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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.

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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)

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

DISCLOSEABLE TRANSACTION

A letter from the Chairman of Hopson Development Holdings Limited is set out on pages 4 to 9 of this circular.

5 August 2005

* *for identification purposes only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE CHAIRMAN	
A. INTRODUCTION	4
B. THE EQUITY TRANSFER AGREEMENT	5
C. REASONS FOR THE TRANSACTION	8
D. DISCLOSEABLE TRANSACTION	9
E. FURTHER INFORMATION	9
F. DIRECTORS	9
APPENDIX – GENERAL INFORMATION	10

DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the corresponding definitions listed below:

“Audited Statement”	an audited statement of the assets and liabilities of Huizhou Yaxin as at 31 May 2005 prepared in accordance with accounting principles generally accepted in the PRC and issued by 惠州市天信會計師事務所有限公司, an independent auditors’ firm in the PRC. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiry, the said auditors’ firm and the ultimate beneficial owner of it are third parties independent of the Company and connected persons of the Company
“associates”	has the meaning ascribed thereto in the Listing Rules
“Bank Account”	a bank account operated under the joint control of the Transferors, Hopson Dijing and Hopeson Holdings
“Board”	the board of Directors
“Company”	Hopson Development Holdings Limited
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	the date on which (i) the Transferors, Hopson Dijing and Hopeson Holdings have duly executed the Equity Transfer Agreement, (ii) the Audited Statement has been issued; and (iii) disclosure of the Transaction has been made by the Group in accordance with the Listing Rules
“Equity Transfer Agreement”	the equity transfer agreement dated 15 July 2005 entered into by the Transferors, Hopson Dijing and Hopeson Holdings for the sale and purchase of the entire equity interest in Huizhou Yaxin
“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
“Hopeson Holdings”	Hopeson Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Hopson Dijing”	廣東合生帝景房地產有限公司(Guangdong Hopson Dijing Real Estate Co. Ltd.), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Huizhou Yaxin”	惠州市亞新房地產有限公司(Huizhou Yaxin Real Estate Co. Ltd.), a limited liability company established in the PRC. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiry, Huizhou Yaxin and the ultimate beneficial owner of Huizhou Yaxin are third parties independent of the Company and connected persons of the Company. As at the date of the Equity Transfer Agreement, the equity interest in Huizhou Yaxin was owned by Shenzhen Yapai as to 90% and Mr. Chen as to 10%
“JV”	sino-foreign joint venture company
“km”	kilometre
“Latest Practicable Date”	1 August 2005, being the latest practicable date for ascertaining information referred to in this circular prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	陳小榮(Chen Xiaorong). To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Mr. Chen is a third party independent of the Company and connected persons of the Company
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	State Administration for Industry and Commerce
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company

DEFINITIONS

“Shenzhen Yapai”	深圳市亞派投資有限公司 (Shenzhen Yapai Investment Co. Ltd.), a limited liability company established in the PRC. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiry, Shenzhen Yapai and the ultimate beneficial owner of Shenzhen Yapai are third parties independent of the Company and connected persons of the Company.
“Site”	the Site located at Yaxin Gardens, Shuikou Town, Lianhe Village, Huizhou (惠州水口鎮聯和村「亞新花園」)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction under the Equity Transfer Agreement
“Transferors”	Shenzhen Yapai and Mr. Chen
“%”	per cent.

For illustrative purpose of this circular, RMB1.04 = HK\$1.00

LETTER FROM THE CHAIRMAN



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

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

Executive Directors:

CHU Mang Yee (*Chairman*)

XIANG Bin (*Deputy Chairman*)

WU Jiesi (*Managing Director and Chief Executive Officer*)

TAM Lai Ling (*Deputy Managing Director and
Chief Financial Officer*)

AU Wai Kin

CHEN Chang Ying

XIAO Yan Xia

Independent Non-executive Directors:

YUEN Pak Yiu, Philip

LEE Tsung Hei, David

WONG Shing Kay, Oliver

Principal Office:

Suites 2705-2709

27th Floor

Jardine House

1 Connaught Place

Central

Hong Kong

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

5 August 2005

To the Shareholders and,

for information only, the optionholders

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION

A. INTRODUCTION

In an announcement of the Company dated 15 July 2005, it was announced that the Group entered into the Equity Transfer Agreement with Shenzhen Yapai and Mr. Chen on 15 July 2005 for the acquisition of the entire equity interest in Huizhou Yaxin which had acquired the land use rights and the developing and managing rights of the Site.

