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KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 34)



POLYTEC ASSET HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 208)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES**

AND

CONNECTED TRANSACTION

**ISSUE OF NEW SHARES
CONNECTED TRANSACTION**

AND

PROPOSED BONUS ISSUE OF WARRANTS

RESUMPTION OF TRADING

SUMMARY

Reference is made to the joint announcement dated 10 April 2006 of KDC and PAH.

KDC PLACING AND KDC SHARE ISSUE

The directors of KDC announce that on 2 and 4 May 2006, the Vendor has agreed to sell to more than six independent placees and the placees have agreed to acquire an aggregate 113,353,000 existing KDC Shares at HK\$12.4 per KDC Share and the Vendor has conditionally agreed to subscribe up to 113,353,000 new KDC Shares at HK\$12.4 per KDC Share pursuant to the KDC Top-Up Agreement. The total of 113,353,000 new KDC Shares to be issued pursuant to the KDC Share Issue represent approximately 20.00% of the existing issued share capital of KDC and approximately 16.67% of the issued share capital of KDC as enlarged by the KDC Share Issue.

The net proceeds from the KDC Share Issue of approximately HK\$1,377 million will be used by KDC as to approximately 70% to fund the subscription of PAH Shares under the Connected PAH Agreement (if it proceeds to completion) and as to approximately 30% for business development and expansion.

Hantec has acted as arranger for 17,641,000 KDC Shares in the KDC Placing and will receive fee at the same rate applicable to the other arrangers involved in the KDC Placing in the amount of HK\$3,828,097 from KDC. Hantec is wholly owned by Mr. Or and hence a connected person of KDC. As each of the applicable percentage ratios under Chapter 14 of the Listing Rules is less than 2.5%, such arrangement and the PAH Hantec Arrangement referred to below in aggregate constitute exempt connected transaction for KDC under Rule 14A.32(1) of the Listing Rules. They are therefore subject to the reporting and announcements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

ISSUE OF PAH SHARES

The directors of PAH announce that PAH entered into the PAH Agreements for the issue of a total of 2,811,411,970 new PAH Shares at HK\$1.98 per PAH Share. The total of 2,811,411,970 new PAH Shares to be issued pursuant to the PAH Subscription represent approximately 228.60% of the existing issued share capital of PAH and approximately 69.57% of the issued share capital of PAH as enlarged by the issue.

The net proceeds from the PAH Subscription will be approximately HK\$5,523 million, of which approximately HK\$5,290 million will be used by PAH to fund the Acquisition (as defined in the Acquisition Announcement) and approximately HK\$233 million will be used by PAH for the repayment of loans from KDC. As at the date of this announcement, KDC has provided loans of approximately HK\$233 million to PAH.

KDC is a substantial shareholder and hence a connected person of PAH. The Connected PAH Agreement constitutes a connected transaction for PAH under the Listing Rules. The Connected PAH Agreement constitutes a connected transaction for KDC under the Listing Rules.

Hantec has acted as an arranger for 583,311,867 PAH Shares under the PAH Subscription and will receive fee in the amount of HK\$20,211,756 from PAH. The PAH Hantec Arrangement will constitute a connected transaction for PAH under the Listing Rules as each of the applicable percentage ratios under Chapter 14 of the Listing Rules is less than 2.5%. The PAH Hantec Arrangement is therefore subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

BONUS ISSUE OF WARRANTS BY PAH

The directors of PAH propose the Bonus Issue of Warrants to the PAH Shareholders whose names appear on the register of members of PAH on the Record Date (other than Overseas Shareholders) on the basis of one unit of Warrants for every 10 PAH Shares held. The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for new PAH Shares at the Subscription Price (subject to adjustment). The Bonus Issue is conditional upon the satisfaction of certain conditions, further details of which are set out below.

GENERAL

A circular containing (among other things) the notice of an extraordinary general meeting of KDC and further details of the Connected PAH Agreement, a letter from the independent board committee of KDC to the KDC Independent Shareholders and a letter of advice from the independent financial adviser to the independent board committee of KDC and the KDC Independent Shareholders in respect of the Connected PAH Agreement will be despatched to shareholders of KDC as soon as practicable in accordance with the requirements of the Listing Rules.

