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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 to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



South China Capital Limited

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 and 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 32 of this circular.

A notice convening the EGM to be held at Alexandra Room, 2/F, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on 30 July 2007 (Monday) at 10:00 a.m. is set out on pages 44 to 45 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the principal office of the Company at Suites 3305–3309, 33rd Floor, Jardine House, 1 Connaught Place, Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

* for identification purposes only

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DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares, the assignment of the Shareholder’s Loans and other transactions as contemplated under the Share Purchase Agreement
“Announcement”	the announcement issued by the Company on 22 June 2007 in relation to the Acquisition
“associate”	has the meaning ascribed to it in the Listing Rules
“Average Closing Price”	HK\$22.02, being the average closing price of each Share on the Stock Exchange for the last 5 trading days immediately preceding the date of execution of the Share Purchase Agreement
“Beijing XJR”	Beijing Xingjingrun Property Co., Ltd. (北京新京潤房地產有限公司) is a wholly foreign owned enterprise incorporated under the laws of the PRC and is wholly-owned by Ji Run
“Believe Best”	Believe Best Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Believe Best Group Companies”	all or any of Believe Best, Ji Run or Beijing XJR
“Board”	the board of Directors
“Bonds”	the USD Settled Zero Coupon Convertible Bonds due 2010 announced by the Company on 19 January 2007, which includes the Firm Bonds and the Optional Bonds as defined in that announcement
“Business Day”	a day on which banks are open for business in Hong Kong and in the PRC (excluding Saturdays, Sundays and public holidays in Hong Kong or in the PRC)
“Company”	Hopson Development Holdings Ltd., a company incorporated in Bermuda with limited liability and whose ordinary shares are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the sale and purchase of the Sale Shares as contemplated under the Share Purchase Agreement
“Completion Date”	the date on which the Completion occurs
“connected person”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Consideration Shares”	182,232,346 new Shares to be issued by the Company at the Issue Price as part of the consideration pursuant to the Share Purchase Agreement
“Construction Land Demolition”	demolition in relation to the construction land (建設用地) of Phase II and to make all necessary compensation (including compensation payment involved in relocating existing residents) in accordance with relevant laws
“Demolition”	the Greenfield Sites Demolition and the Construction Land Demolition
“Directors”	the directors of the Company
“DTZ”	DTZ Debenham Tie Leung Limited, an independent valuer
“EGM”	an extraordinary general meeting of the Company to be held on 30 July 2007 to consider and approve the transactions contemplated under the Share Purchase Agreement
“Enlarged Share Capital”	the issued share capital of the Company, as enlarged by the issue of the Consideration Shares
“Existing Share Capital”	the existing issued share capital of the Company as at the Latest Practicable Date
“First Cash Consideration”	HK\$1,000 million
“Group”	the Company together with its subsidiaries
“Greenfield Sites Demolition”	demolition in relation to the greenfield sites (代征綠地) of the Jing Run Project (i.e. Phase I and Phase II) and to make all necessary compensation in accordance with relevant laws
“Guaranteed Senior Notes”	8 ¹ / ₈ senior notes due 2012 in an aggregate principal amount of US\$300 million issued by the Company on 9 November 2005
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver

DEFINITIONS

“Independent Financial Adviser” or “South China Capital”	South China Capital Limited being a deemed licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as set out Schedule 5 to the SFO and an independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	independent shareholders of the Company excluding the Seller and its associates
“Issue Price”	HK\$21.95 per Consideration Share
“Ji Run”	Ji Run Property Investments Limited, a limited liability company incorporated under the laws of Hong Kong and is wholly-owned by Believe Best
“Jing Run Project”	Phase I and Phase II. The Project is situated in the Chaoyang district of Beijing and its boundaries are Dongsihuan Road (東四環), Liangmaqiao Road (亮馬橋路), Xiaoyun Road (霄雲路), Liangmahe Road (亮馬河路) and Nuren Street (女人街)
“Latest Practicable Date”	11 July 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Old Jing Run”	Beijing Jing Run Property Co., Limited (北京京潤房地產有限公司), a wholly foreign owned enterprise incorporated under the laws of the PRC and is wholly-owned by the Original Phase II Owners
“Phase I”	phase I of the Jing Run Project which is owned and being developed as residential project by Old Jing Run as at the date of the Announcement. It includes the whole of the Jing Run Project except Phase II
“Phase II”	phase II of the Jing Run Project. It is the piece of land to the east of Phase I and is situated in No. 18 Xiaoyun Road, Chaoyang District of Beijing and occupies approximately 200,000 square meters with a planned gross floor area of 700,000 square meters
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	80 shares of US\$1 in Believe Best, being 80% of the issued share capital of Believe Best

DEFINITIONS

“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Second Cash Consideration”	HK\$500 million
“Seller”	Mr. Chu Mang Yee, the controlling shareholder, the Chairman and an executive director of the Company. As at the Latest Practicable Date, the Seller holds, via Sounda, approximately 53.29% of the Existing Share Capital
“Shareholders”	the shareholders of the Company
“Shareholder’s Loans”	all interest free shareholder’s loans advanced by the Seller to any of the Believe Best Group Companies and all accounts payable of any of the Believe Best Group Companies payable to the Seller outstanding as at the Third Cash Consideration Date (including but not limited to the interest free shareholder’s loans to be provided by the Seller to the Believe Best Group Companies for performance of the Obligations), which amount to approximately HK\$1,800 million as at the Latest Practicable Date
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Purchase Agreement”	the conditional share purchase agreement entered into on 22 June 2007 between the Seller and the Company under which the Seller agrees to sell and assign to the Company, and the Company agrees to acquire the Sale Shares and take assignment of the Shareholder’s Loans
“Sounda”	Sounda Properties Limited, a company incorporated with limited liability under the laws of the British Virgin Islands and is wholly-owned by the Seller
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Third Cash Consideration”	HK\$500 million payable on the Third Cash Consideration Date
“Third Cash Consideration Date”	the date on which the Third Cash Consideration is to be paid pursuant to the Share Purchase Agreement
“Total Consideration”	the total consideration for the Acquisition
“%”	per cent.

For reference only, the figures in RMB referred to above have been translated into Hong Kong dollars on the basis of an assumed exchange rate of HK\$1.00 = RMB0.98.



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*)
WU Jiesi (*Chief Executive Officer*)
TAM Lai Ling (*Chief Financial Officer*)
AU Wai Kin
CHEN Chang Ying
XIAO Yan Xia

Non-executive Director:

SHAFRAN, Steven

Independent Non-executive Directors:

YUEN Pak Yiu, Philip
LEE Tsung Hei, David
WONG Shing Kay, Oliver

Principal Office:

Suites 3305–3309
33/F, Jardine House
1 Connaught Place
Central
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

13 July 2007

To the Shareholders

Dear Sir and Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF 80% INTEREST IN BELIEVE BEST**

1. INTRODUCTION

On 22 June 2007, the Company entered into a Share Purchase Agreement with the Seller pursuant to which the Seller agrees to sell and assign to the Company, and the Company agrees to acquire the Sale Shares and take assignment of the Shareholder's Loans. The Total Consideration is HK\$6,000 million.

Completion is conditional upon, inter alia, the approval of the Independent Shareholders voting at the EGM. The Seller and its associates will abstain from voting and the vote will be taken by poll.

* for identification purposes only

LETTER FROM THE BOARD

The Seller is a substantial shareholder of the Company and is therefore a connected person to the Company under the Listing Rules. The Acquisition constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to (i) provide Shareholders with further information relating to the Share Purchase Agreement; (ii) set out the advice of South China Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee in respect of the terms of the Share Purchase Agreement; and (iii) give the Shareholders notice of the EGM and other information in accordance with the requirements of the Listing Rules.

2. THE SHARE PURCHASE AGREEMENT

Date

22 June 2007

Parties

Seller: the Seller

Purchaser: the Company

Interests to be Acquired

The Sale Shares and the Shareholder's Loans

Consideration

The Total Consideration is HK\$6,000 million, which is payable in the following manner:

- (i) an amount of HK\$4,000 million, representing 66.67% of the Total Consideration, will be paid by the issue of the Consideration Shares at the Issue Price of HK\$21.95 per Share, which was determined by the parties after arm's length negotiation on normal commercial terms and having taking into reference the average closing price of each Share on the Stock Exchange for the last 5 trading days immediately preceding the date of execution of the Share Purchase Agreement (i.e. the Average Closing Price). The Issue Price represents a discount of 0.3% to the Average Closing Price and a discount of 7.8% to the closing price of the Shares (i.e. HK\$23.80) as at the date of the Announcement. The Consideration Shares will be issued on the Completion Date free from all encumbrances to the Seller. The Consideration Shares will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or before the Completion Date; and

LETTER FROM THE BOARD

- (ii) an amount of HK\$2,000 million, representing 33.33% of the Total Consideration, will be paid in cash in three instalments (the “**Cash Consideration**”):
- the First Cash Consideration (i.e. HK\$1,000 million) to be paid upon Completion;
 - the Second Cash Consideration (i.e. HK\$500 million) to be paid within two months of Completion;
 - the Third Cash Consideration (i.e. HK\$500 million) to be paid within 14 Business Days after the Obligations (as defined below) have been performed or satisfied pursuant to the Share Purchase Agreement.

The Seller is to assign the Shareholder’s Loans at the same time when the Third Cash Consideration is paid.

