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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 34)

DISCLOSEABLE AND CONNECTED TRANSACTION

**DISPOSAL OF 12% EQUITY INTEREST IN
POLYTEC CITIC PROPERTY (TIANJIN) CO., LTD.**

Independent Financial Adviser



CIMB Securities (HK) Limited

A letter from the Board is set out on pages 4 to 10 of this circular and a letter from the Independent Board Committee is set out on page 11 of this circular. A letter from CIMB Securities (HK) Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Shareholders in respect of the fairness and reasonableness of the terms of the Disposal under the Equity Transfer Agreement is set out on pages 12 to 20 of this circular.

20 August 2009

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DEFINITIONS

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

“Agreement”	the cooperation agreement dated 13 December 2006 entered into between the Company and Tianjin Binhai in relation to the investment in the Project Company, and has the meaning ascribed to it in the circular of the Company dated 7 June 2007
“Board”	the board of directors of the Company
“Company”	Kowloon Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 15 May 2007 entered into between the Company, Tianjin CITIC and Flying in relation to the investment in the Project Company, and has the meaning ascribed to it in the circular of the Company dated 7 June 2007
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Interest by the Company to Tianjin CITIC pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the sale and purchase agreement dated 29 July 2009 between the Company, Flying and Tianjin CITIC in relation to the disposal of the Sale Interest by the Company to Tianjin CITIC and the disposal of a 9% interest by Flying to Tianjin CITIC
“Flying”	天津翔達投資發展有限公司 (Tianjin Flying Investment Development Co., Ltd.), a limited liability company established in the PRC and a 9% equity holder in the Project Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors appointed by the Board to advise the Shareholders in relation to the Disposal
“Independent Financial Adviser”	CIMB Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the terms of the Disposal
“Initial Price”	the aggregate consideration of RMB3,500,000,000 (equivalent to approximately HK\$3,970,505,000) payable to Tianjin Binhai under the Agreement
“Intellinsight”	Intellinsight Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the controlling Shareholder of the Company
“Latest Practicable Date”	14 August 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
“Project Company”	保利達中信地產(天津)有限公司 (Polytec CITIC Property (Tianjin) Co., Ltd.), a sino-foreign equity joint venture enterprise established in the PRC and is a 51%-owned subsidiary of the Company as at the Latest Practicable Date
“Property”	Lot No. Jin Dong Liu 2004-066, intersection of Shiyijing Road and Liuwei Road, Hedong District, Tianjin, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	12% interest of the registered capital of the Project Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental cooperation agreement dated 15 May 2007 entered into between the Company, Tianjin Binhai, Tianjin CITIC and Flying in relation to investment in the Project Company, and has the meaning ascribed to it in the circular of the Company dated 7 June 2007
“Tianjin Binhai”	天津濱海快速交通發展有限公司 (Tianjin Binhai Mass Transit Development Co., Ltd.), a limited liability company established in the PRC and a 10% equity holder in the Project Company as at the Latest Practicable Date
“Tianjin CITIC”	天津中信地產投資有限公司 (Tianjin CITIC Real Estate Investment Co., Ltd.), a limited liability company established in the PRC and is a 30% equity holder in the Project Company as at the Latest Practicable Date
“%”	per cent.

Note: For the purpose of this circular, the exchange rate of HK\$ 1 = RMB 0.8815 has been used for currency translation where applicable. Such exchange rates are for illustration purposes and do not constitute representation that any amount in RMB of HK\$ has been or may be converted in such rates.

LETTER FROM THE BOARD



九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

Executive Directors:

Mr Or Wai Sheun (*Chairman*)
Ms Ng Chi Man
Mr Lai Ka Fai
Mr Or Pui Kwan

Registered Office:

23rd Floor, Pioneer Centre
750 Nathan Road
Kowloon
Hong Kong

Non-executive Directors:

Mr Keith Alan Holman (*Deputy Chairman*)
Mr Tam Hee Chung
Mr Yeung Kwok Kwong

Independent Non-executive Directors:

Mr Li Kwok Sing, Aubrey
Mr Lok Kung Chin, Hardy
Mr Seto Gin Chung, John
Mr David John Shaw

20 August 2009

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 12% EQUITY INTEREST IN
POLYTEC CITIC PROPERTY (TIANJIN) CO., LTD.**

INTRODUCTION

Reference is made to the announcement of the Company dated 30 July 2009 in relation to the Equity Transfer Agreement entered into between the Company, Flying and Tianjin CITIC on 29 July 2009 pursuant to which, among other things, the Company has agreed to sell to Tianjin CITIC the Sale Interest, which represents a 12% interest in the registered capital of the Project Company.

LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors have been formed to advise the Shareholders in relation to the Disposal, CIMB Securities (HK) Limited has been appointed as an independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the fairness and reasonableness of the terms of the Disposal under the Equity Transfer Agreement.

The purposes of this circular are:

- (a) to provide the Shareholders with information on the Equity Transfer Agreement;
- (b) to set out the view of the Independent Board Committee in respect of the terms of the Disposal under the Equity Transfer Agreement; and
- (c) to set out the letter of advice from CIMB Securities (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Shareholders, in respect of the fairness and reasonableness of the terms of the Disposal under the Equity Transfer Agreement.