A circular containing (among other things) the notice of an extraordinary general meeting of PAH, further details of the PAH Agreements and the Bonus Issue, a letter from the independent board committee of PAH to the PAH Independent Shareholders and a letter of advice from the independent financial adviser to the independent board committee of PAH and the PAH Independent Shareholders in respect of the PAH Agreements and the Bonus Issue will be despatched to shareholders of PAH as soon as practicable in accordance with the requirements of the Listing Rules.

Completion of each of the KDC Top-Up Agreement and the PAH Agreements, is subject to the fulfillment of a number of conditions set out in the relevant agreement and may or may not proceed.

Trading in the shares of KDC and PAH on the Stock Exchange was suspended at the request of KDC and PAH with effect from 9:30 am on 28 April 2006 pending the release of this announcement. Arrangers commenced identifying and approaching the placees and subscribers and the PAH Price and the KDC Price were agreed in principle on 28 April 2006. The boards of KDC and PAH had concerns that given the number of the parties involved, there would be a leak of information on the KDC Placing, the KDC Share Issue and the PAH Subscription that could result in unequal dissemination of price-sensitive information and volatility in the trading in KDC Shares and PAH Shares. The boards of KDC and PAH therefore believed that suspension of trading was the appropriate course and was in their shareholders' interest. An application has been made by KDC and PAH for the resumption of trading in the shares on the Stock Exchange from 9:30 am on 9 May 2006.

I THE KDC PLACING AND THE KDC SHARE ISSUE

The KDC Placing

On 2 and 4 May 2006, the Vendor has agreed to sell to more than six independent placees and the placees have agreed to acquire an aggregate 113,353,000 existing KDC Shares at the KDC Price and the Vendor has conditionally agreed to subscribe up to 113,353,000 new KDC Shares at the KDC Price pursuant to the KDC Top-Up Agreement. The placees are institutional and professional investors. Each of the placees (and its ultimate beneficial owners) is/are independent of and is/are not connected with any of the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of KDC, any of its subsidiaries or their respective associates.

It is a term of the KDC Placing that each of the placees and the Vendor will have the right to terminate their obligations on the occurrence of certain events including, for the placees, any material adverse change in the financial or trading position of the KDC Group, or any material breach of the warranties by KDC as set out in the agreement for the KDC Placing, in each case, occurring prior to 9:30 a.m. (Hong Kong time) on the date of completion. Completions of the KDC Placing have taken place or are expected to take place on 4 May 2006, 8 May 2006 and 9 May 2006. The placees under the KDC Placing have been procured by a number of arrangers; however, the KDC Placing is not underwritten. The arrangers that have been involved in the KDC Placing are as follows:

The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited and Cazenove Asia Limited jointly in respect of 57,962,000 KDC Shares
3V Capital Limited in respect of 37,750,000 KDC Shares
Hantec in respect of 17,641,000 KDC Shares

The arrangers will receive fees at the rate of 1.75% of the gross proceeds of the KDC Placing and the proceeds of the KDC Placing net of the arrangers' fees will be approximately HK\$1,381 million. The rate of 1.75% has been negotiated between the arrangers and KDC on an arm's length basis and the directors of KDC consider that such rate is fair and reasonable and in the interest of KDC and its shareholders as a whole.

The KDC Top-Up Agreement

Date: 4 May 2006

Issuer: KDC

Subscriber: The Vendor

Transaction: The issue by KDC and the subscription by the Vendor of the same number of KDC Shares that have been sold by the Vendor pursuant to the KDC Placing up to 113,353,000 new KDC Shares at the KDC Price

Number of KDC Shares

113,353,000 new KDC Shares will be issued pursuant to the KDC Share Issue. They represent approximately 20.00% of the existing issued share capital of KDC or approximately 16.67% of the issued share capital of KDC as enlarged by the KDC Share Issue. The 113,353,000 new KDC Shares will be issued pursuant to the general mandate granted by the shareholders of KDC to the directors of KDC on 5 May 2005. KDC has not issued any KDC Shares pursuant to such general mandate. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 113,353,000 new KDC Shares pursuant to the KDC Share Issue.

