
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer 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)

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

(Stock Code 754)

Executive Directors:

CHU Mang Yee (*Chairman*)
XIANG Bin (*Deputy Chairman*)
AU Wai Kin
CHEN Chang Ying
CHEUNG Fong Wing
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 HM11
Bermuda

21st April, 2004

To the shareholders of the Company

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATE FOR THE REPURCHASE
BY THE COMPANY OF ITS OWN SHARES
AND
AMENDMENTS TO BYE-LAWS**

GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 19th May, 2003, a general

* for identification purpose only

mandate was given to the directors to exercise the power of the Company to repurchase shares of HK\$0.10 each in the capital of the Company. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), such mandate will lapse at the conclusion of the forthcoming annual general meeting to be held on 24th May, 2004 (“2004 AGM”). It is therefore proposed to seek your approval of ordinary resolution No. 5.B. as set out in the notice of the 2004 AGM to give a fresh general mandate to the directors to exercise the power of the Company to repurchase its issued and fully paid shares. The Company’s authority is restricted as regards purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with the Listing Rules. The explanatory statement required to be sent to shareholders under the Listing Rules in connection with the proposed resolution for the approval of the renewal of the general mandate for the repurchase by the Company of its own shares is set out in the Appendix hereto.

AMENDMENTS TO THE BYE-LAWS

The Stock Exchange has amended the Listing Rules which include, among other things, amendments to Appendix 3 of the Listing Rules which came into effect on 31st March, 2004. Appendix 3 of the Listing Rules sets out the provisions with which a listed company’s articles of association or, as the case may be, its bye-laws should conform.

In order to make the Company’s Bye-laws consistent with the amended Appendix 3 of the Listing Rules, a special resolution to modify various provisions of the Company’s Bye-laws is proposed under item no. 6 of the notice of the 2004 AGM. The background for the proposed amendments to the following Bye-laws is set out below:

(a) Bye-law 1

- (i) To add the definition of the term “associate” which will have the same meaning as defined in the Listing Rules.
- (ii) To reflect the enactment of the Securities and Futures Ordinance (the “SFO”) in place of the Securities and Futures (Clearing Houses) Ordinance (the “Repealed Ordinance”) which was repealed on 1st April, 2003. Any recognised clearing house under the Repealed Ordinance shall be deemed to have been recognised as a clearing house under the SFO.

(b) Bye-law 76(2)

To require the Company to exclude votes cast by a shareholder in contravention of a requirement or restriction under the Listing Rules as required by the amended Appendix 3 of the Listing Rules.

(c) Bye-law 88

To be consistent with the amended Appendix 3 of the Listing Rules which imposes a minimum period during which notice may be given by a shareholder to nominate a person other than a retiring director to be elected as a director (and the same requirement applies to a notice being given by such person of his willingness to be elected). This minimum period must be fixed for at least seven days and should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

(d) Bye-law 103

To be consistent with the provisions of the amended Appendix 3 of the Listing Rules so that subject to certain exceptions, a director is not allowed to vote nor be counted in the quorum on any resolution of the board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest.

2004 AGM

Set out in the 2003 annual report of the Company is a notice convening the 2004 AGM to be held at Alexandra Room, 2/F., Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on 24th May, 2004 at 9:30 a.m. at which, amongst others, an ordinary resolution will be proposed to approve the renewal of the general mandate for the repurchase by the Company of its own shares and a special resolution will be proposed to approve the amendments to the Bye-laws of the Company. Shareholders should note that the English text of the proposed resolution to amend the Bye-laws contained in the notice convening the 2004 AGM shall prevail over the Chinese text.

A form of proxy is enclosed with the 2003 annual report of the Company. Whether or not you intend to attend the 2004 AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's principal office at 19th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the 2004 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2004 AGM should you so wish.

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.

RECOMMENDATION

The directors consider that the proposals for the renewal of the general mandate to repurchase the issued and fully shares of the Company and the amendments to the Bye-laws of the Company are all in the best interests of the Company and its shareholders. Accordingly, the directors recommend you to vote in favour of the relevant resolutions in the terms as set out in the notice of the 2004 AGM.