THE EQUITY TRANSFER AGREEMENT

Date

29 July 2009

Parties to the Equity Transfer Agreement:

- (a) The Company;
- (b) Flying, which is as at the Latest Practicable Date interested in 9% of the registered capital of the Project Company. Flying is principally engaged in, among other things, investment and development of real estate in the PRC, particularly in Tianjin. To the best knowledge of the Directors, after having made due enquiry, Flying and its ultimate beneficial owner are independent of and not connected with the Company or any of its connected persons as at the Latest Practicable Date; and
- (c) Tianjin CITIC, which is as at the Latest Practicable Date interested in 30% of the registered capital of the Project Company, is a connected person of the Company for the purposes of the Listing Rules. Tianjin CITIC is principally engaged in, among other things, investment and development of real estate in the PRC. It is wholly-owned by 中信華南(集團)有限公司 (CITIC South China (Group) Co., Ltd. (“**CITIC South China**”)), which is a 50% joint venture partner of the Company in CITIC Polytec Property (Foshan) Company Limited, a 50% owned jointly controlled entity of the Company as at the Latest Practicable Date. Upon completion of the Equity Transfer Agreement, each of Tianjin CITIC and CITIC South China will no longer be a connected person of the Company under the Listing Rules.

The Company and Tianjin CITIC have not entered into transactions of a similar nature in the past 12 months that would need to be aggregated with the Equity Transfer Agreement pursuant to Rule 14.22 of the Listing Rules.

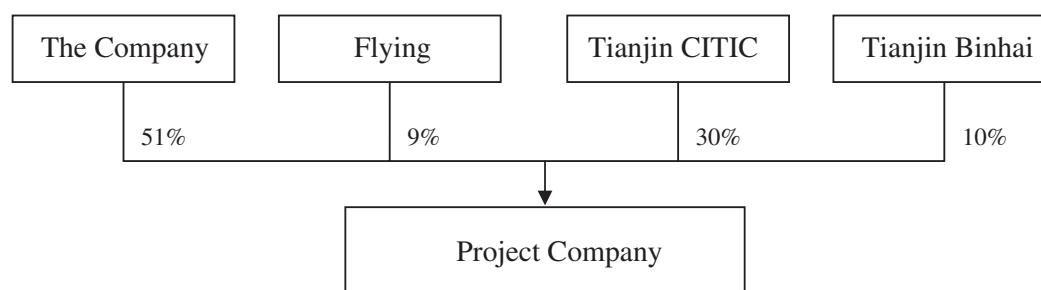
LETTER FROM THE BOARD

The Disposal

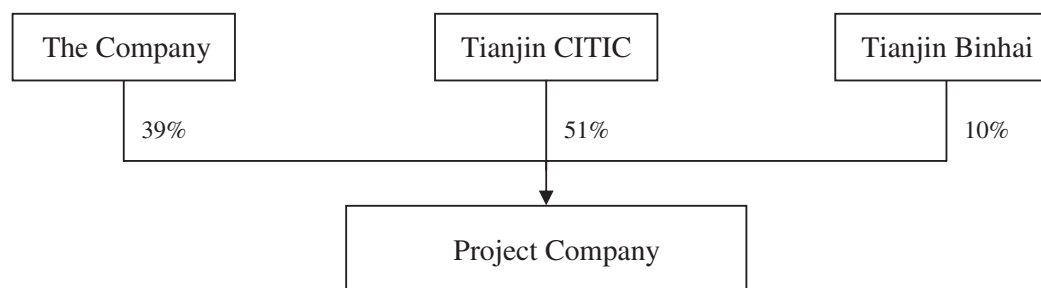
Pursuant to the Equity Transfer Agreement, the Company has agreed to sell to Tianjin CITIC the Sale Interest, representing a 12% interest in the registered capital of the Project Company, and Flying has agreed to sell to Tianjin CITIC a 9% interest in the registered capital of the Project Company.

The changes to the shareholding structure of the Project Company before and immediately after completion of the Equity Transfer Agreement are as follows:

Before completion



Immediately after completion



After completion of the Disposal, the board of directors of the Project Company will consist of 7 members, of which the Company will have the right to appoint 2 directors, Tianjin CITIC will have the right to appoint 4 directors (including the chairman) and Tianjin Binhai will have the right to appoint 1 director.

The Project Company is a company incorporated in the PRC and is a 51% owned subsidiary of the Company. As at the Latest Practicable Date, the registered capital of the Project Company injected by the Company was US\$25,245,000 (equivalent to approximately RMB191,231,000 or HK\$216,938,000). After completion of the Disposal, the Company's equity interest in the Project Company will be reduced to 39% and the Project Company will no longer be accounted for as a subsidiary of the Company but will become an associated company of the Company and the results and assets and liabilities of the Project Company will be incorporated in the financial statements of the Company on consolidation using the equity method of accounting.

LETTER FROM THE BOARD

The Project Company is a sino-foreign equity joint venture enterprise established in 2007 to develop the Property, which is a site located in the Hedong District of Tianjin. The Property has a site area of approximately 137,940 square metres and will be developed into a composite residential and commercial complex comprising residential, office, hotel and retail elements with total gross floor area of approximately 930,000 square meters. As at the Latest Practicable Date, site clearance work is underway.

The net asset value of the Project Company was approximately RMB248,388,000 (equivalent to approximately HK\$281,779,000) as at 31 December 2008. A total amount paid by the parties to Tianjin Binhai as part payment of the Initial Price in relation to the acquisition of the Property was RMB1,500,000,000 (equivalent to approximately HK\$1,701,645,000) as at the Latest Practicable Date. There was no profit and loss before and after tax of the Project Company per the audited accounts for the two years ended 31 December 2007 and 31 December 2008, which were prepared in accordance with the generally accepted accounting principles in the PRC, as all incomes and expenses incurred had been capitalized. The net operating expenses (mainly administrative expenses), which represents operating expenses less income, capitalized up to 31 December 2008 was approximately RMB1,016,000 (equivalent to approximately HK\$1,153,000). The net operating expenses had been charged to profit and loss account on the Group's consolidated accounts which were prepared in accordance with the generally accepted accounting principles in Hong Kong.

