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CHINA DEVELOPMENT CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

**CONSOLIDATION OF SHARES, REDUCTION OF SHARE CAPITAL
AND
INCREASE IN AUTHORISED SHARE CAPITAL
AND
INCREASE IN PRICE OF THE SHARES**

The Board is pleased to announce that:–

1. the ordinary resolution for approving the Share Consolidation was duly passed by the Shareholders at the Extraordinary General Meeting held on Thursday, 6 February 2003;
2. the special resolution for approving the Capital Reduction was duly passed by the Shareholders at the Extraordinary General Meeting held on Thursday, 6 February 2003;
3. the ordinary resolution for approving the Increase of Capital was also duly passed by the Shareholders at the Extraordinary General Meeting held on Thursday, 6 February 2003;
4. the petition for the confirmation of the Capital Reduction was heard and confirmed by the Court on Wednesday, 21 May 2003; and
5. the Company has applied to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

Accordingly, subject to the Stock Exchange granting the listing of, and permission to deal in, the New Shares, all the conditions precedent for the Capital Reorganisation would be fulfilled once an office copy of the Court order and the minute containing the particulars required by Section 61 of the Companies Ordinance (the “Minute”) have been filed and duly registered by the Registrar of Companies in Hong Kong. It is intended that such office copy of the Court order and the Minute will be filed with the Registrar of Companies in Hong Kong on Monday, 2 June 2003 so that the Capital Reorganisation will become effective on that date.

It is intended that trading in the New Shares will commence on Monday, 2 June 2003. The first day for the free exchange of certificates for the New Shares will be 9:30 a.m. on Monday, 2 June 2003 and the latest time for free exchange shall be 4:00 p.m. on Monday, 14 July 2003.

The New Shares will be traded in board lots of 20,000 New Shares.

In order to facilitate the trading of odd lots of New Shares, the Company has procured a broker to arrange for the sale and purchase of odd lots of New Shares on behalf of the Shareholders, at prevailing market prices, during the period from 2 June 2003 to 9 July 2003.

Reference is made to the announcements of the Company respectively dated Thursday, 19 December 2002, Friday, 10 January 2003, Monday, 10 March 2003, Wednesday, 26 March 2003 and Wednesday, 23 April 2003, and the circular dated Monday, 13 January 2003 issued by the Company in relation to the Capital Reorganisation (the “Circular”). Unless otherwise defined or the context otherwise requires, terms in this announcement shall have the same meanings as those used in the Circular.

THE CAPITAL REORGANISATION

Further to the announcement of the Company on Wednesday, 23 April 2003, the petition for the confirmation of the Capital Reduction was heard by the Court on Wednesday, 21 May 2003. At the hearing, the Court confirmed that the share capital of the Company (as having been consolidated from HK\$1,600,000,000.00 divided into 4,000,000,000 Shares to HK\$1,600,000,000.00 divided into 400,000,000 Consolidation Shares pursuant to the Share Consolidation) be reduced from HK\$1,600,000,000.00 divided into 400,000,000 Consolidation Shares to HK\$4,000,000.00 divided into 400,000,000 New Shares.

Following such reduction, the authorised share capital was restored to HK\$1,600,000,000.00 by the creation of 159,600,000,000 New Shares.

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

Accordingly, subject to the Stock Exchange granting the listing of, and permission to deal in, the New Shares, all the conditions precedent for the Capital Reorganisation would be fulfilled once an office copy of the Court order and the Minute have been filed and duly registered by the Registrar of Companies in Hong Kong. It is intended that such office copy of the Court order and the Minute will be filed with the Registrar of Companies in Hong Kong on Monday, 2 June 2003 so that the Capital Reorganisation will become effective on that date (subject to the Stock Exchange granting the listing of, and permission to deal in, the New Shares).