* *for identification purposes only*

LETTER FROM THE CHAIRMAN

B. THE EQUITY TRANSFER AGREEMENT

Date:

15 July 2005

Parties:

- (1) Shenzhen Yapai and Mr. Chen as the transferors
- (2) Hopson Dijing and Hopeson Holdings as the transferees

Interest to be acquired:

The entire equity interest in Huizhou Yaxin shall be acquired by Hopson Dijing and Hopeson Holdings, two indirect wholly-owned subsidiaries of the Company. Such arrangement was principally due to the tax benefit that can be enjoyed by Huizhou Yaxin after it becomes a JV.

Hopson Dijing shall acquire from Shenzhen Yapai 75% of the equity interest in Huizhou Yaxin and Hopeson Holdings shall acquire the remaining 25% from Shenzhen Yapai (as to 15%) and Mr. Chen (as to 10%) respectively. Upon completion of the acquisition of the entire equity interest in Huizhou Yaxin, Huizhou Yaxin will become an indirect wholly-owned subsidiary of the Company and will be treated accordingly in the Group's consolidated accounts.

Huizhou Yaxin acquired the land use rights and the developing and managing rights of the Site, which is located at Yaxin Gardens, Lianhe Village, Shuikou Town, Huizhou (惠州水口鎮聯和村「亞新花園」) on 6 June 2003. The Site, which is undeveloped and vacant, comprises two pieces of land (hereinafter referred to as "Site 1" and "Site 2" respectively).

The land lot number of Site 1 is 16-02-3016.1 and its aggregate site area is approximately 333,500 square metres. Site 1 is for commercial purpose. The land use rights of Site 1 expires on 13 September 2072.

The land lot number of Site 2 is 16-02-3016.2 and its aggregate site area is approximately 301,658 square metres. Site 2 is for multi-purpose. The land use rights of Site 2 expires on 11 September 2052.

According to the Equity Transfer Agreement, there is no restriction on the subsequent sale of the entire equity interest in Huizhou Yaxin by the Group.

LETTER FROM THE CHAIRMAN

Consideration:

The aggregate consideration payable by the Group for the Transaction amounts to RMB322,660,264 (equivalent to approximately HK\$310,250,253) (“Consideration”) of which (i) RMB152,660,264 (equivalent to approximately HK\$146,788,715) represents the Group’s reimbursement to the Transferors of the initial investment contributed by the Transferors for the acquisition of the Site prior to the date of the Equity Transfer Agreement and (ii) RMB170,000,000 (equivalent to approximately HK\$163,461,538) represents the consideration payable by the Group to the Transferors for the acquisition of the entire equity interest in Huizhou Yaxin.

The Consideration shall be payable as follows:

1. a sum of RMB32,266,026.40 (equivalent to approximately HK\$31,025,025) (“Deposit”), representing 10% of the Consideration, shall be deposited in the Bank Account within 10 days after the Effective Date;
2. a sum of RMB96,798,079.20 (equivalent to approximately HK\$93,075,076) (“Second Instalment”), representing 30% of the Consideration, shall be deposited in the Bank Account within 10 days after the completion of the procedures at SAIC for amending the business scope of Huizhou Yaxin to a business scope permissible for a JV;
3. a sum of RMB129,064,105.60 (equivalent to approximately HK\$124,100,102) (“Third Instalment”), representing 40% of the Consideration, shall be deposited in the Bank Account within 10 days after the approvals have been obtained from the chief administrators of the respective Foreign Trade and Economic Cooperation Bureau (外經行政主管) of Huizhou and the provincial level in respect of the change of Huizhou Yaxin from a PRC company to a JV and the completion of the procedures for amending the business licence of Huizhou Yaxin to show that Huizhou Yaxin has become a JV and Hopson Dijing and Hopson Holdings have become the shareholders thereof;
4. a sum of RMB32,266,026.40 (equivalent to approximately HK\$31,025,025) (“Fourth Instalment”), representing 10% of the Consideration, shall be deposited in the Bank Account within 10 days after the delivery to the Group by the Transferors of Huizhou Yaxin’s articles of association, corporate documents, financial information and financial seal and upon completion of the procedures for changing the legal representative of Huizhou Yaxin to a person nominated by the Group; and
5. the balance of RMB32,266,026.40 (equivalent to approximately HK\$31,025,025) shall be payable within 10 days after the completion of the application procedures for the increase in the registered capital of Huizhou Yaxin and the change of the Enterprise Code Certificate (組織機構代碼証) of Huizhou Yaxin, of which (i) RMB5,000,000 (equivalent to approximately HK\$4,807,692) (“Guarantee Payment”) shall be deposited in the Bank Account and (ii) the remaining RMB27,266,026.40 (equivalent to approximately HK\$26,217,333) shall be paid to the Transferors directly.