Consideration

The consideration for the Disposal is RMB49,500,000 (equivalent to approximately HK\$56,154,000). The consideration was determined after arm's length negotiations between the parties having considered the following factors:–

- (a) the registered capital injected by the Company in proportion to the Sale Interest of approximately RMB44,996,000 (equivalent to approximately HK\$51,045,000);
- (b) the market value of the Property as at 30 June 2009 was approximately RMB4,290,000,000 (equivalent to approximately HK\$4,866,704,000) based on a property valuation report prepared by an independent valuer;
- (c) the further receipt in relation to downward adjustment in the Company's contribution to the Initial Price as hereinafter described; and
- (d) the reduction in commitment, resulting from the reduction of the Company's proportionate contribution, to pay the remaining Initial Price upon completion of the Equity Transfer Agreement by approximately RMB240,000,000 (equivalent to approximately HK\$272,263,000).

LETTER FROM THE BOARD

The consideration will be payable by Tianjin CITIC within 7 days from the registration of the transfers with the relevant PRC administrative bureau for industry and commerce. In addition to the consideration, as a result of the Disposal, the Company will further receive an amount of approximately RMB221,877,000 (equivalent to approximately HK\$251,704,000) including the portion of the contribution in the amount of approximately RMB179,494,000 (equivalent to approximately HK\$203,623,000) already made by the Company to the Initial Price. The difference of the two amount represents gain to the Company.

The total proceeds on the Disposal together with further receipt as described above amount to approximately RMB271,377,000 (equivalent to approximately HK\$307,858,000). Subject to audit, it is expected that based on the audited accounts of the Project Company as at 31 December 2008, the Group will realise an overall gain before tax and exchange differences of approximately RMB47,009,000 (equivalent to approximately HK\$53,328,000) which is calculated mainly by comparing the total proceeds with the related portion of registered capital and the contribution made by the Company to the Initial Price. The Directors currently intend to apply the proceeds in connection with the Disposal for property development projects in the PRC and as general working capital of the Company with allocation to be determined.

Conditions

Completion of the Equity Transfer Agreement is conditional upon:

- (a) the approval of the Equity Transfer Agreement by the shareholders of the Company and the shareholders of Tianjin CITIC;
- (b) the other equity holder in the Project Company, Tianjin Binhai, having consented to the transfers contemplated under the Equity Transfer Agreement;
- (c) the entering into of the amended articles of association and amended joint venture contract of the Project Company by the parties thereto and the appointment of new directors, chairman and supervisors of the Project Company;
- (d) the Project Company having passed resolutions to approve the transactions contemplated under the Equity Transfer Agreement, the amendments to the article of association and joint venture contract and the appointment of new directors, chairman and supervisors;
- (e) the transactions contemplated under the Equity Transfer Agreement, the amendments to the articles and association and joint venture contract of the Project Company having been approved by the PRC approval authority; and
- (f) the transactions contemplated under the Equity Transfer Agreement, the amendments to the articles and association and joint venture contract of the Project Company, and the appointment of the new directors, chairman and supervisors having been registered with the relevant PRC administrative bureau for industry and commerce.

LETTER FROM THE BOARD

As at the Latest Practicable Date, in respect of the approval of the Equity Transfer Agreement by the shareholders of the Company set out in condition (a) above, Intellinsight, which is beneficially interested in 802,830,124 Shares, representing approximately 69.77% of the issued share capital of the Company, has already by a written certificate approved the Disposal, and the Stock Exchange has granted a waiver to the Company from strict compliance with the requirement to hold a general meeting to approve the Disposal pursuant to Rule 14A.43 of the Listing Rules. Save for the partial fulfillment of condition (a), none of the conditions above has been fulfilled as at the Latest Practicable Date.

EFFECT ON THE SUPPLEMENTAL AGREEMENT AND THE COOPERATION AGREEMENT

As disclosed by the Company in its circular dated 7 June 2007, as at the Latest Practicable Date each of the Company, Tianjin CITIC and Flying is responsible for 61%, 30% and 9% of the Initial Price and is entitled to the profits generated by and bear the losses incurred by the Project Company in the same proportion under the Supplemental Agreement and the Cooperation Agreement. Upon payment of the Initial Price in full, Tianjin Binhai will transfer its 10% equity interest in the Project Company to the Company and the Project Company will then be held as to 61% by the Company, 30% by Tianjin CITIC and 9% by Flying.

As a result of the Disposal, Flying will cease to have any rights and obligations in the Project Company, and the Company and Tianjin CITIC's proportional contribution to the Initial Price will be adjusted to reflect the transfer of the Sale Interest by the Company to Tianjin CITIC and the increased equity interest of Tianjin CITIC in the Project Company. With respect to the Initial Price, the Company's contribution already made will be adjusted down and hence a portion of which will be received by the Company, while the Company and Tianjin CITIC will be respectively responsible for 49% and 51% of the remaining Initial Price. The Project Company will be accounted for on consolidation by the Company using equity method of accounting and the Company will share 49% of the profit and loss of the Project Company thereafter.

REASONS FOR THE TRANSACTION

The Group is principally engaged in property investment and development in Hong Kong, Macau and the PRC and financial investments.

