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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **HOPSON DEVELOPMENT HOLDINGS LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

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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)*

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

**DISCLOSEABLE TRANSACTION**

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A letter from the Chairman of Hopson Development Holdings Limited is set out on pages 3 to 8 of this circular.

29 March, 2005

*\* for identification purposes only*

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“Aggregate Consideration”	the aggregate of Consideration 1 and Consideration 2
“Board”	the board of Directors of the Company
“Company”	Hopson Development Holdings Limited
“Consideration 1”	the consideration for the acquisition of Site 1 of RMB243,695,800
“Consideration 2”	the consideration for the acquisition of Site 2 of RMB267,351,050
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hopson Lu Zhou”	北京合生綠洲房地產開發有限公司 Beijing Hopson Lu Zhou Real Estate Development Limited, a company established in PRC and an indirect wholly-owned subsidiary of the Company
“Jin Yu Real Estate”	北京金隅嘉業房地產開發公司 Beijing Jin Yu Jia Ye Real Estate Development Company, a company established in PRC whose principal business is property development and not a connected person of the Company as defined in the Listing Rules
“Land Transfer Agreement 1”	the land use rights transfer agreement dated 8 March, 2005 entered into between Hopson Lu Zhou and Jin Yu Real Estate for the acquisition of the land use rights of Site 1
“Land Transfer Agreement 2”	the land use rights transfer agreement dated 8 March, 2005 entered into between Hopson Lu Zhou and Jin Yu Real Estate for the acquisition of the land use rights of Site 2
“Land Transfer Agreements”	Land Transfer Agreement 1 and Land Transfer Agreement 2
“Latest Practicable Date”	21 March, 2005, being the latest practicable date for ascertaining information referred to in this circular prior to the printing of this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Site 1”	Site 1 which is located at 中國北京市朝陽區廣渠門外大街31號雙花園小區1#地塊 Site Area 1#, Shuang Hua Yuan Xiao Qu, Number 31 Guang Qu Men Wai Da Street, Chao Yang Qu, Beijing City, PRC
“Site 2”	Site 2 which is located at 中國北京市朝陽區廣渠門外大街31號雙花園小區8#地塊 Site Area 8#, Shuang Hua Yuan Xiao Qu, Number 31 Guang Qu Men Wai Da Street, Chao Yang Qu, Beijing City, PRC
“Sites”	Site 1 and Site 2
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction under the Land Transfer Agreements
“%”	per cent.

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

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LETTER FROM THE CHAIRMAN

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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)

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

*Executive Directors:*

CHU Mang Yee (Chairman)

XIANG Bin (Deputy Chairman)

AU Wai Kin

CHEN Chang Ying

XIAO Yan Xia

*Principal Office:*

19th Floor

Wyndham Place

40-44 Wyndham Street

Central

Hong Kong

*Independent Non-executive Directors:*

YUEN Pak Yiu, Philip

LEE Tsung Hei, David

WONG Shing Kay, Oliver

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

29 March, 2005

*To the Shareholders*

Dear Sir and Madam,

**DISCLOSEABLE TRANSACTION**

**A. INTRODUCTION**

It was announced on 8 March, 2005 that the Group entered into the Land Transfer Agreements on 8 March, 2005 for the acquisition of the Sites.

**B. THE LAND TRANSFER AGREEMENTS**

**1. Land Transfer Agreement 1**

**Date:**

8 March, 2005.

\* for identification purposes only

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## LETTER FROM THE CHAIRMAN

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**Parties:**

- (1) Jin Yu Real Estate as the transferor;
- (2) Hopson Lu Zhou as the transferee.

**Site 1:**

Site 1 is located at 中國北京市朝陽區廣渠門外大街31號雙花園小區1#地塊 Site Area 1#, Shuang Hua Yuan Xiao Qu, Number 31 Guang Qu Men Wai Da Street, Chao Yang Qu, Beijing City, PRC.

The aggregate site area of Site 1 is approximately 19,740 square metres.

Jin Yu Real Estate has obtained the land use rights of Site 1 from the Beijing City Land Bureau.

**Purpose:**

Site 1 is for residential with related facilities and car-parking space purposes.

**Term:**

The term of the land use rights of Site 1 is 70 years for residential, 40 years for the related facilities and 50 years for the car-parking space commencing from 15 March, 2004.