Basis of the Total Consideration

The Total Consideration was determined on the basis of normal commercial terms and arm’s length negotiation between the parties thereto with reference to, *inter alia*, the preliminary valuation report prepared by DTZ which valued Phase II at approximately RMB7,700 million (approximately HK\$7,857 million) as at 31 May 2007 (on the assumptions that, among others, all land premium and land fees (including the costs concerning the Construction Land Demolition and the Greenfield Sites Demolition for Phase II) were fully settled and the legal title has been obtained). Based on the above, 80% interest in Phase II was valued at approximately HK\$6,286 million. The final valuation report prepared by DTZ as set out in Appendix I to this circular states that, on the assumptions that, *inter alia*, the outstanding land premium and all other land fees were fully settled and the Certificate for the Use of State-owned Land has been obtained by Beijing XJR, the capital value of Phase II in existing state as at 31 May 2007 will be RMB7,700 million. The Cash Consideration will be funded by internal resources of the Group.

According to the preliminary discussions between Beijing XJR and the Beijing Municipal Bureau of State Land and Resources, the total land premium was approximately RMB840 million, of which RMB220 million has been paid. The outstanding land premium was approximately RMB620 million as at the date of the Announcement. The outstanding land fees include the Demolition costs and all other fees that may be payable in connection with the grant of land use right certificate to Beijing XJR (such other fees can only be ascertained after completion of the Demolition). Such outstanding land premium and land fees will be borne by the Seller via the provision of the Shareholder’s Loans which will be subsequently assigned to the Company on the Third Cash Consideration Date. As advised by the Company’s PRC legal advisers, the PRC government owned the legal title to Phase II as at the date of the Announcement. It is expected that upon payment of such outstanding land premium and land fees and compliance with the relevant procedures under the PRC law, Beijing XJR will obtain the legal title to Phase II.

LETTER FROM THE BOARD

Pursuant to an agreement between the Seller and the original owners of Phase II (the “Original Phase II Owners”) executed in September 2005, the Seller agreed to acquire Phase II at RMB1,000 million. The Seller, via Believe Best, acquired and completed the purchase of 100% of the issued share capital of Ji Run in May 2007 (the “Original Purchase”).

Phase II was currently occupied by local residents and the Demolition works in respect of Phase II (including relocating existing residents) must be completed and various conditions such as the Obligations (as defined below) have to be fulfilled before Phase II can be further developed by the Group after the Acquisition. In connection with the Original Purchase, the Seller agreed with the Original Phase II Owners that Beijing XJR would carry out the Demolition works in relation to the Jing Run Project by 31 December 2007 or such other date as determined by the Beijing Municipal Commission of Urban Planning or relevant government authorities. The commercial agreement of Beijing XJR carrying out and completing the Greenfield Sites Demolition in respect of Phase I was factored in the pricing of the Original Purchase. The Demolition costs are estimated by 北京海基偉業房地產評估事務所, a professional and independent valuer, at approximately RMB4,802 million as at 28 April 2007, of which approximately RMB3,091 million relates to Phase II. Under the Share Purchase Agreement, the Sellers will be responsible for the Demolition costs by way of providing the Shareholder’s Loans which will be subsequently assigned to the Company on the Third Consideration Payment Date. The Total Consideration was agreed between the parties after considering the value of Phase II and the Demolition costs involved.

Conditions Precedent

Completion is conditional upon fulfilment of, *inter alia*, the following conditions:

- (i) the passing of an ordinary resolution by the Independent Shareholders (including the issue of the Consideration Shares pursuant to a specific mandate to be sought at the EGM) approving the Acquisition pursuant to the Listing Rules;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (iii) none of Believe Best, Ji Run or Beijing XJR is involved in any claim, legal action, proceeding, suit, litigation prosecution, investigation or enquiry or arbitration (pending or threatened by or against them) which is material to the running of their respective businesses;
- (iv) the issuance of a legal opinion by a qualified PRC legal counsel confirming the status of the following:
 - (a) title to Phase II;
 - (b) payment of deed taxes connected with acquisition of Phase II;
 - (c) planning permission relating to Phase II;
 - (d) other permissions required in relation to Phase II;

LETTER FROM THE BOARD

- (v) a valuation report on Phase II issued by a professional and independent valuer; and
- (vi) a report issued by a professional and independent valuer on the costs of Demolition concerning Phase II,

(together, the “**Conditions**”).

If any of the Conditions is not satisfied on or before 30 September 2007 (or such later date as the Company and the Seller may agree), the Seller and the Company may terminate the Share Purchase Agreement.

As at the Latest Practicable Date, Conditions (iv), (v) and (vi) set out above have been satisfied.

Completion

Completion will take place on such date as may be agreed between the Company and the Seller, being not later than 7 Business Days after the Conditions have been fulfilled or waived. Completion does not depend upon fulfilment of the Obligations (as defined below) and/or payment of the Second Cash Consideration and the Third Cash Consideration. The Sale Shares to be acquired by the Company are not subject to any restriction on subsequent sale.

Effect on Shareholding Structure of the Company

As at the Latest Practicable Date, the Seller holds via Sounda approximately 53.29% of the Existing Share Capital. According to the register kept by the Company under section 336 of the Securities and Futures Ordinance as at the Latest Practicable Date, save for the shareholdings held by the Directors, the remaining approximately 43.79% of the Existing Share Capital is held by the public Shareholders. Upon Completion, 182,232,346 Consideration Shares (representing 14.15% of the Existing Share Capital or 12.39% of the Enlarged Share Capital) will be issued to the Seller (or an entity which is wholly-owned by the Seller). Immediately following Completion and assuming that there will be no change in the shareholding of the Company up and including the Completion Date (other than the issue of the Consideration Shares) and without taking into account the Bonds, the Seller will hold approximately 59.08%, and the public Shareholders will hold approximately 38.36% of the Enlarged Share Capital. The Acquisition will not result in a change of control of the Company.

For the information of the Shareholders, the Company issued the USD settled zero coupon convertible bonds (i.e. the Bonds) in the aggregate principal amount of RMB1,830.4 million in January 2007 which confer on the bondholders a right to convert the Bonds into 61,107,715 Shares (assuming the Bonds are fully converted into Shares at the initial conversion price of HK\$30.08 per Share with a fixed exchange rate of HK\$1 = RMB0.9958). Details of the Bonds have been set out in the announcement of the Company dated 19 January 2007.

LETTER FROM THE BOARD

The authorised share capital of the Company is HK\$200 million divided into 2,000 million Shares of HK\$0.10 each. The paid up capital of the Company as at the Latest Practicable Date is HK\$128,810,000.

The following table summarises the effect on the shareholding structure of the Company as a result of the issue of the Consideration Shares:

Name of Shareholder	Existing Share Capital (without taking into account the Bonds)		Enlarged Share Capital immediately after Completion (without taking into account the Bonds)		Enlarged Share Capital immediately after Completion (assuming the Bonds are fully converted into Shares at the initial conversion price of HK\$30.08 per Share with a fixed exchange rate of HK\$1 = RMB0.9958)	
	No. of Shares	% of the issued share capital of the Company	No. of Shares	% of the issued share capital of the Company	No. of Shares	% of the issued share capital of the Company
The Seller*/Sounda	686,400,000	53.29%	868,632,346	59.08%	868,632,346	56.72%
Mr. Au Wai Kin*	34,500,000	2.68%	34,500,000	2.35%	34,500,000	2.25%
Ms. Xiao Yan Xia*	30,000	0.01%**	30,000	0.01%**	30,000	0.01%**
Mr. Steven Shafran*	3,000,000	0.23%	3,000,000	0.20%	3,000,000	0.20%
Existing public Shareholders	564,170,000	43.79%	564,170,000	38.36%	564,170,000	36.83%
Bondholders	—	—	—	—	61,107,715	3.99%
	<u>1,288,100,000</u>	<u>100%</u>	<u>1,470,332,346</u>	<u>100%</u>	<u>1,531,440,061</u>	<u>100%</u>

Notes:

* The Seller, Mr. Au, Ms. Xiao and Mr. Shafran are Directors.

** The figures have been rounded up for illustration purpose.

The Consideration Shares are proposed to be issued pursuant to a specific mandate to be sought at the EGM. An application has been made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares. There is no restriction on subsequent sale of the Consideration Shares.

3. BACKGROUND OF THE ACQUISITION AND DETAILS OF PHASE II

Phase II is situated in No. 18 Xiaoyun Road, Chaoyang District of Beijing and occupies approximately 200,000 square meters with a planned gross floor area of 700,000 square meters. According to the planning permission certificate (the “**Planning Permission Certificate**”) dated 10 April 2007 and other relevant approval documents issued by the Beijing Municipal Commission of Urban Planning, Beijing XJR has the right to develop Phase II in accordance with the regulations prescribed in the Planning Permission Certificate. As at the date of the Announcement, the Seller holds 100% of the issued share capital of Believe Best which in turn holds 100% of the issued share capital of Ji Run. The sole asset of Ji Run is its 100% interest in the registered capital of Beijing XJR. Save for the right to develop Phase II, the Demolition obligations and the Shareholder’s Loans, none of the Believe Best Group Companies has other

LETTER FROM THE BOARD

assets or liabilities as at the date of the Announcement. As mentioned in the paragraph headed “Basis of the Total Consideration”, the Seller, via Believe Best, acquired and completed the purchase (the “**Original Purchase**”) of 100% of the issued share capital of Ji Run in May 2007 (i.e. the Original Purchase) for a consideration of RMB1,000 million.