TIMETABLE AND TRADING ARRANGEMENTS FOR NEW SHARES

2003

Hearing of the petition for confirmation of the Capital Reduction	Wednesday, 21 May
Effective date of the Capital Reorganisation	Monday, 2 June
Existing counter for trading in Shares in board lots of 2,000 Shares closes	9:30 a.m. Monday, 2 June
Temporary counter for trading in New Shares in board lots of 200 New Shares (in the form of existing share certificates) opens	9:30 a.m. Monday, 2 June
First day for free exchange of existing share certificates for new share certificates for the New Shares	9:30 a.m. Monday, 2 June
First day for odd lots trading arrangement	9:30 a.m. Monday, 2 June

Existing counter for trading
in New Shares in board lots of
20,000 New Shares (in the form of
new share certificates) reopens 9:30 a.m. Tuesday, 17 June

Parallel trading in New Shares (in the form
of new share certificates and existing
share certificates) commences 9:30 a.m. Tuesday, 17 June

Temporary counter for trading in New Shares
in board lots of 200 New Shares (in the form
of existing share certificates) closes 4:00 p.m. Wednesday, 9 July

Parallel trading in New Shares (in the form of
new share certificates and existing share
certificates) ends 4:00 p.m. Wednesday, 9 July

Last day for odd lots trading arrangement 4:00 p.m. Wednesday, 9 July

Lastest time for free exchange of existing
share certificates for new share
certificates for the New Shares 4:00 p.m. Monday, 14 July

FREE EXCHANGE OF CERTIFICATES

Share certificates in respect of the New Shares will be available for exchange at or after 9:30 a.m. on Monday, 2 June 2003. Shareholders of the Company may exchange their existing share certificates for new share certificates free of charge by delivering the existing share certificates to Tengis Limited, the share registrar of the Company (the “Registrar”), at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong before 4:00 p.m. on Monday, 14 July 2003. Thereafter, existing share certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new share certificate issued for the New Shares. The existing share certificates will cease to be valid for trading after the temporary counter for trading in the New Shares in board lots of 200 New Shares closes on Wednesday, 9 July 2003 but will continue to be good evidence of legal title to Shares and may be exchanged

into new share certificates in accordance with the foregoing. A Shareholder will be entitled to aggregate his/her Shares registered in his/her name in order to obtain new share certificates in the board lot size of 20,000 New Shares.

It is expected that new share certificates will be available for collection on or before the 10th business day from the date of submission of the existing share certificates to the Registrar for exchange.

The New Shares will be traded in board lots of 20,000 New Shares. Unless otherwise instructed by the Shareholders at the time of delivering the existing share certificates(s) to the Registrar for exchange, new share certificates will be issued in board lots of 20,000 New Shares.

The new share certificates of the New Shares will be issued in light grey colour in order to distinguish them from the existing share certificates (in blue colour) for the Shares.

ARRANGEMENT FOR ODD LOT TRADING

In order to facilitate the trading of odd lots of New Shares, the Company has procured a broker to arrange for the sale and purchase of odd lots of New Shares on behalf of the Shareholders, at prevailing market prices, during the period from 2 June 2003 to 9 July 2003. Shareholders should note that the sale and purchase of odd lots of New Shares are not guaranteed and all related transaction costs and commission shall be payable by the Shareholders. Holders of odd lots of New Shares who wish to take advantage of this facility in order to dispose of odd lots or to top-up odd lots to board lots should contact Mr. Patrick Cheung (instead of Ms. Samantha Chan as stated in the Circular) of Tai Fook Securities Company Limited at 25th Floor, New World Tower, 16-18 Queen's Road Central, Central, Hong Kong (telephone no. 2213-8232) within the aforesaid period. If Shareholders are in any doubt, you are recommended to consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If the Capital Reorganisation results in any Shareholder becoming entitled to fractions of a New Share, all such fractions will, after the end of the odd lots trading arrangement, be aggregated and sold by an agent appointed by the Directors for that purpose, and the proceeds of such sale will be retained for the benefit of the Company.

INCREASE IN THE PRICE OF THE SHARES

The Directors have noted an increase in the price of the Shares on Wednesday, 21 May 2003 and wish to state that they are not aware of any reasons for such increase. The Directors confirm that, save as disclosed in the joint announcement, inter alia, of the Company and the Subscribers (as defined in the said announcement) on 20 May 2003 with regard to the proposed subscription of New Shares, proposed Placing (as defined in the said announcement) of New Shares and application for the granting of the Whitewash Waiver (as defined in the said announcement), there are no negotiation or agreements relating to intended acquisitions or realisation which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

The above statement relating to the increases of the price of the Shares is made by the order of the Board of China Development Corporation Limited, the Directors of which individually and jointly accept responsibility for the accuracy of such statement.

By Order of the Board

China Development Corporation Limited

Kwok Ka Lap, Alva

Executive Director

Hong Kong, 21 May 2003