In view of the good co-operation relationship between the Company and CITIC South China that has been built in the Foshan property development project and the solid experience of CITIC South China in property development, the Directors are of the view that by leveraging on the resources and expertise of Tianjin CITIC and their active management involvement as a result of its increase in equity interest in the Project Company, it will accelerate the development of the Property. As a result of Disposal, the relevant proceeds and the receipt can be utilised to finance the Group's other projects.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Equity Transfer Agreement were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

GENERAL

The Disposal constitutes a discloseable transaction for the Company. As Tianjin CITIC is interested in 30% of the registered capital of the Project Company, it is a substantial shareholder in the Project Company and hence a connected person of the Company for the purposes of the Listing Rules. The entering into the Equity Transfer Agreement by the Company constitutes a non-exempted connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Tianjin CITIC is not interested in any Shares of the Company and to the best knowledge, information and belief of the Directors, no Shareholder is interested in the Equity Transfer Agreement and is required to abstain from voting for the resolution to approve the Disposal, the Company has applied to the Stock Exchange for a waiver from the requirement to hold a general meeting in accordance with Rule 14A.43 of the Listing Rules on the basis of a written certificate given by Intellinsight, which is beneficially interested in 802,830,124 Shares, representing approximately 69.77% of the issued share capital of the Company, to approve the Disposal. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirement to hold a general meeting to approve the Disposal pursuant to Rule 14A.43 of the Listing Rules. Accordingly, no general meeting of the Company will be held. The information contained in this circular is for information of the Shareholders only.

As completion of the Equity Transfer Agreement is subject to the fulfilment of a number of conditions, which may or may not be satisfied, the Equity Transfer Agreement may or may not complete. Shareholders and public investors are reminded to exercise caution when dealing in the securities of the Company.

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular. Your attention is also drawn to the letter of advice from the Independent Financial Adviser on pages 12 to 20 which contains its opinion on the terms of the Disposal under the Equity Transfer Agreement.

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Kowloon Development Company Limited
Or Wai Sheun
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 34)

20 August 2009

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 12% EQUITY INTEREST IN
POLYTEC CITIC PROPERTY (TIANJIN) CO., LTD.**

We refer to the circular of the Company to the Shareholders dated 20 August 2009 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Shareholders whether the terms of the Disposal under the Equity Transfer Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

We wish to draw your attention to the letter of advice from CIMB Securities (HK) Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders on the terms of the Disposal under the Equity Transfer Agreement as set out on pages 12 to 20 of the Circular, and the letter from the Board set out on pages 4 to 10 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of CIMB Securities (HK) Limited as stated in its letter of advice, we consider that the terms of the Disposal under the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

Independent Board Committee

Kowloon Development Company Limited

**Li Kwok Sing, Aubrey
Seto Gin Chung, John**

**Lok Kung Chin, Hardy
David John Shaw**

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter from the Independent Financial Adviser for the purpose of incorporation in this circular, in connection with its advice to the Independent Board Committee and the Shareholders in relation to the Disposal:



CIMB Securities (HK) Limited

25th Floor, Central Tower
28 Queen's Road Central
Hong Kong

20 August 2009

*To the Independent Board Committee and
the Shareholders of Kowloon Development Company Limited*

Dear Sir or Madam

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 12% EQUITY INTEREST IN POLYTEC CITIC PROPERTY (TIANJIN) CO., LTD.

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Shareholders to recommend whether the terms of the Disposal under the Equity Transfer Agreement, details of which are contained in a circular (the “**Circular**”) of the Company to the Shareholders dated 20 August 2009 of which this letter forms part, are fair and reasonable and on normal commercial terms and whether the Disposal under the Equity Transfer Agreement is in the interests of the Group and the Shareholders as a whole. Expressions used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As Tianjin CITIC was interested in 30% of the registered capital of the Project Company as at the Latest Practicable Date, it is a substantial shareholder of the Project Company and hence a connected person of the Company for the purposes of the Listing Rules. Accordingly, the entering into of the Disposal under the Equity Transfer Agreement by the Company constitutes a non-exempted connected transaction for the Company and is subject to the reporting, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that Tianjin CITIC is not interested in any Shares and to the best knowledge, information and belief of the Directors, no Shareholder is interested in the Equity Transfer Agreement and is required to abstain from voting for the resolution to approve the Disposal, the Company has applied to the Stock Exchange for, and has been granted with, a waiver from the requirement to hold a general meeting in accordance with Rule 14A.43 of the Listing Rules on the basis of a written certificate given by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Intellinsight, which was beneficially interested in 802,830,124 Shares as at the Latest Practicable Date, representing approximately 69.77% of the issued share capital of the Company, to approve the Disposal.

The Independent Board Committee, comprising Mr Li Kwok Sing, Aubrey, Mr Lok Kung Chin, Hardy, Mr Seto Gin Chung, John and Mr David John Shaw, being all the independent non-executive Directors, has been formed to advise the Shareholders in relation to the Disposal.

BASIS OF OUR OPINION

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular, the information provided by the Company and our review of the relevant public information. We have also assumed that the information, facts and representations contained or referred to in the Circular were true and accurate at the time they were made and up to the date of the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Tianjin CITIC or any of their respective subsidiaries (as defined in the Listing Rules) or associates (as defined in the Listing Rules). We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided and represented to us by the Company. We have also been advised by the Company and believe that no material facts have been omitted from the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have considered the following principal factors and reasons:

1. Background of the Disposal under the Equity Transfer Agreement

On 30 July 2009, the Company announced that on 29 July 2009, the Company, Tianjin CITIC and Flying entered into the Equity Transfer Agreement, pursuant to which the Company has agreed to sell to Tianjin CITIC the Sale Interest, which represents a 12% interest in the registered capital of the Project Company, for a consideration of RMB49.5 million, and Flying, another equity holder of the Project Company which is independent of the Company, has also agreed to sell to Tianjin CITIC its 9% interest in the registered capital of the Project Company. Details of the Equity Transfer Agreement are set out in the letter from the Board (the “**Letter from the Board**”) in the Circular.