The Original Phase II Owners owned Old Jing Run. To the best of the Directors’ knowledge, having made reasonable enquiry, the Original Phase II Owners and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. Old Jing Run undertook to the Beijing Municipal Commission of Urban Planning that it would carry out and complete the Greenfield Sites Demolition. In connection with the Original Purchase, Beijing XJR undertook to Old Jing Run that it would assume the Greenfield Sites Demolition for and on behalf of Old Jing Run and that it would also carry out and complete the Construction Land Demolition by 31 December 2007 or such other date as determined by the Beijing Municipal Commission of Urban Planning or other relevant government authorities. In view of such obligations, various conditions such as the Obligations (as defined below) have to be fulfilled before payment of the Third Cash Consideration.

4. OBLIGATIONS TO BE PERFORMED BEFORE PAYMENT OF THE THIRD CASH CONSIDERATION AND ASSIGNMENT OF SHAREHOLDERS’ LOAN

Payment of the Third Cash Consideration and the assignment of the Shareholder’s Loans are conditional upon the Seller providing Shareholder’s Loans to the Believe Best Group Companies for the performance of various obligations, which include, *inter alia*:

- (i) completion of the Construction Land Demolition;
- (ii) Phase II to have water, electricity and road connection and to satisfy other various conditions as outlined in the Share Purchase Agreement;
- (iii) the Seller provides satisfactory evidence to the Company on completion of Demolition;
- (iv) Beijing XJR has obtained the land use right certificate to Phase II;
- (v) Beijing XJR has obtained the approval documents issued by the Beijing Municipal Commission of Development and Reform relating to Phase II; and
- (vi) Other necessary relevant approval documents obtained in respect of Phase II from the relevant local authorities,

(together, the “**Obligations**”).

Save for the Shareholder’s Loans, the Seller undertakes that the costs involved in performance of the above mentioned obligations would not be directly or indirectly borne by the Company or the Believe Best Group Companies. In addition to the Obligations, the Seller is obliged to provide Shareholder’s Loans to the Believe Best Group Companies to carry out the Greenfield Sites Demolition.

LETTER FROM THE BOARD

If any of the Obligations and completion of the Greenfield Sites Demolition are not performed by 31 December 2007 or such other date as determined by the Beijing Municipal Commission of Urban Planning or other relevant government authorities (the “**Late Performance**”), without prejudice to the indemnity given by the Seller as described in the paragraph below, the Company may grant a grace period of 6 months (the “**Grace Period**”). If any of the Obligations and completion of the Greenfield Sites Demolition are still not performed after the Grace Period, the Seller shall pay to the Company a liquidated damages of approximately HK\$300,000 (which is equivalent to approximately 0.005% of the Total Consideration) each day commencing on the day after the Grace Period until and including the day when all the Obligations are performed in full.

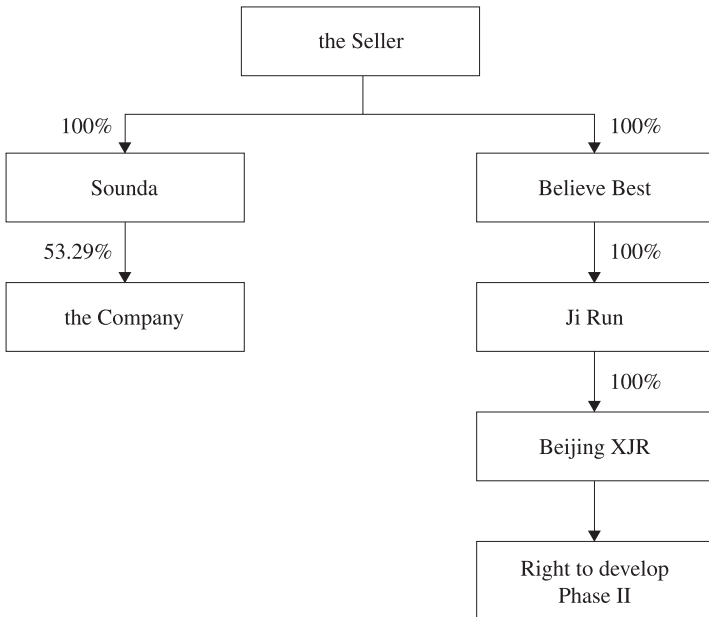
The Seller has also undertaken to indemnify the Company or any of the Believe Best Group Companies for all losses, costs or other relevant expenses incurred as a result of the Late Performance or any claims, litigation, judicial or other administrative proceedings against the Company or any of the Believe Best Group Companies which arise from such Late Performance.

5. INFORMATION ON THE PARTIES

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

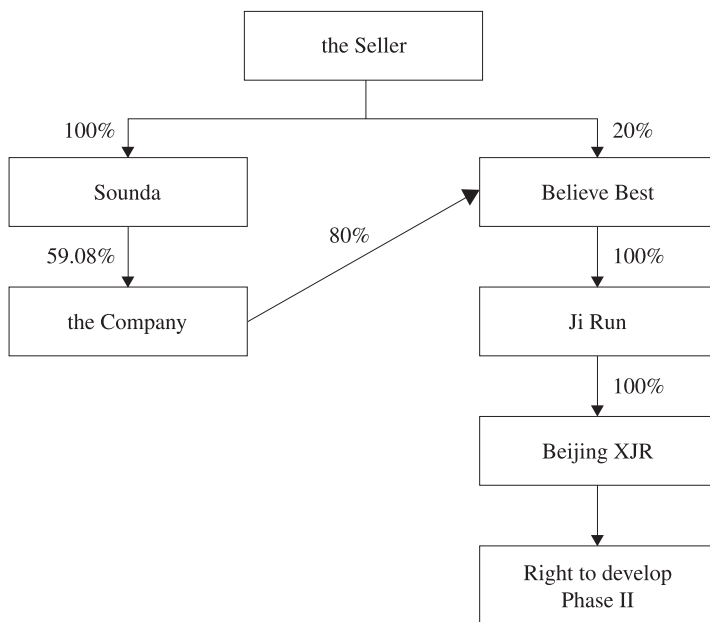
The Seller holds 100% of the issued share capital of Sounda which is a substantial shareholder of the Company holding approximately 53.29% of the Existing Share Capital. The Seller also holds 100% of the issued share capital of Believe Best which in turn holds 100% of the issued share capital of Ji Run. Ji Run holds the 100% interest in Beijing XJR.

The relationship between the Seller, Believe Best, Ji Run, Beijing XJR and Phase II before Completion is summarised as follows:



LETTER FROM THE BOARD

The relationship between the Seller, Believe Best, Ji Run, Beijing XJR and Phase II immediately after Completion is summarised as follows:



Believe Best is an investment holding company of the Believe Best Group Companies. It was incorporated in July 2005 for the purpose of acquiring Ji Run. The sole asset of the Believe Best Group Companies is the right to develop Phase II, which is held via Believe Best's 100% shareholding in Ji Run and Ji Run's 100% holding in Beijing XJR. Based on the consolidated management accounts of the Believe Best Group Companies prepared in accordance with Hong Kong Financial Reporting Standards, the consolidated net assets value of the Believe Best Group Companies was approximately HK\$996 million as at 31 May 2007. There were no net profits or losses attribute to Believe Best in the past 2 financial years.

6. THE ACQUISITION AS A DISCLOSEABLE AND CONNECTED TRANSACTION

Sounda, a company wholly-owned by the Seller, is a substantial shareholder of the Company holding approximately 53.29% of the Existing Share Capital. The Seller, by reason of being the sole shareholder of Sounda, is a connected person to the Company.

The Acquisition constitute a discloseable and connected transaction for the Company pursuant to Rules 14.08 and 14A.16(5) and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Completion is conditional upon, inter alia, the approval of the Independent Shareholders voting at the EGM. The Seller and its associates will abstain from voting and the vote will be taken by poll.

LETTER FROM THE BOARD

7. REASONS FOR THE ACQUISITION

Phase II is situated in a prime location in Beijing. As the core business of the Group is property development and property investment in major cities of the PRC Phase II which occupies 200,000 square meters with a planned gross floor area of 700,000 square meters, adds favourably to the assets of the Group and enables the Group to expand its market share of the property development market in the PRC. The Company plans to develop Phase II into a high quality residential project. The Directors anticipate that in view of the economic growth of Beijing and the rising demand of residential buildings in prime districts of Beijing, Phase II, after development, will be of great commercial value to the Group.

The original discussion between the Company and the Seller was for the Company to acquire 100% interest in Phase II. However, after commercial negotiations between the parties, in view of the future prospects of Phase II, the Seller was only willing to sell 80% interest in Phase II, which is the current structure of the Acquisition.

The Board (including the independent non-executive Directors) considers that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders of the Company as a whole.

8. EFFECT OF THE ACQUISITION ON THE ASSETS, LIABILITIES AND EARNINGS OF THE GROUP

The audited consolidated net asset value of the Group was approximately HK\$8,200 million as at 31 December 2006. Upon the issue of the Consideration Shares, there will be an increase in the net asset value of the Group.

The Directors also believe that there would be no immediate material impact on the liabilities or earning position of the Group upon Completion. However, it is expected that the Acquisition will have a positive impact on the earnings of the Group in the long run.