Yours faithfully,
By order of the Board
CHU Mang Yee
Chairman

This explanatory statement includes information required under Rule 10.06(1)(b) of the Listing Rules to be given to shareholders in connection with the proposed resolution for the approval of the renewal of the general mandate for the repurchase by the Company of its own shares.

Number of shares which may be repurchased

At the 2004 AGM of the Company to be held on Monday, 24th May, 2004, an ordinary resolution will be proposed for the renewal of the general mandate given to the directors of the Company to exercise all the powers of the Company to repurchase its issued and fully paid shares. Under such mandate, the number of issued shares that the Company is authorized to repurchase on the Stock Exchange may not exceed 10 per cent. of the issued share capital of the Company as at the date of passing the resolution granting the general mandate.

As at 21st April, 2004, being the latest practicable date prior to the printing of this circular there were in issue 1,003,000,000 shares of HK\$0.10 each in the Company. Exercise in full of the mandate, if approved by the shareholders of the Company at the 2004 AGM, on the basis that no further shares are issued or repurchased prior to the date of the 2004 AGM, the Company has the authority to repurchase its own shares up to 100,300,000 shares during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by its Bye-laws or any applicable law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders at a general meeting of the Company.

Reasons for repurchases

The directors have no present intention to repurchase any shares but consider that the mandate will provide the flexibility to make such repurchases when appropriate and beneficial to the Company and its shareholders. Such repurchases may enhance the net asset value of the Company and its assets and/or its earnings per share.

Funding of repurchases

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the applicable laws of Bermuda. The Company is empowered under its Memorandum of Association to repurchase shares and the same authority is given under section 42A of the Companies Act 1981 of Bermuda. The Bye-laws supplement the Company's Memorandum of Association by providing that this power is exercisable by the directors upon such terms and subject to such conditions as they think fit. The Companies Act 1981 of Bermuda provides that the funds permitted to be utilized in connection with a share repurchase may only be paid out of either the capital paid up on the relevant repurchased shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution, or out of the share premium account of the Company.

The directors would consider the Company's financial position at times in exercising the repurchase mandate and would not propose to exercise any repurchases to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels.

Directors, their associates and connected persons

None of the directors nor, to the best knowledge and belief of the directors, having made all reasonable enquiries, any of their associates have any present intention, in the event that the mandate is approved by shareholders, to sell shares to the Company or its subsidiaries.

No connected persons (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell shares to the Company nor has he/she undertaken not to do so in the event that the Company is authorized to make purchases of shares.

Undertaking of the directors

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the Memorandum of Association and the Bye-laws of the Company.

Takeovers Code consequences

If as the result of a repurchase of shares a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. A waiver of this provision would not normally be given except in extraordinary circumstances. As at 21st April, 2004 (being the latest practicable date prior to printing of this circular), Mr. Chu Mang Yee and his wholly-owned company, Sounda Properties Limited and its nominee company, HKSCC Nominees Limited; Mr. Au Wai Kin and his wholly-owned company, Yield Plentiful Incorporated; Mr. Cheung Fong Wing and his spouse together holding 80% of Ommaney Properties Limited; Ms. Xiao Yan Xia; and Mr. Xiang Bin held approximately 63.56%, 3.74%, 3.79%, 0.01% and 0.10% respectively of the issued share capital of the Company. The directors are not aware of any shareholder, or group of shareholders acting in concert, who will become obliged to make a mandatory offer as a result of repurchases of shares.

Share repurchases made by the Company

During the six months preceding the date of this circular no shares have been repurchased by the Company.

Market prices

During each of the previous twelve months before the date of this circular, the highest and lowest traded prices for shares on the Stock Exchange were as follows:

Month	PER SHARE	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	1.40	1.32
May	1.40	1.24
June	1.32	1.29
July	1.33	1.30
August	1.33	1.25
September	1.36	1.25
October	1.30	1.19
November	1.28	1.20
December	1.48	1.25
2004		
January	1.59	1.35
February	1.85	1.42
March	2.50	1.75