**Consideration:**

RMB243,695,800 (equivalent to approximately HK\$229.90 million) which are payable as follows:

1. a sum of RMB89,695,130 (equivalent to approximately HK\$84.62 million) has been paid prior to the signing of the Land Transfer Agreement 1;
2. a sum of RMB74,713,810 (equivalent to approximately HK\$70.48 million) shall be paid within 3 working days after approval of the change of title to the land use rights of Site 1 by the relevant government authority;
3. a sum of RMB43,999,510 (equivalent to approximately HK\$41.51 million) shall be paid within 6 months after completion of the change of title to the land use rights of Site 1 and delivery of Site 1 to Hopson Lu Zhou as agreed under the Land Transfer Agreement 1;

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## LETTER FROM THE CHAIRMAN

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4. the balance of RMB35,287,350 (equivalent to approximately HK\$33.29 million) shall be paid within 15 months after completion of the change of title to the land use rights of Site 1.

### **Termination Right**

In the event that Jin Yu Real Estate shall fail to complete the change of title to the land use rights of Site 1 with the relevant government authority before 13 April, 2005 which may be extended by 30 working days, Hopson Lu Zhou shall have the right to terminate the Land Transfer Agreement 1. Upon termination of the Land Transfer Agreement 1, all sums paid to Jin Yu Real Estate by Hopson Lu Zhou shall be returned within 3 days thereof together with a sum equivalent to 10% of the Consideration 1.

## **2. Land Transfer Agreement 2**

### **Date:**

8 March, 2005.

### **Parties:**

- (1) Jin Yu Real Estate as the transferor;
- (2) Hopson Lu Zhou as the transferee.

### **Site 2**

Site 2 is located at 中國北京市朝陽區廣渠門外大街31號雙花園小區8#地塊 Site Area 8#, Shuang Hua Yuan Xiao Qu, Number 31 Guang Qu Men Wai Da Street, Chao Yang Qu, Beijing City, PRC.

The aggregate site area of Site 2 is approximately 23,321 square metres.

Jin Yu Real Estate has obtained the land use rights of Site 2 from the Beijing City Land Bureau.

### **Purpose:**

Site 2 is for residential with related facilities and car-parking space purposes.

### **Term:**

The term of the land use rights of Site 2 is 70 years for residential, 40 years for the related facilities and 50 years for the car-parking space commencing from 13 May, 2004.

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## LETTER FROM THE CHAIRMAN

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### **Consideration:**

RMB267,351,050 (equivalent to approximately HK\$252.22 million) which are payable as follows:

1. a sum of RMB98,401,720 (equivalent to approximately HK\$92.83 million) has been paid prior to the signing of the Land Transfer Agreement 2;
2. a sum of RMB81,966,190 (equivalent to approximately HK\$77.33 million) shall be paid within 3 working days after approval of the change of title to the land use rights of Site 2 by the relevant government authority;
3. a sum of RMB48,270,490 (equivalent to approximately HK\$45.54 million) shall be paid within 6 months after completion of the change of title to the land use rights of Site 2 and delivery of Site 2 to Hopson Lu Zhou as agreed under the Land Transfer Agreement 2;
4. the balance of RMB38,712,650 (equivalent to approximately HK\$36.52 million) shall be paid within 15 months after completion of the change of title to the land use rights of Site 2.

### **Termination Right**

In the event that Jin Yu Real Estate shall fail to complete the change of title to the land use rights of Site 2 with the relevant government authority before 13 April, 2005 which may be extended by 30 working days, Hopson Lu Zhou shall have the right to terminate the Land Transfer Agreement 2. Upon termination of the Land Transfer Agreement 2, all sums paid by Hopson Lu Zhou shall be returned to Jin Yu Real Estate within 3 days thereof together with a sum equivalent to 10% of the Consideration 2.

The Aggregate Consideration is to be funded by internal resources of the Group.

The Aggregate Consideration was determined on an arm's length basis between the parties and with reference to the current market value of the land use rights of the Sites. Valuations of the Sites were conducted by 北京鼎春德房地產評估有限公司 Beijing Ding Chun De Real Estate Appraisal Company Limited, an independent valuer. According to the valuations, the aggregate market value of the Sites as at 7 January, 2005 was RMB510,900,000 (equivalent to approximately HK\$481.98 million).