9. EGM

The Company will convene an EGM on 30 July 2007 to pass an ordinary resolution to approve the transactions contemplated under the Share Purchase Agreement, including the acquisition of the Sale Shares and the Shareholder's Loans. The Seller and its associates will abstain from voting at the EGM and voting will be taken by poll.

Notice of the EGM is set out on pages 44 to 45 in this circular. A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. If you are unable to attend the EGM in person, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon, and to lodge it with the principal office of the Company at Suites 3305-3309, 33rd Floor, Jardine House, 1 Connaught Place, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the

LETTER FROM THE BOARD

meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

10. RECOMMENDATION

The letter to the Shareholders from the Independent Board Committee, containing its recommendation in relation to the Share Purchase Agreement, is set out on pages 16 to 17 in this circular. Having considered the advice from South China Capital and the valuation report from DTZ in relation to the Share Purchase Agreement, which are set out on pages 18 to 32 and pages 33 to 38 in this circular respectively, the Independent Board Committee is of the opinion that the Acquisition is in the interests of the Company and its Shareholders as a whole, and that the terms of the Share Purchase Agreement are on normal commercial terms, in the ordinary course of business of the Company and are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

11. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders set out on pages 16 and 17 of this circular and the advice from South China Capital to the Independent Board Committee and the Independent Shareholders set out on pages 18 to 32 of this circular.

Your attention is also drawn to the valuation report set out in Appendix I and the general information set out in Appendix II.

By Order of the Board
Chu Mang Yee
Chairman



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>

13 July 2007

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular (the “Circular”) dated 13 July 2007 issued by the Company, of which this letter forms a part. Terms used in this letter shall have the same meanings defined elsewhere in the Circular unless the context requires otherwise.

The Independent Board Committee comprising Messrs. Yuen Pak Yiu, Philip, Lee Tsung Hei, David and Wong Shing Kay, Oliver have been appointed to advise you in respect of the Acquisition, details of which are set out in the Circular. South China Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

RECOMMENDATION

We wish to draw your attention to the Letter from the Board as set out on pages 5 to 15 of this Circular, and the letter from South China Capital which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the valuation report of DTZ as set out on pages 33 to 38 and Appendix I to this Circular respectively.

As the Independent Board Committee, we have discussed with the management of the Company the reasons for the Share Purchase Agreement and the basis upon which its terms have been determined. We have also discussed with South China Capital and DTZ the basis upon which their advice has been given to us.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of South China Capital, the principal factors and reasons considered by South China Capital and the valuation report of DTZ, we consider that the terms of the Share Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
for and on behalf of
the Independent Board Committee

Yuen Pak Yiu, Philip
*Independent non-executive
Director*

Lee Tsung Hei, David
*Independent non-executive
Director*

Wong Shing Kay, Oliver
*Independent non-executive
Director*

LETTER FROM SOUTH CHINA CAPITAL

Set out below is the text of a letter received from South China Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition for the purpose of inclusion in this circular.



South China Capital Limited
28/F., Bank of China Tower
No. 1 Garden Road
Central
Hong Kong

13 July 2007

*To: The independent board committee and the independent shareholders
of Hopson Development Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 13 July 2007 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 22 June 2007, the Company and the Seller entered into the Share Purchase Agreement, pursuant to which (i) the Seller agreed to sell and the Company agreed to acquire the Sale Shares, which represents 80% of the equity interest in Believe Best; and (ii) the Seller agreed to assign to the Company the Shareholder’s Loans as at Completion. According to Rule 14.08 of the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company. In addition, since the Seller is the sole shareholder of Sounda, being a substantial Shareholder holding approximately 53.29% of the total number of issued Shares as at the Latest Practicable Date, the Acquisition also constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules. The Acquisition is therefore subject to the approval of the Independent Shareholders at the EGM by way of poll and the Seller and his associates shall be required to abstain from voting at the EGM.

An Independent Board Committee comprising Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the Share Purchase Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Share Purchase Agreement and the transactions contemplated

LETTER FROM SOUTH CHINA CAPITAL

thereunder at the EGM. We, South China Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules.

In addition, we have reviewed the independent valuation report in respect of the valuation of Phase II (the “Valuation Report”) as prepared by DTZ. We have also discussed the methodologies and assumptions made in determining the capital value of Phase II with DTZ.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquires, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition.

LETTER FROM SOUTH CHINA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

(1) Background of the Acquisition

Business overview of the Group

The Group is one of the leading property developers in the PRC and is principally engaged in property development, property investment and property management in the first-tier cities in the PRC, such as Guangzhou, Beijing, Tianjin and Shanghai.

Set out below is the breakdown of the audited total turnover of the Group by geographical locations for the two years ended 31 December 2006 as extracted from the annual report of the Company for the year ended 31 December 2006 (the “2006 Annual Report”):

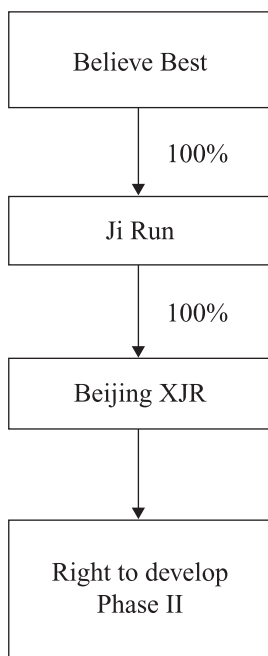
	For the year ended 31 December 2006		For the year ended 31 December 2005		Year-on-year change
	% of total turnover of		% of total turnover of		
	HK\$'000	the Group	HK\$'000	the Group	%
Turnover					
— Guangdong	3,382,466	48.88	2,891,386	47.14	16.98
— Beijing	2,173,483	31.40	2,066,455	33.69	5.18
— Shanghai	665,551	9.62	615,733	10.04	8.09
— Tianjin	698,794	10.10	558,429	9.10	25.14
— Others	—	—	1,891	0.03	N/A
Total	<u>6,920,294</u>	<u>100.00</u>	<u>6,133,894</u>	<u>100.00</u>	<u>12.82</u>

As illustrated by the above table, the Group recorded an audited total turnover of approximately HK\$6,920 million for the year ended 31 December 2006. Over 30% of the Group's turnover had been derived from its major projects and business in Beijing during both of the two years under review. According to the 2006 Annual Report, as construction to the Olympics and the massive infrastructure constructions in the Central Business District are underway, the Directors expect that there will be a continuous surge in the Beijing property market in terms of investments and demand. Furthermore, with the constant increase in income of Beijing citizens, the Beijing property market will continue to develop steadily.

LETTER FROM SOUTH CHINA CAPITAL

Information on the Believe Best Group Companies

As depicted by the graph below, the Believe Best Group Companies comprise Believe Best, Ji Run and Beijing XJR, with Believe Best being the ultimate beneficial owner of Beijing XJR:



Based on the consolidated management accounts of the Believe Best Group Companies prepared in accordance with Hong Kong Financial Reporting Standards (the “Management Accounts”), the consolidated net asset value (“NAV”) of the Believe Best Group Companies was approximately HK\$996 million as at 31 May 2007. During the past two years ended 31 December 2006, the Believe Best Group Companies had no net profits or losses. Since the Company intends to acquire 80% of the equity interest in Believe Best, upon Completion, Believe Best will become a 80% owned subsidiary of the Company and the Directors confirmed that the Group will consolidate the financial results of Believe Best into the Group’s financial statements.

With reference also to the Board Letter, the sole asset of the Believe Best Group Companies is the right to develop Phase II, a residential property development project in Beijing (details of Phase II are being set forth in the following paragraph).

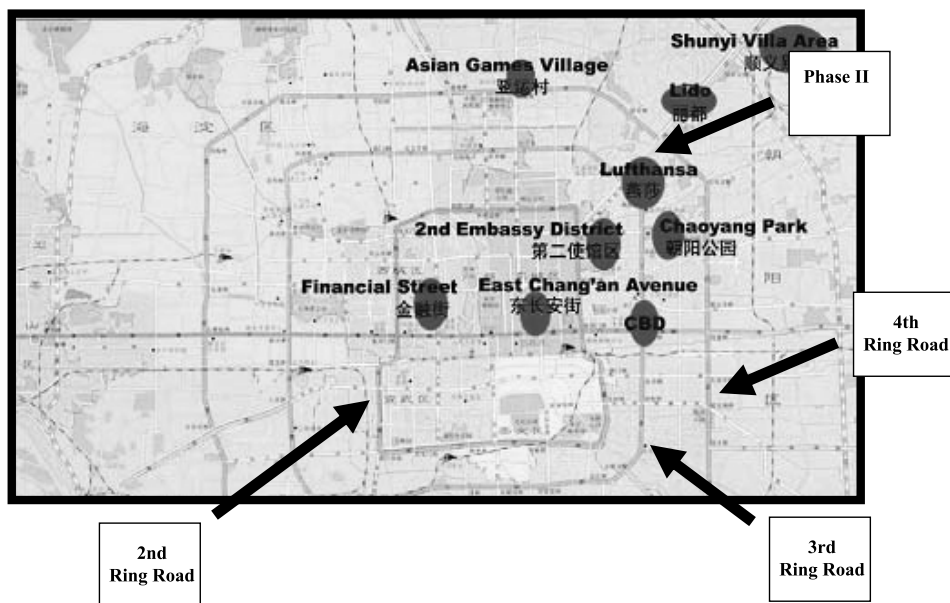
Phase II

Phase II is located at No. 18 Xiaoyun Road, Chaoyang District of Beijing, and it occupies approximately 200,000 square meters with a planned gross floor area of 700,000 square meters. As further provided by the Directors, the greenery site area attaching to Phase II will be of approximately 342,546 square meters. In May 2007, the Seller acquired and completed the purchase of Phase II from the Original Phase II Owners through its acquisition of the entire issued share capital of Ji Run, which was then held by the Original Phase II Owners. According to the Planning Permission

LETTER FROM SOUTH CHINA CAPITAL

Certificate dated 10 April 2007 and other relevant approval documents issued by the Beijing Municipal Commission of Urban Planning, Beijing XJR (a wholly-owned subsidiary of Ji Run and in turn being indirectly wholly-owned by Believe Best) has the right to develop Phase II in accordance with the regulations prescribed therein.