The 113,353,000 new KDC Shares to be issued pursuant to the KDC Share Issue will rank *pari passu* in all respects with the existing KDC Shares in issue as at the issue date of the new KDC Shares including the right to receive all future dividends and distributions which may be declared, made or paid.

KDC Price

The 113,353,000 new KDC Shares to be issued pursuant to the KDC Share Issue will be issued at HK\$12.4 per KDC Share. The KDC Price represents a discount of approximately 8.82% to the last trading price of the KDC Shares of HK\$13.6 as at 27 April 2006, or a discount of about approximately 7.98% to the average last trading price of the KDC Shares of approximately HK\$13.475 for the 10 trading days up to and including 27 April 2006.

The KDC Price has been determined after arm's length negotiation between the board of directors of KDC and the places with reference to the traded price of KDC Shares and the discount rate applicable to transactions of similar nature. The directors of KDC consider the KDC Price to be appropriate and reasonable.

Conditions of the KDC Top-Up Agreement

The KDC Top-Up Agreement is conditional upon the following:

- (a) the listing of and permission to deal in the new KDC Shares which are the subject matter of the KDC Top-Up Agreement being granted by the Listing Committee of the Stock Exchange; and
- (b) completion of the KDC Placing with respect to at least one of the places.

Completion of the KDC Top-Up Agreement will take place within 14 days from the date of the KDC Top-Up Agreement, which is 16 May 2006.

II THE PAH SUBSCRIPTION

The Connected PAH Agreement

Date: 5 May 2006

Issuer: PAH

Subscriber: KDC

Transaction: The issue by PAH and the subscription by KDC of up to 1,598,000,000 new PAH Shares at the PAH Price, representing 39.54% of the issued share capital of PAH as enlarged by the PAH Subscription. In the event that any of the other PAH Agreements does not proceed to completion, PAH will reduce the number of PAH Shares to be issued such that upon completion of the PAH Subscription, KDC will maintain the same shareholding of 56.84% in PAH.

KDC is a substantial shareholder and hence a connected person of PAH.

The Second PAH Agreement

Date: 3 May 2006

Issuer: PAH

Subscriber: Wachovia Investors, Inc.

Transaction: The issue by PAH and the subscription by Wachovia Investors, Inc. of 394,000,000 new PAH Shares at the PAH Price, representing 9.75% of the issued share capital of PAH as enlarged by the PAH Subscription

Wachovia Investors, Inc. and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Third PAH Agreement

Date: 5 May 2006

Issuer: PAH

Subscriber: Janus Funds

Transaction: The issue by PAH and the subscription by Janus Funds of 221,188,133 new PAH Shares at the PAH Price, representing 5.47% of the issued share capital of PAH as enlarged by the PAH Subscription

Janus Funds and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Fourth PAH Agreement

Date: 4 May 2006

Issuer: PAH

Subscriber: Penta Investments Advisers Limited

Transaction: The issue by PAH and the subscription by Penta Investments Advisers Limited of 197,000,000 new PAH Shares at the PAH Price, representing 4.87% of the issued share capital of PAH as enlarged by the PAH Subscription

Penta Investments Advisers Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Fifth PAH Agreement

Date: 2 May 2006

Issuer: PAH

Subscriber: Baring Asset Management Limited

Transaction: The issue by PAH and the subscription by Baring Asset Management Limited of 39,400,000 new PAH Shares at the PAH Price, representing 0.98% of the issued share capital of PAH as enlarged by the PAH Subscription

Baring Asset Management Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Sixth PAH Agreement

Date: 2 May 2006

Issuer: PAH

Subscriber (1): Farallon Capital Offshore Investors II, L.P.