Upon completion of the Disposal, the Company’s interest in the registered capital of the Project Company will be decreased from 51% to 39% while Tianjin CITIC and Tianjin Binhai will have an equity interest of 51% and 10%, respectively. As disclosed by the Company in its circular dated 7 June 2007, upon payment of the Initial Price in full, Tianjin Binhai will transfer its 10% equity interest in the Project Company to the Company. Hence, upon completion of the Disposal and the settlement of the Initial Price in full, the Company’s equity interest in the Project Company will be increased from 39% to 49%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of the Disposal under the Equity Transfer Agreement

We have discussed with the management of the Company and understand that the following factors have been taken into account in relation to the reasons for entering into of the Disposal under the Equity Transfer Agreement:

(i) *Principal business of the Group*

As stated in the annual report of the Company for the year ended 31 December 2008 (the “**Annual Report**”), the Group is principally engaged in property investment and development in Hong Kong, Macau and the PRC as well as financial investments.

The announcement of the Company dated 19 December 2006 and the circular of the Company dated 19 January 2007 state that the Company entered into the Agreement with Tianjin Binhai to establish the Project Company for the investment in the Property as part of the Group’s development plan to expand its property investment and development activities in the PRC.

The Company further announced on 16 May 2007 that on 15 May 2007, the Company, Tianjin CITIC and Flying entered into an interest transfer agreement and the Cooperation Agreement, pursuant to which the Company agreed to transfer to Tianjin CITIC and Flying 30% and 9% equity interest in the Project Company, respectively, thus reducing the Company’s equity interest in the registered capital of the Project Company from 90% to 51%.

Based on the aforementioned announcements and circular as well as the advice from the management of the Company, we understand that the Company values the cooperation with strategic investors in relation to their participation in the development of the Property as the Directors consider that the increased participation of experienced strategic investors in the Project Company is beneficial to the development of the Property, although such strategic investors’ participation in the Project Company may result in a dilution of the Group’s interest in the Project Company.

Having considered the above, we consider the disposal of the Company’s interest in property projects, including the Disposal, falls within the ordinary and usual course of business of the Group.

(ii) *Cooperation with CITIC South China*

As stated in the Letter from the Board, Tianjin CITIC was wholly owned by CITIC South China as at the Latest Practicable Date. As advised by the management of the Company, the Company has been in cooperation with CITIC South China since they commenced a joint-venture property development project located in Foshan, the PRC, in 2006 and has established a good business relationship with CITIC South China since then.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed information sourced from public domain regarding the background of CITIC South China and note that CITIC South China, with total assets in operation with an amount of over RMB12 billion, is a wholly owned subsidiary of CITIC Real Estate Company Limited and has possessed over 20 years' solid experience in property development. CITIC South China has also been ranked several times among the "China Top 100 Real Estate Enterprises".

Considering the experience and reputation of CITIC South China, the management of the Company is of the view that the Disposal will help to accelerate the development of the Property by leveraging on the resources and expertise of Tianjin CITIC and its active management involvement as a result of the increase in its equity interest in the Project Company to 51%.

(iii) Information on the Project Company

As stated in the Letter from the Board, the Project Company, which was incorporated in the PRC as a sino-foreign equity joint venture enterprise on 3 April 2007, was a 51% owned subsidiary of the Company as at the Latest Practicable Date.

The Project Company is principally engaged in the development of the Property, which is a piece of land located in the Hedong District of Tianjin, the PRC. As stated in the valuation report prepared by an independent valuer dated 27 July 2009 (the "**Valuation Report**"), the Property has a site area of approximately 137,940 square metres ("**sq.m.**") and is planned to be developed into a composite residential and commercial complex comprising service apartments, hotel, office towers and a commercial podium with total gross floor area of approximately 930,000 sq.m.. Pursuant to the Agreement, Tianjin Binhai has agreed to transfer the Property to the Project Company within 30 months immediately following the incorporation of the Project Company. As advised by the management of the Company, Tianjin Binhai has not yet transferred its title in the Property to the Project Company as at the Latest Practicable Date. Up to the Latest Practicable Date, Tianjin Binhai has received an aggregate amount of approximately RMB1,500.0 million of the Initial Price. Based on the Valuation Report, the market value of the Property in existing state on the basis assuming with the benefit of the land use right certificate as at 30 June 2009 is RMB4,290.0 million.

As at the Latest Practicable Date, site clearance work of the Property is underway and accordingly, the Project Company did not record any revenue during the Review Period (as defined below). We note from the Annual Report that the construction of the first phase of the Property is expected to be completed in 2012. We are also advised by the Company that the relevant parties will review the existing construction plan of the Property at a time around completion of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed financial information of the Project Company for the period commencing from the date of its incorporation to 31 December 2007, the year ended 31 December 2008 and the five months ended 31 May 2009 (collectively, the “**Review Period**”) and note that the Project Company did not record any profit and loss before and after tax during the Review Period, which, as stated in the Letter from the Board, was mainly attributable to the fact that the net operating expenses, which represent operating expenses (mainly administrative expenses) less income incurred during the Review Period, have been capitalized according to the accounting principles generally accepted in the PRC. Such capitalized net operating expenses up to 31 December 2008 amounted to approximately RMB1.0 million and were charged to profit and loss account on the Group’s consolidated accounts which were prepared in accordance with the generally accepted accounting principles in Hong Kong.