Below is a location map of Phase II in Beijing, the PRC:



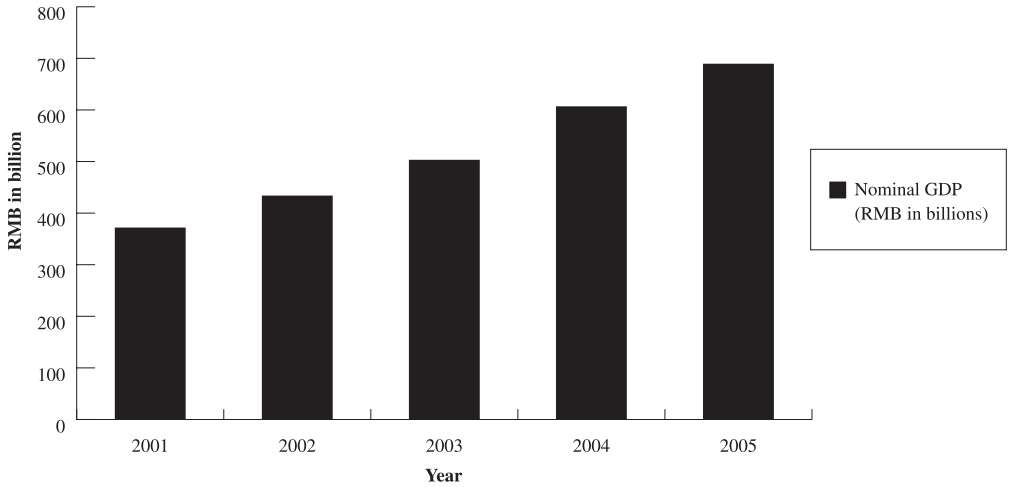
As aforementioned, Phase II is situated in Chaoyang district, which is a prime location in Beijing stretching north towards the Capital International Airport. With reference to the information released over the internet at www.bjta.gov.cn by Beijing Tourism Administration, Chaoyang district is the location of the first Chinese Central Business District. It is also the hub of Beijing's diplomatic quarters. Various famous landmarks of Beijing, such as the World Trade Centre and National Exhibition Centre, are also located within Chaoyang district. From the population census which was conducted in 2000, Chaoyang district is the second most populous precinct of Beijing, with permanent resident population of approximately 2.29 million.

The Directors confirmed that the Company plans to develop Phase II into a high quality residential project. Besides that, it is the intention of the Company to commence the development and construction work at Phase II immediately after the Demolition works in respect of Phase II are being completed. Under the Share Purchase Agreement, the Seller is required to perform certain Obligations, including but not limited to the Demolition works, by 31 December 2007 (subject to the grant of the Grace Period). Furthermore, the Seller is also responsible for the Demolition costs and all other outstanding land fees by way of the provision of the Shareholder's Loans which will be subsequently assigned to the Company on the Third Consideration Payment Date. The Demolition costs, as estimated by 北京海基偉業房地產評估事務所, a professional and independent valuer, was approximately RMB4,802 million as at 28 April 2007. Of this amount, approximately RMB3,091 million was related to Phase II.

(2) Overview of the property market in Beijing

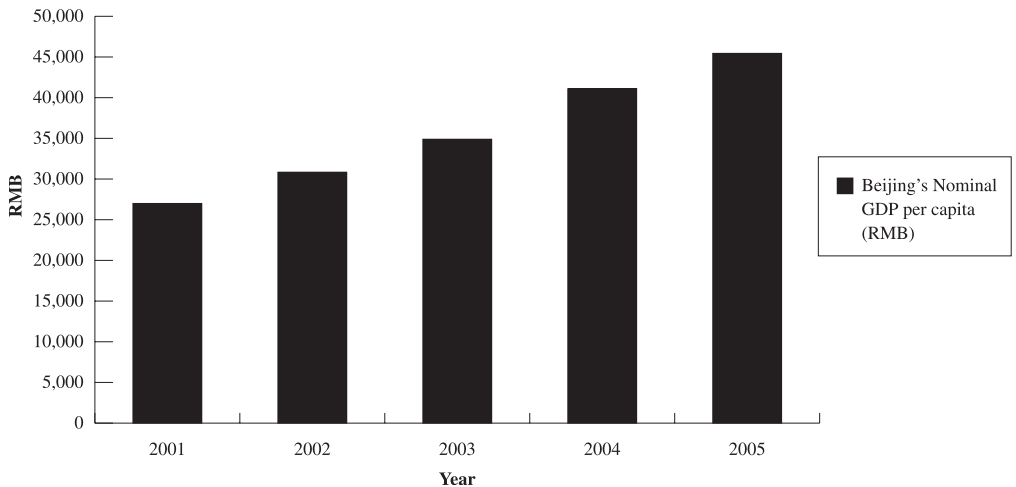
The following charts demonstrate the nominal gross domestic product (the “Nominal GDP”) and the Nominal GDP per capita of Beijing from the 2001 to 2005 (2006 data is not yet available):

Beijing’s Nominal GDP (2001–2005)



Source: *Beijing Municipal Bureau of Statistics*

Beijing’s Nominal GDP per capita (2001–2005)



Source: *Beijing Municipal Bureau of Statistics*

LETTER FROM SOUTH CHINA CAPITAL

As shown by the above charts, both of the Nominal GDP and Nominal GDP per capita of Beijing rose significantly by approximately 13.16% and 10.98% respectively on a CAGR basis from 2001 to 2005. The recent development of Beijing into an international city has also been speeded up by the construction work in relation to the Olympics. Due to this reason, citizens of Beijing have become more affluent. Typically, GDP growth and the demand for residential property are positively correlated, we therefore concur with the Directors that the expansion in the Beijing property market would likely to persist in the near future.

Set out below are the residential development projects which are currently being newly launched within Chaoyang district and according to the Directors are comparable to the tier of units of Phase II (the “Comparable Projects”):

Project name	Total units	Gross floor area <i>(square meters)</i>	Asking price <i>(RMB/square meter)</i>	Transacted price <i>(RMB/square meter)</i>
昆崙公寓	157	29,392	N/A	59,625
Chevalier	650	143,158	16,828–25,000	17,593
Victoria Gardens	214	39,988	22,000	19,344
銀泰中心	260	56,622	42,000	42,277

Source: 北京市房地產交易管理網 (www.bjfdc.gov.cn)

From the above table, we are aware of that the asking price of the developers per square meter and transacted price per square meter of the Comparable Projects are ranging from RMB16,828 to RMB42,000 and from RMB17,593 to RMB59,625 respectively. We consider that the transaction statistics of the Comparable Projects may serve as a reference to the current market condition of top-tier residential development projects within Chaoyang district. In the case of the Acquisition, the planned gross floor area of Phase II is approximately 700,000 square meters while the Total Consideration for 80% of the equity interest in Believe Best is HK\$6,000 million. Consequently, the planned gross floor area cost of Phase II (which is calculated as the Total Consideration divided by 80% of the planned gross floor area of Phase II) is approximately RMB10,500 per square meter. Besides the land cost, the total cost of development of Phase II will include the construction cost and other necessary expenses including but not limited to the general administrative expenses, interests and various types of government tax. In view of the scale of development and the substantial area of greenery site attaching to Phase II, we concur with the Directors that the Company can shape Phase II into a top-tier residential development project. Having also taking into account the transaction statistics of the Comparable Projects as listed above, we are of the view that Phase II would likely to be a valuable residential property development project to the Company.

In order to form a better understanding on the price of residential properties in Beijing, we have also discussed with DTZ who has advised that there would be a prolonged growth in the price of residential properties in Beijing due to the shortage of land supply. From the data provided by DTZ, from 2004 to 2006, the total land supply of Beijing for mainly residential purpose was approximately 15.73 million square meters, 7.74 million square meters and 2.95 million square meters respectively, which shows a sharp decreasing trend.

Furthermore, according to DTZ, the rise in price of residential properties in Beijing would be even more acute within Chaoyang district since the supply of land in good location within Chaoyang district is highly limited. In 2006, the total site area of residential land being transacted within Chaoyang district was approximately 777,431 square meters whereas the total site area of Phase II is of approximately 200,000 square meters, representing approximately 25.7% of the total site area of residential land being transacted within Chaoyang district in 2006. Having this being the case, we are of the opinion that Phase II provides a good investment opportunity for the Group to replenish its land bank in Beijing.