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## LETTER FROM THE CHAIRMAN

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### REASONS FOR THE TRANSACTION

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

In anticipation of the Olympic Games in 2008 in Beijing, the real estate market and properties prices in Beijing are on the rise. The Directors believe that the acquisition of the Sites will not only enrich the Group's landbank in Beijing, it will also generate a good return on the Group's investment. The assets and liabilities of the Group will increase by approximately HK\$305 million respectively immediately after the Transaction which will be recorded as "land pending development" with a corresponding payable to the seller, namely Jin Lu Real Estate in the balance sheet of the Group. The Directors consider that the Transaction will have no material immediate effect on the Group's earnings.

Site 1 and Site 2 are adjacent lands. The Sites are located in the prime area near the central business district of Beijing City, PRC. The aggregate gross floor area of the Sites amounts to approximately 206,750 square metres of which approximately 204,750 square metres will be saleable. It is the Group's preliminary plan to construct approximately 1,560 residential units with an aggregate area of approximately 169,750 square meters, shopping arcade with an aggregate area of approximately 9,000 square metres and 700 car-parking spaces with an aggregate area of approximately 26,000 square metres on the Sites primarily for sale purpose. Unsold shopping arcade and car-parking spaces would be held as non-current assets of the Group primarily for leasing purpose. It is anticipated that the total capital expenditure (exclusive of the land costs) of the development of the Sites would amount to approximately RMB581 million (equivalent to approximately HK\$548.11 million). It is estimated that 40% of the total capital expenditure (exclusive of the land costs) would be financed by bank borrowings and the remaining balance by internal resources of the Group.

Cost of land is recorded in the Company's balance sheet under "properties under development". The land costs of the properties under development intended for future sales are classified as "current assets" while those intended for investment purpose are classified as "non-current assets". When the developed properties are put in the market for sale, for recognition purposes the costs of the properties sold are transferred from the balance sheet to the profit and loss account so as to match the cost against revenue. Unsold portion of completed properties intended for sale are classified as "current assets". To the extent that the portion of the completed properties not for sale but for investment, the related development cost will continue to remain in the balance sheet as "investment properties".

The Directors consider that the Transaction is in the ordinary and usual course of business of the Group and the terms of the Land Transfer Agreements 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. DISCLOSEABLE TRANSACTION

As the percentage ratio for the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

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## LETTER FROM THE CHAIRMAN

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### **D. FURTHER INFORMATION**

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

### **E. DIRECTORS**

As at the date hereof, the executive Directors are CHU Mang Yee, XIANG Bin, AU Wai Kin, CHEN Chang Ying and XIAO Yan Xia and the independent non-executive Directors are YUEN Pak Yiu, Philip, LEE Tsung Hei, David and WONG Shing Kay, Oliver.

By Order of the Board

**Chu Mang Yee**

*Chairman*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

Name	Notes	Number of Shares beneficially held	
		Personal	Corporate
Mr. Chu Mang Yee	(1)	–	637,500,000
Mr. Au Wai Kin	(2)	–	37,500,000
Ms. Xiao Yan Xia		100,000	–
Mr. Xiang Bin		1,000,000	–

*Notes:*

- These Shares are held by Sounda Properties Limited, a company wholly-owned by Mr. Chu Mang Yee and HKSCC Nominees Limited, a nominee company.
- These Shares are held by a company wholly-owned and controlled by Mr. Au Wai Kin.

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

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

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which since 31 December, 2003 the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Director, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of shares of any class in the Company were as follows:

<b>Name</b>	<b>Number of issued Shares</b>
Sounda Properties Limited	637,500,000

Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of shares of the Company.

### **4. SERVICE AGREEMENTS**

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

### **5. MATERIAL CHANGES**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December, 2003, the date to which the latest published audited financial statements of the Group were made up.

**6. SECRETARY AND QUALIFIED ACCOUNTANT**

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

The qualified accountant of the Company is Mr. Liu Shun Fai, a certified public accountant, an associate member of Hong Kong Institute of Certified Public Accountants.

**7. COMPETING BUSINESS**

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

**8. LITIGATION**

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

**9. MISCELLANEOUS**

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