The audited net assets value of the Project Company as at 31 December 2008 was approximately RMB248.4 million, which mainly represents the amount of the registered capital contributed by the equity holders. As at 31 December 2008, the Project Company had total assets and total liabilities of approximately RMB1,559.2 million and RMB1,310.8 million, respectively. The total assets mainly comprised partial payment of the Initial Price of approximately RMB1,500.0 million, which was financed by advances from relevant equity holders (the “**Shareholders’ Advances**”) and registered capital. The total liabilities mainly comprised the Shareholders’ Advances.

(iv) *Effects of the Disposal*

Upon completion of the Disposal, the Company’s commitment for the payment of the remaining Initial Price (which amounted to approximately RMB1,220.0 million as at the Latest Practicable Date, representing 61% of the total remaining Initial Price of approximately RMB2,000.0 million) will be reduced by approximately RMB240.0 million as a result of the reduction of the Company’s proportionate contribution. In addition, as stated in the Letter from the Board, upon completion of the Disposal, subject to audit, it is expected that the Group will realise an overall gain, before tax and exchange differences, in connection with the Disposal of approximately RMB47.0 million and the Directors currently intend to apply the proceeds in connection with the Disposal to finance the Group’s other property development projects in the PRC and as general working capital of the Group.

Our view

Having considered the above, we concur with view of the management of the Company that the Disposal is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Terms of the Disposal under the Equity Transfer Agreement

(i) *Consideration and payment*

The Equity Transfer Agreement stipulates that the consideration for the Disposal is RMB49.5 million, which, as stated in the Letter from the Board, was determined after arm's length negotiations between the parties having considered the following factors:-

- (a) the registered capital injected by the Company in proportion to the Sale Interest of approximately RMB45.0 million;
- (b) the market value of the Property as at 30 June 2009 of RMB4,290 million based on the Valuation Report;
- (c) the further receipt in relation to downward adjustment in the Company's contribution to the Initial Price as hereinafter described; and
- (d) the reduction in commitment, resulting from the reduction of the Company's proportionate contribution, to pay the remaining Initial Price upon completion of the Equity Transfer Agreement by approximately RMB240.0 million.

The Equity Transfer Agreement also stipulates that the consideration for the Disposal will be payable by Tianjin CITIC within 7 days from the registration of the transfers with the relevant PRC administrative bureau for industry and commerce.

As stated in the Letter from the Board, the Company will receive total proceeds in connection with the Disposal of approximately RMB271.4 million, being the aggregate of the consideration for the transfer of the registered capital of the Project Company attributable to the Sale Interest of RMB49.5 million and an additional amount of approximately RMB221.9 million. Given that the total proceeds in connection with the Disposal includes a payment of approximately RMB179.5 million to be refunded to the Company in relation to the portion of the contribution made by the Company to the Initial Price (the "**Refund**"), the proceeds in connection with the Disposal excluding the Refund (the "**Disposal Proceeds After Refund**") is approximately RMB91.9 million.

Based on the registered share capital attributable to the Sale Interest of approximately RMB45.0 million and taking into account the net-of-tax appreciation of the Property of RMB572.0 million as at 30 June 2009 (being the valuation of the Property of RMB4,290 million as stated in the Valuation Report less the Initial Price and the related PRC land appreciation tax and corporate income tax), the adjusted value of the Project Company attributable to the Sale Interest (the "**Adjusted Value**") would be approximately RMB113.6 million. The Disposal Proceeds After Refund of approximately RMB91.9 million represents a discount of approximately 19.1% to the Adjusted Value. As additional reference, if the Refund is included, the total proceeds in connection with the Disposal of approximately RMB271.4 million is comparable to the aggregate of the amount of the Adjusted Value and the Refund of approximately RMB293.1 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also discussed with the management of the Company in this regard and understand that the management of the Company considers the total proceeds in connection with the Disposal is fair and reasonable after taking into account factors including: (i) an approximately 22.6% appreciation of the Property based on the valuation of the Property of RMB4,290 million and the Initial Price; (ii) the expected overall gain (before tax and exchange differences) of approximately RMB47.0 million in connection with the Disposal which represents an approximately 20.9% return on the registered capital injected by the Company in proportion to the Sale Interest of approximately RMB45.0 million and portion of the contribution of approximately RMB179.5 million already made by the Company to the Initial Price; and (iii) the benefits to the Company arising from its cooperation with Tianjin CITIC in terms of accelerating the development of the Property.

Considering factors including (i) the benefits to the Company resulting from the strengthened cooperation relationship with Tianjin CITIC; (ii) the benefits to the Project Company arising from Tianjin CITIC's increased participation in the development of the Property upon completion of the Disposal; (iii) reduction in the Company's commitment to the remaining Initial Price in the future; (iv) the expected overall gain (before tax and exchange differences) of approximately RMB47.0 million; and (v) the fact that the title of the Property has yet to be transferred to the Project Company as at the Latest Practicable Date, we consider that the total proceeds in connection with the Disposal is reasonable.

(ii) Other terms

The Equity Transfer Agreement states that upon completion of the Disposal, the board of directors of the Project Company shall consist of 7 members, of which the Company will have the right to appoint 2 directors, Tianjin CITIC will have the right to appoint 4 directors (including the chairman) and Tianjin Binhai will have the right to appoint 1 director.