In view of:

- (i) the geographical advantage of Phase II, being located within Chaoyang district, a prime district in Beijing;
- (ii) the positive outlook of the property market in Beijing taking advantage from the continuous growth in income of the Beijing citizens;
- (iii) the recent favourable transaction statistics in relation to the Comparable Projects as reference to the future development prospect of Phase II; and
- (iv) the limited land supply in Beijing as presented to us by DTZ, including Chaoyang district, which would likely to drive up the price of residential properties,

we are of the opinion that the future development prospect of Believe Best after the development of Phase II would be promising. Therefore, we recognise the commercial reasoning of the Acquisition and are also of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

(3) Reasons for the Acquisition

As illustrated in the paragraph headed “Business overview of the Group” of this letter, over 30% of the Group’s business was derived from the Beijing market. Based on the Board Letter, the Directors believe that Phase II will add favourably to the assets of the Group and will enable the Group to expand its market share of the property development market in the PRC. Furthermore, the Directors also anticipate that in light of the economic growth of Beijing and the rising demand of residential buildings in prime districts of Beijing, Phase II will be of great commercial value to the Group after development. Having taken into account that Phase II will be developed into a high quality residential project by the Group, we are of the opinion that the Acquisition is in line with the Group’s strategy to focus on the property development in first-tier cities and is in the ordinary and usual course of business of the Group. Along with the more likely than not advancement of the property market in Beijing as was explained in the section headed “Overview of the property market in Beijing” of this letter, we also concur with the Directors that Phase II would be of great commercial value to Believe Best, and in turn to the Group after the Acquisition. Accordingly, we consider that the Acquisition is in the interests of the Company and the Shareholders as a whole.

(4) Principal terms of the Share Purchase Agreement

On 22 June 2007, the Company and the Seller entered into the Share Purchase Agreement, pursuant to which (i) the Seller agreed to sell and the Company agreed to acquire the Sale Shares, which represents 80% of the equity interest in Believe Best; and (ii) the Seller agreed to assign to the Company the Shareholder's Loans as at Completion. The Total Consideration of HK\$6,000 million shall be settled by the Company in the following manner upon Completion:

- (i) HK\$4,000 million, representing approximately 66.67% of the Total Consideration will be satisfied by the issue of the Consideration Shares at the Issue Price of HK\$21.95 per Consideration Share; and
- (ii) HK\$2,000 million, representing approximately 33.33% of the Total Consideration, will be paid in cash in three instalments: (a) HK\$1,000 million to be paid upon Completion; (b) HK\$500 million to be paid within two months of Completion; and (c) HK\$500 million to be paid within 14 Business Days after the Obligations have been performed or satisfied. As confirmed by the Directors, the Cash Consideration will be funded by internal resources of the Group.

Basis of the Total Consideration

It is stated in the Board Letter that the Total Consideration was determined on the basis of normal commercial terms and after arm's length negotiation between the parties to the Share Purchase Agreement with reference to, inter alia, the Valuation Report which valued Phase II at approximately RMB7,700 million (equivalent to approximately HK\$7,857 million) as at 31 May 2007 (on the assumptions that, among others, all land premium and land fees (including the Demolition costs for Phase II) were fully settled and the legal title has been obtained).

Valuation Methodology

We have reviewed the Valuation Report and enquired into DTZ regarding the methodology adopted and the assumptions made in arriving at the capital value of Phase II. We understand that DTZ carried out a site visit at Phase II in May 2007 and adopted the direct comparison method which provides indications of value by making reference to comparable transactions as available in the relevant market. As advised by DTZ, the direct comparison method is the best valuation method as far as the market comparables are available and relevant. This method involves less assumptions and uncertainty in the valuation. For the purpose of assessing the capital value of Phase II, DTZ considered the direct comparison method to be the most appropriate.

Based on the Management Accounts, Believe Best had consolidated NAV of approximately HK\$996 million as at 31 May 2007 comprising mainly the land costs of approximately HK\$6,137 million and the land costs payable of approximately HK\$5,164 million. As adjusted by, (i) adding the estimated capital value of Phase II of approximately HK\$7,857 million; (ii) excluding the aforementioned land costs as well as the land costs payable (the land costs payable has to be eliminated since the

LETTER FROM SOUTH CHINA CAPITAL

Shareholder's loans will be waived by the Seller on the Third Consideration Payment Date pursuant to the Share Purchase Agreement), we calculated the adjusted consolidated NAV of Believe Best to be of approximately HK\$7,881 million (the "Adjusted NAV"). The Directors consider that such computation of the Adjusted NAV is able to reflect the fair value of the NAV of Believe Best. Accordingly, the Total Consideration of HK\$6,000 million represents a discount of approximately 4.84% to 80% of the Adjusted NAV of approximately HK\$6,305 million, being the adjusted consolidated NAV of Believe Best attributable to the Company. Having considered the level of discount represented by the Total Consideration to the adjusted consolidated NAV of Believe Best attributable to the Company, we consider the Total Consideration to be fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

Pursuant to the Share Purchase Agreement, part of the Total Consideration will be satisfied by the issue of 182,232,346 new Shares at Completion at the Issue Price of HK\$21.95 per Consideration Share, which was determined with reference to the Average Closing Price.

The Issue Price represents a premium over/(discount) to the closing price of the Shares in the following manner:

	Share price (HK\$)	Premium/ (Discount) of the Issue Price over/to the closing price of the Shares
As at the Latest Practicable Date	23.45	(6.40)%
As at the trading day immediately preceding the date of execution of the Share Purchase Agreement	23.80	(7.77)%
The average of the last five trading days immediately preceding the date of execution of the Share Purchase Agreement	22.02	(0.32)%
The average of the last ten trading days immediately preceding the date of execution of the Share Purchase Agreement	21.02	4.42%

LETTER FROM SOUTH CHINA CAPITAL

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each of the 12 months during the period commencing from 1 July 2006 up to and including the Latest Practicable Date (the “Review Period”) are shown as follows:

Month	Highest closing price HK\$	Lowest closing price HK\$	Average daily closing price HK\$
2006			
July	16.30	15.00	15.66
August	17.40	15.00	16.22
September	18.52	14.90	17.23
October	17.78	16.02	16.60
November (<i>Note</i>)	19.22	16.90	18.23
December	22.25	19.28	21.51
2007			
January	22.00	18.10	20.07
February	19.48	18.10	19.01
March	19.62	16.80	18.43
April	22.60	18.50	21.00
May	21.80	18.10	20.35
June	23.80	19.10	21.44
July (<i>up to and including the Latest Practicable Date</i>)	23.65	22.55	23.16

Note: Trading in the Shares was suspended on 3 November 2006.

Source: the Stock Exchange web-site (www.hkex.com.hk)

The above table illustrates that the average daily closing prices of the Shares during the Review Period ranged from HK\$15.66 to HK\$23.16 per Share. We note that the Issue Price of HK\$21.95 per Consideration Share was at a premium over the monthly average daily closing prices of the Shares for the entire Review Period save and except for July 2007.

LETTER FROM SOUTH CHINA CAPITAL

To further evaluate the fairness and reasonableness of the Issue Price, we have identified, to the best of our knowledge and endeavor, nine connected transactions in relation to acquisition by companies listed in Hong Kong which involved the issue of shares to satisfy all or part of the consideration from 1 January 2007 to the date of the Share Purchase Agreement (the “Issue Price Comparables”). The table below demonstrates our relevant findings:

Company name	Stock code	Date of announcement	Issue price of the consideration shares (HK\$)	Premium/ (Discount) of the issue price over/to the closing price of the shares as at the last trading day prior to the release of the announcement of the %	Premium/ (Discount) of the issue price over/to the average closing price of the shares for the last five trading days prior to the release of the announcement %
Sino Union Petroleum & Chemical International Limited	346	9 January 2007	0.24	(20.00)	(11.44)
Goldlion Holdings Limited	533	22 January 2007	1.40	0.00	2.19
Signal Media and Communications Holdings Limited	2362	15 February 2007	0.10	(12.28)	(10.07)
Inno-Tech Holdings Limited	8202	6 March 2007	0.168	(18.45)	(12.50)
CASIL Telecommunications Holdings Limited	1185	2 April 2007	0.35	(55.13)	(50.70)
Beijing Enterprises Holdings Limited	392	10 April 2007	18.48	(6.67)	(6.57)
Lo's Enviro-Pro Holdings Limited	309	4 May 2007	5.00	(2.15)	7.76
Tak Sing Alliance Holdings Limited	126	28 May 2007	2.80	(6.04)	1.82
China Cyber Port (International) Company Limited	8206	1 June 2007	2.90	3.57	3.13
Average				(13.02)	(8.49)
Maximum				3.57	7.76
Minimum				(55.13)	(50.70)
The Company				(7.77)	(0.32)

As shown by the above table, the issue prices of the consideration shares of the nine Issue Price Comparables ranged from a discount of approximately 55.13% to a premium of approximately 3.57% to/over the respective closing prices of their shares as at the last trading day prior to the release of the relevant issue of consideration shares announcements. Out of the nine Issue Price Comparables, the issue prices of

seven of them represented discounts to the closing prices of their shares as at the last trading days. The Issue Price, which represents a discount of approximately 7.77% to the closing price of the Shares on the trading day prior to the release of the Announcement, hence falls within the said market range and is above average of that of the Issue Price Comparables.