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

LETTER FROM THE CHAIRMAN

The Consideration was determined after arm's length negotiations with reference to the current market value of the land use rights of the Site held by Huizhou Yaxin. Valuation of the Site was conducted by 惠州市博邦評估諮詢有限公司 (Bible Realestate Assessment & Consulting Co., Ltd.), a qualified valuer in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the said valuer and the ultimate beneficial owner of it are third parties independent of the Company, the Transferors and connected persons of the Company. According to the said valuation, which was prepared based on direct comparison approach, the aggregate market value of the Site as at 7 June 2005 was approximately RMB330,282,200 (equivalent to approximately HK\$317,579,038). According to the Audited Statement, the said valuation and the Equity Transfer Agreement, the total assets value and the net assets value of Huizhou Yaxin as at 31 May 2005 were approximately RMB330,291,495 (equivalent to approximately HK\$317,587,976) and RMB330,520,000 (equivalent to approximately HK\$317,807,692) respectively. No profit or revenue has yet been made by Huizhou Yaxin. The Consideration, which represents a minor discount of the market value of the Site as determined by the said valuer, was determined by the Group and the Transferors after arm's length negotiations. The market value of the Site as determined by the said valuer was merely used for reference.

The Directors consider that the Transaction is in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are normal commercial terms which are fair and reasonable and the Equity Transfer Agreement is in the interest of the Company and the Shareholders as a whole.

Other terms:

1. Upon payment of the Third Instalment by the Transferors, the Group shall release its control over the Bank Account in respect of the Deposit and the Second Instalment and the Transferors shall own and have the absolute control of the Deposit and the Second Instalment from then on.
2. Upon payment of the Fourth Instalment by the Transferors, the Group shall release its control over the Bank Account in respect of the Third Instalment and the Transferors shall own and have the absolute control of the Third Instalment from then on.
3. Upon (i) the completion of the registration procedures for changing the shareholders of Huizhou Yaxin to Hopson Dijing and Hopeson Holdings and the presentation by the Transferors to the Group of the relevant updated registration information; and (ii) the completion of the procedures for changing the Enterprise Code Certificate (組織機構代碼証) of Huizhou Yaxin, the Group shall release its control over the Bank Account in respect of the Fourth Instalment and the Transferors shall own and have the absolute control of the Fourth Instalment from then on.

LETTER FROM THE CHAIRMAN

4. If, within 3 months after the date of payment of the Guarantee Payment, (i) Huizhou Yaxin shall remain free from debt and the Audited Statement shall remain true and accurate; (ii) Huizhou Yaxin has obtained the Real Estate Development Qualification Certificate (房地產開發資質證書) and the approval from the administrative department of the Foreign Trade and Economic Cooperation Bureau (外經行政主管部門) for changing the business nature of Huizhou Yaxin to real estate development; and (iii) the business licence of Huizhou Yaxin has been changed accordingly to reflect the said change of business nature, the Group shall release its control over the Bank Account in respect of the Guarantee Payment and the Transferors shall own and have the absolute control of the Guarantee Payment from then on.
5. In the event that the Transferors and the Group shall decide to transfer the Site on an earlier date, the parties shall enter into a confirmation of the transfer of land (土地移交確認書) and the terms relating to the transfer of the Site and the release of control over the Bank Account shall be agreed by the parties accordingly.
6. If, during the period from the payment of the Deposit and until the completion of the procedures for the transfer of the entire equity interest of Huizhou Yaxin, (i) the equity interest in Huizhou Yaxin and/or the Site shall be frozen by the governmental administrative authority or the judicial authority, subject to charge or third party's claim or (ii) the transfer of the entire equity interest of Huizhou Yaxin and/or the Site shall fail to complete due to any or both of the Transferors or the debt dispute of Huizhou Yaxin, the Group shall be entitled to terminate the Equity Transfer Agreement and be indemnified by the Transferors.