In addition, as stated in the Letter from the Board, upon completion of the Disposal, the Company and Tianjin CITIC will be responsible for 49% (given the fact that Tianjin Binhai will transfer its 10% equity interest in the Project Company to the Company upon full payment of the Initial Price) and 51%, respectively, of the remaining Initial Price and shall be entitled to the profits generated by and bear the losses incurred by the Project Company in the same proportion.

Our view

Having considered the above, we are of the view that the terms of the Disposal under the Equity Transfer Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Possible financial effects of the Disposal

(i) *Earnings*

As stated in the Letter from the Board, upon completion of the Disposal, the Company's equity interest in the Project Company will be reduced to 39% and the Project Company will no longer be accounted for as a subsidiary of the Company but will become an associated company of the Company and the results and assets and liabilities of the Project Company will be incorporated in the financial statements of the Company on consolidation using the equity method of accounting.

Subject to audit, it is expected that based on the audited accounts of the Project Company as at 31 December 2008, the Group will realise an overall gain, before tax and exchange differences, in connection with the Disposal of approximately RMB47.0 million, which is calculated mainly by comparing the total proceeds in connection with the Disposal of approximately RMB271.4 million with the related portion of registered capital and the contribution made by the Company to the Initial Price.

(ii) *Net assets value*

Taking into account the above mentioned expected overall gain, before tax and exchange differences, in connection with the Disposal, the Disposal would result in an increase in the net assets value of the Group of approximately RMB47.0 million (equivalent to approximately HK\$53.3 million). As compared with the net assets value of the Group as at 31 December 2008, being approximately HK\$19,104 million, we concur with the view of the management of the Company that there will be no material impact on the net assets value of the Group immediately upon completion of the Disposal.

(iii) *Working capital*

As the Company will receive the total proceeds in connection with the Disposal of approximately RMB271.4 million in cash, we concur with the view of the management of the Company that the working capital position of the Company will be improved immediately upon completion of the Disposal.

(iv) *Gearing ratio*

Taking into account the aforementioned slight increase in the net assets value of the Group as a result of the Disposal, we concur with the view of the management of the Company that there will be no material impact on the Group's gearing ratio (being calculated on the basis of net bank borrowings and amounts payable to the ultimate holding company over equity attributable to the Shareholders) immediately upon completion of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons referred to in the above, we are of the opinion that the terms of the Disposal under the Equity Transfer Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Shareholders to approve the entering into of the Disposal under the Equity Transfer Agreement if the Company were to convene a general meeting for the approval of the Disposal under the Equity Transfer Agreement.

Yours faithfully,

For and on behalf of

CIMB Securities (HK) Limited

Alex Lau

Director

Head of Corporate Finance

Heidi Cheng

Director

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

(a) Directors' interests and short positions

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company or any of their respective associates in any Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are required: (a) 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 he is taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(i) Interests in Shares, underlying Shares and debentures of the Company

Name of Director	Nature of interests	Number of Shares		Approximate percentage of total issued Shares (Note 1)
		Long position	Short position	
Or Wai Sheun	Founder and beneficiary of a trust (Note 2)	802,830,124	Nil	69.77%
	Corporate (Note 3)	277,500	Nil	0.02%
Ng Chi Man	Beneficiary of a trust (Note 2)	802,830,124	Nil	69.77%
Or Pui Kwan	Beneficiary of a trust (Note 2)	802,830,124	Nil	69.77%
	Personal	43,500	Nil	0.00%

Name of Director	Nature of interests	Number of Shares		Approximate percentage of total issued shares (Note 1)
		Long position	Short position	
Lok Kung Chin, Hardy	Founder and beneficiary of a trust (Note 4)	1,425,000	Nil	0.12%
Lai Ka Fai	Personal	701,000	Nil	0.06%
Keith Alan Holman	Personal	567,000	Nil	0.05%
Tam Hee Chung	Personal	300,000	Nil	0.03%
David John Shaw	Personal	133,500	Nil	0.01%
	Family (Note 5)	67,000	Nil	0.01%
Yeung Kwok Kwong	Personal	165,000	Nil	0.01%

Notes:

- The percentage of shareholding holding is calculated based on 1,150,681,275 Shares, being the total number of issued Shares as at the Latest Practicable Date.
- Such interest in Shares is owned by Intellinsight, a wholly-owned subsidiary of Polytec Holdings International Limited (“**Polytec Holdings**”) which is ultimately wholly-owned by a discretionary trust, the trustee of which is Or Family Trust Limited Inc. The said trust is in turn wholly-owned by another discretionary trust, the trustee of which is HSBC International Trustee Limited.

As Mr Or Wai Sheun is the founder of the trust and the discretionary objects of the trust include Mr Or Wai Sheun, Ms Ng Chi Man (his wife) and Mr Or Pui Kwan (his son), they are taken to be interested in the same block of shares held by the trust.

Mr Or Wai Sheun and Ms Ng Chi Man are directors of Polytec Holdings and Intellinsight. Mr Lai Ka Fai is a director of Intellinsight.
- Such interest in Shares is held by China Dragon Limited which is wholly-owned by Mr Or Wai Sheun.
- Such interest in Shares is owned by discretionary trust of which Mr Lok Kung Chin, Hardy is the founder and a beneficiary respectively.
- Such interest in Shares is held by the spouse of Mr David John Shaw.