Moreover, the issue prices of the consideration shares of the nine Issue Price Comparables ranged from a discount of approximately 50.70% to a premium of 7.76% to/over the respective average five-day closing prices of their shares prior to the release of the relevant issue of consideration shares announcements. Out of the nine Issue Price Comparables, the issue prices of five of them represented discounts to the average five-day closing prices of their shares prior to the release of the announcements. The Issue Price, which represents a discount of approximately 0.32% to the Average Closing Price, also falls within the said market range and is above the average of that of the Issue Price Comparables.

Judging from the above, we consider the level of discounts of the Issue Price to be acceptable and are in line with market practice.

To conclude, having taken into account (i) the historical share price performance of the Company and that the Issue Price is of premium over the average monthly closing prices of the Shares during the entire Review Period save and except for July 2007; and (ii) the market analysis as detailed above, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

In addition, we have also reviewed the other terms of the Share Purchase Agreement and are not aware of any other terms which are uncommon to normal market practice. Hence, we are of the view that the terms of the Share Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

(5) Potential dilution to the shareholdings of the Independent Shareholders

As at the Latest Practicable Date, the Company had a total number of 1,288,100,000 Shares in issue. The Consideration Shares thus represent (i) approximately 14.15% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 12.39% of the issued share capital of the Company immediately following the Completion.

LETTER FROM SOUTH CHINA CAPITAL

The table below shows the shareholding structure of the Company (i) as at Latest Practicable Date; (ii) immediately after the Completion (without taking into account the Bonds); and (iii) immediately after Completion (assuming the Bonds are fully converted into Shares at the initial conversion price of HK\$30.08 per Share with a fixed exchange rate of HK\$1 = RMB0.9958);

	As at the Latest Practicable Date		Immediately after the Completion (without taking into account the Bonds)		Immediately after the Completion (assuming the Bonds are fully converted into Shares at the initial conversion price of HK\$30.08 per Share with a fixed exchange rate of HK\$1 = RMB0.9958)	
	% of the issued share capital of		% of the issued share capital of		% of the issued share capital of	
	No. of Shares	the Company	No. of Shares	the Company	No. of Shares	the Company
The Seller (Note)/						
Sounda	684,400,000	53.29	868,632,346	59.08	868,632,346	56.72
Mr. Au Wai Kin						
(Note)	34,500,000	2.68	34,500,000	2.35	34,500,000	2.25
Ms. Xiao Yan Xia						
(Note)	30,000	0.01	30,000	0.01	30,000	0.01
Mr. Steven Shafran						
(Note)	3,000,000	0.23	3,000,000	0.20	3,000,000	0.20
Public Shareholders	564,170,000	43.79	564,170,000	38.36	564,170,000	36.83
Bondholders	—	—	—	—	61,107,715	3.99
Total	1,288,100,000	100	1,470,332,346	100	1,531,440,061	100

Note: The Seller, Mr. Au Wai Kin, Ms. Xiao Yan Xia and Mr. Steven Shafran are the Directors.

From the above table, we notice that the shareholding interests of the Independent Shareholders would be diluted from approximately 43.79% to 38.36% and 36.83% immediately after the Completion without and taking into account the full conversion of the Bonds respectively. As the Consideration Shares are issued to the Seller, there will be no change in the absolute number of Shares held by the public and the relative size of the public float will be decreased accordingly. However, due to the fact that the Acquisition would likely to enhance the business of the Group and in turn the Shareholder's value in the future, we are of the view that the aforementioned dilution to the shareholding interests of the Independent Shareholders is acceptable.

(6) Financial effects of the Acquisition

Effect on net asset value

As extracted from the 2006 Annual Report, the audited consolidated NAV of the Group was approximately HK\$8,227.92 million as at 31 December 2006. As confirmed by the Directors, the Acquisition would lead to an increase in the NAV of the Group resulting from the issue of the Consideration Shares.

LETTER FROM SOUTH CHINA CAPITAL

Effect on earnings

Upon Completion, Believe Best will become a subsidiary of the Company and the Group will consolidate the financial results of Believe Best into the Group's financial statements. As mentioned in the foregoing, there were no net profits or losses attributed to Believe Best in the past two financial years. Therefore, there would not be any immediate impact on the earning position of the Group immediately upon Completion. Nevertheless, as Believe Best is expected to have a positive development prospect leveraging on the development of Phase II, the Group's financial performance would be boosted in the future.

Effect on gearing and working capital

In accordance with the 2006 Annual Report, the Group's gearing position (as calculated by total borrowings plus Guaranteed Senior Notes plus the Bonds over total equity less minority interests) was approximately 1.18 times as at 31 December 2006 (adjusted by the Bonds). Upon Completion, the Directors confirmed that the Group's gearing position would be reduced since the total equity will be increased by the value of the Consideration Shares. As for the working capital of the Group, the Company expects that it would be reduced by HK\$2,000 million, being the total amount of the Cash Consideration, in the manner of settlement of the same as detailed in the paragraph headed "Basis of the Total Consideration" of this letter.

Conclusion

Based on the aforementioned financial effects of the Acquisition on the Group, above all the increase in the Group's NAV, the betterment of the earnings position of the Group and the improvement in the Group's gearing level, we are of the opinion that the Acquisition is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that the Share Purchase Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Share Purchase Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
South China Capital Limited
Graham Lam
Director



10th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

13 July 2007

The Directors
Hopson Development Holdings Limited
Suites 3305–3309, 33rd Floor
Jardine House
1 Connaught Place
Central
Hong Kong

Dear Sirs,

Re: A piece of land proposed to be developed as Phase II of King’s Garden Villas, 18 Xiaoyun Road, Chaoyang District, Beijing, the People’s Republic of China

Instructions, Purpose & Date of Valuation

We refer to your instructions for us to value the market value of the captioned property to be acquired by Hopson Development Holdings Limited (referred to as the “Company”) and/or its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”). We confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 May 2007.

Basis of Valuation

Our valuation is our opinion of the market value which we would define as intended to mean the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuation Assumption

Our valuation has been made on the assumption that the Company sells the property interest on the market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of such property interest.

In undertaking our valuation of the property interest which is situated in the PRC, we have, unless otherwise state, valued them on the bases that transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the advice given by the

Company and its legal adviser, Han Kun Law Offices, on the PRC law, regarding the title to the property interest and the interest of the Company in the property. In valuing the property interest, we have assumed that the grantee or the user of the property interest has free and uninterrupted rights to use or to assign the property interest for the whole of the unexpired term as granted. We have also assumed that the design and construction of the proposed development are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

In valuing the property interest, we have complied with Chapter 5 and PN12 of the Rules Governing the Listing of Securities to The Stock Exchange of Hong Kong Limited and the requirements set out in the Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

Method of Valuation

Since Beijing Xingjingrun Property Co., Ltd., a company to be acquired by the Group indirectly, has not yet obtained the Certificate for the Use of State-owned Land of the property under its name and has no legal title to the property, we have attributed no commercial value to the property interest. However, for reference purpose, on the assumption that the outstanding land premium (approximately RMB620 million as advised by the Group) of the property and the outstanding land fees including the demolition costs and all other fees that may be payable in connection with the grant of land use rights certificate to Beijing Xingjingrun Property Co., Ltd. were fully settled and the Certificate for the Use of State-owned Land has been obtained, we have valued the property by Direct Comparison Method by making reference to comparable transactions as available in the relevant market.

Source of Information

We have relied to a very considerable extent on the information given to us by the Company and its legal advisers, Han Kun Law Offices, on the PRC law. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, development scheme, particulars of occupancy, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the attached valuation certificate are based on information provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the site area of the property and we have assumed that the areas shown on the copies of the documents handed to us are correct. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information supplied. No on-site measurement has been taken.

Title Investigation

In respect of the property interest in the PRC, we have been provided with extracts of documents in relation to the title to the property interest. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

Site Inspection

We have inspected the property. However, we have not carried investigations on site to determine the suitability of the ground conditions and the services etc. for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurement to verify the site area of the property and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation certificate are in Renminbi (RMB).

Our valuation certificate is enclosed herewith.

Yours faithfully,

for and on behalf of

DTZ Debenham Tie Leung Limited

Andrew K.F. Chan

Registered Professional Surveyor (GP)

Registered China Real Estate Appraiser

MSc., M.H.K.I.S., M.R.I.C.S.

Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 19 years experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2007
A piece of land proposed to be developed as Phase II of King's Garden Villas, 18 Xiaoyun Road, Chaoyang District, Beijing, The PRC	<p>The property comprises two adjoining sites with a total construction site area of approximately 200,000 sq.m. (2,152,800 sq.ft.).</p> <p>The property is proposed to be developed into a residential development with a planned total gross floor area of approximately 700,000 sq.m. (7,534,800 sq.ft.).</p> <p>The land use rights of the property had been granted for a term of 70 years due to expire on 20 December 2074 for residential use (see Note 1 below).</p>	The property comprises a site with relocation works in progress.	No commercial value (see Note 2 below)

Notes:

- (1) According to two Certificates for the Use of State-owned Land Nos. (2005) 10400 and (2005) 10401 issued by Beijing Land Resources Bureau, the land use rights of the property, with a total site area of 200,000 sq.m., had been vested in Beijing Jing Run Property Co., Limited (北京京潤房地產有限公司), the previous owner of the property. As advised by the Company's PRC legal advisers, the original certificates for the Use of State-owned Land have been void for the process of changing the owner's name (see Note 6 below) and the PRC government temporarily owns the legal title to the property as at the date of this report.
- (2) Since the Certificate for the Use of State-owned Land of the property has not been obtained yet, we have assigned no commercial value in valuation of the property. However, for reference purpose, on the assumption that the outstanding land premium and land fees including the demolition costs and all other fees that may be payable in connection with the grant of land use rights certificate of the property were fully settled and the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at the date of valuation will be RMB7,700,000,000.
- (3) According to Grant Contract of Land Use Rights No. 2004-1494 entered into between Beijing Land Resources Bureau ("the Grantor") and Beijing Jing Run Property Co., Limited (北京京潤房地產有限公司) ("the Grantee") on 20 December 2004, the Grantor has granted the land use rights of part of the property to the Grantee with the conditions, *inter alia*, as follows :
 - (i) Location : Area A, Phase II of King's Garden Villas, Xiaoyun Road, Chaoyang District
 - (ii) Site area : 148,000 sq.m.
 - (iii) Gross floor area : 74,000 sq.m.
 - (iv) Uses : Residential
 - (v) Land use term : 70 years
 - (vi) Land grant fee : RMB162,800,000

According to Grant Contract of Land Use Rights No. 2004-1496 entered into between Beijing Land Resources Bureau (“the Grantor”) and Beijing Jing Run Property Co., Limited (北京京潤房地產有限公司) (“the Grantee”) on 20 December 2004, the Grantor has granted the land use rights of part of the property to the Grantee with the conditions, *inter alia*, as follows :

- | | | | |
|-------|------------------|---|---|
| (i) | Location | : | Area B, Phase II of King’s Garden Villas, Xiaoyun Road, Chaoyang District |
| (ii) | Site area | : | 52,000 sq.m. |
| (iii) | Gross floor area | : | 26,000 sq.m. |
| (iv) | Uses | : | Residential |
| (v) | Land use term | : | 70 years |
| (vi) | Land grant fee | : | RMB57,200,000 |
- (4) According to a Reply Letter issued by Beijing Planning Committee to the Chaoyang Government on 9 June 2006, Beijing Planning Committee has agreed to adjust the land nature of the property from villa to 2nd class residential and ancillary uses, whilst the development plot ratio will be changed to 3.5 with the building height restriction of approximately 80 meters.
- (5) According to the Planning Opinion Letter (Conditions) dated 30 April 2007 issued by Beijing Planning Committee, the development conditions of the property are, *inter alia*, as follows:

Land planning conditions

Land use	:	Residential (R)
Total land area	:	592,843.069 sq.m.
Total construction area	:	200,000 sq.m.

Building planning conditions

Plot ratio	:	not more than 3.5
Development scale	:	not more than 700,000 sq.m.
Building heights	:	not exceeding 80 meters
Greenery ratio	:	not less than 30%

- (6) According to a Transfer Agreement of State-owned Land Use Rights dated 22 October 2006, entered into between Beijing Jing Run Property Co., Limited (北京京潤房地產有限公司) and Beijing Xingjingrun Property Co., Ltd. (北京新京潤房地產有限公司), a company then under the control of the previous owner and to be indirectly acquired by the Group, Beijing Jing Run Property Co., Limited (北京京潤房地產有限公司) has agreed to transfer the property with a total site area of 200,000 sq.m. to Beijing Xingjingrun Property Co., Ltd. (北京新京潤房地產有限公司).
- (7) We have been provided with a legal opinion on the property prepared by the Group’s legal advisors, which contains, *inter alia*, the following information:
- | | |
|-------|--|
| (i) | As advised by Beijing Xingjingrun Property Co., Ltd. (北京新京潤房地產有限公司), the registration procedure for the change of owner of the Certificate for the Use of State-owned Land is in progress; |
| (ii) | According to two Registration Forms of Transfer of Beijing State-owned Land Use Rights both dated 6 December 2006, Beijing Land Resources Bureau has permitted the transference of the land use rights of the property; and |
| (iii) | Upon the full settlement of the land fee, completion of the relocation works and obtaining the amended Certificate for the Use of State-owned Land, Beijing Xingjingrun Property Co., Ltd. (北京新京潤房地產有限公司) will be entitled to use, transfer, mortgage and lease the property according to the relevant PRC laws. |

- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Contract for Grant of Land use Rights	Yes
Red-line Drawing	No
Construction Project Planning Permit	No
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Business Licence	Yes

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), (2)	—	868,632,346
Mr. Au Wai Kin	(3)	—	34,500,000
Ms. Xiao Yan Xia		30,000	—
Mr. Steven Shafran	(4)	1,500,000	1,500,000

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.
- The figure includes the Consideration Shares to be issued to the Seller at Completion.
- These Shares are owned by Yield Plentiful Incorporated, a company wholly-owned and controlled by Mr. Au Wai Kin.
- These Shares are owned by AMRI Financial Group Hong Kong Limited, a company controlled by Mr. Steven Shafran.

(2) Long position in underlying Shares

The following Director holds options to subscribe for Shares pursuant to the share option scheme adopted by the Company on 4 November 2002, details of which as at the Latest Practicable Date were as follows:

Name	Date of grant	Exercisable period	Exercise price (HK\$)	Number of options were granted	Number of underlying Shares in respect of which options were outstanding as the Latest Practicable Date
Mr. Wu Jiesi	15 September 2005	15 September 2005 to 14 September 2010	8.20	2,036,000	2,036,000
	19 January 2007	19 January 2007 to 18 January 2012	20.75	7,964,000	7,964,000
				10,000,000	10,000,000

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, Mr. Chu Mang Yee was a director of Sounda Properties Limited, Mr. Au Wai Kin was a director of Yield Plentiful Incorporated and Mr. Steven Shafran was a director of AMRI Financial Group Hong Kong Limited. Save for this, none of the Directors was a director or employee of a company which had any 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 as at the Latest Practicable Date.

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	868,632,346

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. PROCEDURE TO DEMAND A DEED POLL

Pursuant to Bye-law 66 of the bye-laws of the Company, at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any shareholder or shareholders present in person (or in the case of a shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- (d) by a shareholder or shareholders present in person (or in the case of a shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

5. 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).

6. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up.

7. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given their opinion or advice contained in this circular:

Name	Qualification
South China Capital	a deemed licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as set out in Schedule 5 to the SFO
DTZ	independent professional valuer
Han Kun Law Offices	PRC legal adviser

As at the Latest Practicable Date, none of South China Capital, DTZ or Han Kun Law Offices was beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, none of South China Capital, DTZ and Han Kun Law Offices had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Group since 31 December 2006, the date on which the latest published audited accounts of the Group were made up.

South China Capital, DTZ and Han Kun Law Offices have given and have not withdrawn their respective written consent to the issue of this circular with the inclusion of their letter or report and references to their names in the form and context in which they appear.

8. 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.

9. 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.

10. OTHER INTEREST

As at the Latest Practicable Date, save for the Acquisition disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2006, the date to which the latest published audited accounts of the Group were made up, 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Hopson Development Holdings Limited, Suites 3305–09, 33/F, Jardine House, 1 Connaught Place Central, Hong Kong during normal business hours from the date of this circular to 26 July 2007 (both dates inclusive):

- (i) the Share Purchase Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out on pages 16 and 17 of this circular;
- (iii) the letter from South China Capital, the text of which is set out on pages 18 to 32 of this circular;
- (iv) the valuation report, the text of which is set out on pages 33 to 38 of this circular; and
- (v) the consent letters from South China Capital, DTZ and Han Kun Law Offices.

12. 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.

13. MISCELLANEOUS

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

NOTICE OF EGM



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>

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Hopson Development Holdings Limited (the “Company” together with its subsidiaries, the “Group”) will be held at Alexandra Room, 2/F, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on 30 July 2007 (Monday) at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTIONS

“THAT:

- (i) the transactions contemplated under the Share Purchase Agreement (i.e. the Acquisition), including the acquisition of the Sale Shares and the assignment of the Shareholder’s Loans be and are hereby approved;
- (ii) the Share Purchase Agreement (a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) be and is hereby approved, confirmed and ratified;
- (iii) conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares, the issue of the Consideration Shares as part payment of the Total Consideration be and is hereby approved; and
- (iv) any one Director be and is hereby authorised to take all actions and to sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as he may in his discretion consider necessary or desirable for the purpose of effecting any of the transactions contemplated under the Share Purchase Agreement, the implementation or the exercise or enforcement of any of the rights and performance of any of the obligations under the Share Purchase Agreement.”

By Order of the Board
Chu Mang Yee
Chairman

Hong Kong 13 July 2007

* *for identification purposes only*

NOTICE OF EGM

As at the date of this EGM notice, the Board is composed of 11 Directors. The executive Directors are Mr. Chu Mang Yee (Chairman), Mr. Wu Jiesi (Chief Executive Officer), Mr. Xiang Bin, Mr. Tam Lai Ling, Mr. Au Wai Kin, Mr. Chen Chang Ying and Ms. Xiao Yan Xia; the non-executive Director is Mr. Steven Shafran and the independent non-executive Directors are Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

Principal Office:

Suites 3305–3309
33/F, Jardine House
1 Connaught Place, Central
Hong Kong

Notes:

1. Terms used in this notice shall have the same meanings as defined in the circular dated 13 July 2007 issued by the Company to the Shareholders unless the content otherwise requires.
2. A form of proxy for use at the meeting is enclosed herewith.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
4. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
5. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the principal office of the Company at suites 3305–3309, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting, as the case may be.
6. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
7. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.