C. REASONS FOR THE TRANSACTION

The Group is principally engaged in property development and property investment in various cities in the PRC including Guangzhou, Beijing, Shanghai and Tianjin, PRC. Hopeson Holdings is an investment holding company and Hopson Dijing is principally engaged in property development in Guangdong, PRC. Shenzhen Yapai is principally engaged in the development of real estate and manufacture of micro-electronics and telecommunication products in PRC. Huizhou Yaxin is principally engaged in property management and sale of construction materials in the PRC.

Huizhou is one of the major cities in the southern part of the PRC and is located in the eastern part of the Pearl River Delta, where the Xizhi River joins the Dongjiang River. Huizhou is an enter port as well as an industrial centre in the Dongjiang Valley, with the focus on electronics and light industry. Local communications and transportation are convenient, with Guangzhou-Meizhou-Shantou Railway and two national highways connected with cities around: Guangzhou, Dongguan, Shaoguan, Heyuan, Shenzhen and Shanwei. Adjacent to Shenzhen and Hong Kong and facing Daya Bay and embracing Aotou Port, Huizhou has been endowed a favorable location to develop its industries and tourism.

The Site is located in Shuikou (水口) area, a pleasant environment with panoramic view of Lu Gang (鹿江), situated conveniently near the entrance of Huiiau Main Road (惠澳大道) and is only 4 km away from the Huizhou city centre and 1km away from Huizhou Digital Industrial Park (惠州數碼工業園). It is anticipated that following the development of Daya Bay, the construction of Huizhou Digital Industrial Park (惠州數碼工業園) and the opening to traffic of the Third Ring Road (三環路), the property market in Shuikou area will be booming and the acquisition of the Site will bring forth immense development potential and opportunity for the Group there.

LETTER FROM THE CHAIRMAN

The Group proposes to develop on the Site low density luxury residential properties as well as commercial properties and car parking spaces for sale purpose. The total gross floor area of the Site is approximately 1,275,122 square metres, among which, it is proposed that approximately 1,006,800 square meters, 110,000 square meters and 152,322 square meters will be used for the construction of residential properties, commercial properties and car parks respectively. Unsold properties intended for sale purposes would be held as current assets of the Group. The Group estimates that the total costs (exclusive of the land costs) for the development of the Site based on the said preliminary development plan would be approximately RMB2,299,962,000 (equivalent to approximately HK\$2,211,501,923). It is anticipated that approximately 35% of the said estimated total costs would be financed by bank borrowing and the remaining by internal resources of the Group. As a result of the acquisition of the Site, the assets and liabilities of the Group will increase by approximately HK\$317 million (equivalent to approximately RMB330 million) and HK\$310 million (equivalent to approximately RMB322 million) respectively immediately after the Transaction. As Huizhou Yaxin has not yet commenced its business operation, the Directors consider that the Transaction will have no material immediate effect on the Group's earnings.

D. DISCLOSEABLE TRANSACTION

As the relevant percentage ratio under Rule 14.07 of the Listing Rules 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.

E. FURTHER INFORMATION

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

F. DIRECTORS

As at the date hereof, the executive Directors are CHU Mang Yee, XIANG Bin, AU Wai Kin, CHEN Chang Ying, XIAO Yan Xia, WU Jiesi and TAM Lai Ling 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:

(1) Long position in Shares

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 owned by a company wholly-owned and controlled by Mr. Au Wai Kin.

(2) Long position in underlying Shares

On 29 April 2005, the Company granted options to Mr. Wu Jiesi and Mr. Tam Lai Ling to subscribe for Shares under the Company's share option scheme adopted on 4 November 2002 at an exercise price of HK\$4.30 per Share, details of which as at the Latest Practicable Date were as follows:

Name	Exercisable period	Number of underlying Shares in respect of which options were granted	Number of underlying Shares in respect of which options were outstanding as at the Latest Practicable Date
Mr. Wu Jiesi	29 April 2005 to 28 April 2010	10,000,000	10,000,000
Mr. Tam Lai Ling	29 April 2005 to 28 April 2010	10,000,000	10,000,000
		20,000,000	20,000,000

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 2004, 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 10% or more of the nominal value of shares of any class in the Company were as follows:

Name	Number of issued Shares
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 10 per cent. 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 2004, 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 and an associate member of the 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.