(ii) *Interests in shares, underlying shares and debentures of the associated corporation – Polytec Asset Holdings Limited (“Polytec Asset”)*

Name of Director	Nature of interests	Number of shares		Approximate percentage of total issued shares (Note 1)
		Long position	Short position	
Or Wai Sheun	Founder and beneficiary of a trust (Note 2)	3,260,004,812	Nil	73.44%
Ng Chi Man	Beneficiary of a trust (Note 2)	3,260,004,812	Nil	73.44%
Or Pui Kwan	Beneficiary of a trust (Note 2)	3,260,004,812	Nil	73.44%
Yeung Kwok Kwong	Personal	2,000,000	Nil	0.05%
Tam Hee Chung	Personal	1,100,000	Nil	0.02%
Keith Alan Holman	Personal	722,000	Nil	0.02%
Lai Ka Fai	Personal	430,000	Nil	0.01%

Notes:

1. The percentage of shareholding is calculated based on 4,438,967,838 shares, being the total number of issued ordinary shares of Polytec Asset as at the Latest Practicable Date.
2. Through their respective interests in the Company disclosed under the subsection on “Interests in Shares, underlying Shares and debentures of the Company”, and by virtue of 100% interest in Marble King International Limited, the immediate holding company of Polytec Asset, held by the Company, Mr Or Wai Sheun, Ms Ng Chi Man and Mr Or Pui Kwan were deemed to be interested in 3,260,004,812 ordinary shares in Polytec Asset.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Interests of substantial shareholders and other persons in the Company and other members of the Group

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the Directors, the persons, other than Directors or the chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares 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 any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

(i) The Company

Name	Nature of interests	Number of Shares		Approximate percentage of total issued Shares (Note 1)
		Long position	Short position	
HSBC International Trustee Limited	Trustee	805,176,974 (Note 2)	Nil	69.97%
Or Family Trustee Limited Inc.	Trustee	802,830,124 (Note 2)	Nil	69.77%

Notes:

1. The percentage of shareholding is calculated based on 1,150,681,275 Shares, being the total number of issued Shares as at the Latest Practicable Date.
2. Out of the 805,176,974 Shares held by HSBC International Trustee Limited, 802,830,124 Shares are held in its capacity as trustee of a discretionary trust. Such interest in the Shares relates to the same block of Shares as described in note 2 under subsection on "Interests in Shares, underlying Shares and debentures of the Company". Mr Or Wai Sheun and Mr Keith Alan Holman are directors of Or Family Trustee Limited Inc.

(ii) Subsidiaries (excluding Polytec Asset and its subsidiaries) of the Company

Name of subsidiary	Name of shareholder	Approximate percentage of issued share capital of the subsidiary
Brilliant Idea Investments Limited	Lau Wai Chi	15.00%
Golden Princess Amusement Company Limited	Variety Entertainment Company Limited	15.00%
Polytec Binhai Property (Tianjin) Co., Ltd.	Tianjin Binhai Mass Transit Development Co., Ltd.	10.00%
Polytec CITIC Property (Tianjin) Co., Ltd.	Tianjin CITIC Real Estate Investment Co., Ltd.	30.00%
	Tianjin Binhai Mass Transit Development Co., Ltd.	10.00%
San Iao Lek Development Company Limited	All Virtue International Limited	30.00%

(iii) Polytec Asset and its subsidiaries

Name of subsidiary	Name of shareholder	Approximate percentage of issued share capital of the subsidiary
New Cosmos Holdings Limited	Dak Tai Luen Limited	15.00%
	JHK International Limited	10.00%
	CSC Investment Company Limited	10.00%
Think Bright Limited	U Sio Man	29.50%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons or corporations (other than Directors or the chief executive of the Company and the respective companies controlled by them whose interests have been disclosed above) who had an interest or short position in the Shares or underlying Shares 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% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or in any options in respect of such capital.

3. COMPETING INTEREST

As at the Latest Practicable Date, save as disclosed below, none of the Directors or any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Polytec Holdings, a company ultimately and wholly owned by a discretionary trust of which Mr Or Wai Sheun (the Chairman of the Company) is the founder and the discretionary objects of the trust include Mr Or Wai Sheun, Ms Ng Chi Man (an executive Director) and Mr Or Pui Kwan (an executive Director), is engaged in property investment and development business in Hong Kong, Macau and the PRC. As a result, Mr Or Wai Sheun, Ms Ng Chi Man and Mr Or Pui Kwan are considered to have interest in a business which competes, or is likely to compete, either directly or indirectly, with the business of the Group. Polytec Holdings had granted a right of first refusal in favour of the Group in respect of properties or property projects that will be made available to it to acquire or participate in development in Hong Kong, Macau and the PRC.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date to which the latest published audited accounts of the Company were made up.

6. EXPERT'S QUALIFICATION AND CONSENT

CIMB Securities (HK) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
CIMB Securities (HK) Limited	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, CIMB Securities (HK) Limited did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2008, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. GENERAL

- (a) Save as disclosed in the announcement of the Company dated 13 August 2009 in relation to the acquisition of the entire issued share capital of each of the Best Award Investments Limited and High Cheer Investments Limited together with assignment of related shareholder's loans, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) As at the Latest Practicable Date, save for the financial support to the Group from Polytec Holdings of which Mr Or Wai Sheun and Ms Ng Chi Man are directors, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The registered office of the Company is 23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong. The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary of the Company is Ms Look Pui Fan, a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (e) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at 23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including 3 September 2009:

- (a) the letter from the Independent Board Committee to the Shareholders, the text of which is set out on page 11 of this circular;
- (b) the letter from CIMB Securities (HK) Limited to the Independent Board Committee and the Shareholders, the text of which is set out on pages 12 to 20 of this circular;
- (c) the written consent from CIMB Securities (HK) Limited referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix; and
- (d) the Equity Transfer Agreement.