
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 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.

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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

A letter from the Chairman of Hopson Development Holdings Limited is set out on pages 3 to 6 of this circular.

17 December, 2004

* *for identification purpose only*

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DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Hopson Development Holdings Limited
“Consideration”	the total consideration of RMB534 million to be paid by the Company to Huizhou Land Bureau in accordance with the Land Contract
“Directors”	the directors of the Company
“GDP”	Gross Domestic Product
“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 Holdings”	Hopson Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Huizhou Land Bureau”	廣東省惠州市國土資源局 Guangdong Province Huizhou Municipal State Land Resources Bureau and not a connected person of the Company as defined in the Listing Rules
“Land Contract”	the State-owned land use rights grant contract dated 26 November, 2004 entered into between Hopson Holdings and Huizhou Land Bureau for the acquisition of the land use rights of the Site
“Latest Practicable Date”	10 December, 2004, 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
“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

DEFINITIONS

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Site”	the Site at Number 13 Xiaoqu, Jiangbeixinqu, Huizhou City, PRC which is by the Dongjiang River and bordered by Dongjiang Da Bridge Entrance Bridge to the east, a 42 metre wide Dongjiang Da Road which is proposed to be built to the south, a 42 metre wide Tiyu Road which is proposed to be built to the west and Wenchang Road to the north
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction under the Land Contract
“%”	per cent.

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

LETTER FROM THE CHAIRMAN



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Stock Code: 754)

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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

17 December, 2004

To the Shareholders

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION

A. INTRODUCTION

It was announced on 2 December, 2004 that the Group entered into the Land Contract with Huizhou Land Bureau on 26 November, 2004 for the acquisition of the Site. The Site is a prime city location by Dongjiang River in Huizhou City, PRC.

B. THE LAND CONTRACT

Date:

26 November, 2004

* *for identification purpose only*

LETTER FROM THE CHAIRMAN

Parties:

- (1) Huizhou Land Bureau as the transferor;
- (2) Hopeson Holdings as the transferee.

Site:

The Site is located at 惠州市江北新區13號小區東江江畔 Number 13 Xiaoqu, Jiangbeixinqu, Huizhou City, PRC which is by 東江江畔 Dongjiang River and bordered by 東江大橋引橋 Dongjiang Da Bridge Entrance Bridge to the east, a 42 metre wide 東江大道 Dongjiang Da Road which is proposed to be built to the south, a 42 metre wide 體育路 Tiyu Road which is proposed to be built to the west and 文昌路 Wenchang Road to the north.

The aggregate site area of the Site is approximately 205,668 square metres, with gross floor area amounting to approximately 368,856 square metres.

Purpose:

The Site is primarily for residential purpose.

Term:

The term of the land use rights of the Site is 70 years commencing from 29 October, 2004.

Consideration:

RMB534 million (equivalent to approximately HK\$503.77 million) which shall be payable as follows:

1. a sum of RMB130 million (equivalent to approximately HK\$122.64 million) which was deposited by the Group on 29 October, 2004 as earnest money upon tendering the bid for the Site shall be applied as first instalment payment of the Consideration;
2. the balance of RMB404 million (equivalent to approximately HK\$381.13 million) shall be paid by 4 equal instalments payable semi-annually and such first and last instalments shall be paid on or before 30 April, 2005 and 31 October, 2006 respectively.

The Consideration is to be funded as to RMB313 million (equivalent to approximately HK\$295.28 million) by internal resources of the Group and RMB221 million (equivalent to approximately HK\$208.49 million) by bank borrowing.

The Consideration represents the final bid for the acquisition of the Site at the public land auction. The Directors (including the independent non-executive Directors) consider that the Consideration represents the fair market value of the Site with reference to the market value of the other residential property developments of the Group in Guangzhou, PRC such as Gallopade Park and Zhujiang International Building.

LETTER FROM THE CHAIRMAN

The Directors consider that the Transaction is in the ordinary and usual course of business of the Group and the terms of the Land Contract are normal commercial terms which are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Company.

Other terms:

The Site shall be non-transferable in whole or in part. The Site must be developed by the Group. The construction on the Site must commence within one year from the date of signing of the auction confirmation and must be completed within five years thereafter.

There is no termination clause in the Land Contract. However, Huizhou Land Bureau shall be entitled to terminate the Land Contract if the Group shall default in the instalment payments. The Group shall not be entitled to terminate the Land Contract.

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.

Huizhou 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 center 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.

Huizhou is one of the major cities in the southern part of China. As the economy of Huizhou continued to develop fast with its GDP recorded a year-on-year growth of 13.6% for the first half of 2004, the growth rate of the real estate market is also on the rise. As the Site is located in the prime city area of Huizhou City, the acquisition of the Site will enrich the Group's landmark and will bring forth immense development potential and opportunity for the Group there. The assets and liabilities of the Group will increase by HK\$503.77 million respectively immediately after the acquisition of the Site. The Directors consider that the Transaction should have no material effect on the Group's earnings for the year ending 31 December, 2004.

As at the date of this circular, the Group has not formulated any firm development plan for the Site as the Group only successfully bid for the Site on 29 October, 2004. It is anticipated that the Group shall develop on the Site quality residential properties for sale purpose and it is the Group's preliminary plan to construct approximately 2,480 units of residential properties, each at the average size of approximately 160 square meters, on the Site. The Group anticipates 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 RMB1,071.29 million (equivalent to approximately HK\$1,010 million). It is anticipated that approximately 40% of the total costs would be financed by bank borrowing and the remaining by internal resources of the Group.

LETTER FROM THE CHAIRMAN

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.

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 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, 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 HKICPA.

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.