Agreement
“Zhaode Set-up Expenses”	the interest-free loan in the principal amount of approximately RMB3,469,000 (equivalent to approximately HK\$3,336,000) (subject to a cap of RMB4,500,000) (equivalent to approximately HK\$4,327,000) due and owing by Beijing Zhaode to Beijing Huaxia as at 19 May, 2006
“Zhaode Loan”	the interest-free loan in the principal amount of approximately RMB155,240,000 (equivalent to approximately HK\$149,269,000) due and only by Beijing Zhaode to Beijing Huaxia as at 19 May, 2006
“HK\$”	Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	Square metre(s)
“US\$”	United States dollars

For illustrative purpose of this announcement, RMB1.04 = HK\$1.00 and HK\$7.80 = US\$1.00

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong, 25 May, 2006

* *For identification purposes only*

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