Subscriber (2): Farallon Capital Offshore Investors, Inc

Transaction: The issue by PAH and the subscription by Farallon Capital Offshore Investors II, L.P. and Farallon Capital Offshore Investors, Inc of a total of 39,165,000 new PAH Shares at the PAH Price, representing 0.97% of the issued share capital of PAH as enlarged by the PAH Subscription

Each of Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc and their beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Seventh PAH Agreement

Date: 2 May 2006

Issuer: PAH

Subscriber: Evolution Master Fund Ltd. SPC, Segregated Portfolio “M”

Transaction: The issue by PAH and the subscription by Evolution Master Fund Ltd. SPC, Segregated Portfolio “M” of 39,400,000 new PAH Shares at the PAH Price, representing 0.98% of the issued share capital of PAH as enlarged by the PAH Subscription

Evolution Master Fund Ltd. SPC, Segregated Portfolio “M” and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Eighth PAH Agreement

Date: 2 May 2006

Issuer: PAH

Subscriber: J.P. Morgan Securities Limited

Transaction: The issue by PAH and the subscription by J.P. Morgan Securities Limited of 11,750,000 new PAH Shares at the PAH Price, representing 0.29% of the issued share capital of PAH as enlarged by the PAH Subscription

J.P. Morgan Securities Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Ninth PAH Agreement

Date: 28 April 2006

Issuer: PAH

Subscriber (1): Henderson Global Investors Limited

Subscriber (2): Henderson Fund Management PLC

Transaction: The issue by PAH and the subscription by (1) Henderson Global Investors Limited and (2) Henderson Fund Management PLC of a total of 82,196,970 new PAH Shares at the PAH Price, representing 2.03% of the issued share capital of PAH as enlarged by the PAH Subscription

Each of Henderson Global Investors Limited, Henderson Fund Management PLC and their beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Tenth PAH Agreement

Date: 28 April 2006

Issuer: PAH

Subscriber: Vong Kuoc Meng

Transaction: The issue by PAH and the subscription by Vong Kuoc Meng of 2,000,000 new PAH Shares at the PAH Price, representing 0.05% of the issued share capital of PAH as enlarged by the PAH Subscription

Vong Kuoc Meng is not a connected person of KDC and PAH and is independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Eleventh PAH Agreement

Date: 28 April 2006

Issuer: PAH

Subscriber: Yu Kwok Leung

Transaction: The issue by PAH and the subscription by Yu Kwok Leung of 5,000,000 new PAH Shares at the PAH Price, representing 0.12% of the issued share capital of PAH as enlarged by the PAH Subscription

Yu Kwok Leung is not a connected person of KDC and PAH and is independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Twelfth PAH Agreement

Date: 28 April 2006

Issuer: PAH

Subscriber: United Gain Investment Limited

Transaction: The issue by PAH and the subscription by United Gain Investment Limited of 1,000,000 new PAH Shares at the PAH Price, representing 0.03% of the issued share capital of PAH as enlarged by the PAH Subscription

United Gain Investment Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Thirteenth PAH Agreement

Date: 1 May 2006

Issuer: PAH

Subscriber: Wellchamp Fund Limited

Transaction: The issue by PAH and the subscription by Wellchamp Fund Limited of 5,000,000 new PAH Shares at the PAH Price, representing 0.12% of the issued share capital of PAH as enlarged by the PAH Subscription

Wellchamp Fund Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Fourteenth PAH Agreement

Date: 1 May 2006

Issuer: PAH

Subscriber: Galaxy Asset Management (H.K.) Limited

Transaction: The issue by PAH and the subscription by Galaxy Asset Management (H.K.) Limited of 2,000,000 new PAH Shares at the PAH Price, representing 0.05% of the issued share capital of PAH as enlarged by the PAH Subscription

Galaxy Asset Management (H.K.) Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Fifteenth PAH Agreement

Date: 1 May 2006

Issuer: PAH

Subscriber: Baron Absolute Return Fund (I) Limited

Transaction: The issue by PAH and the subscription by Baron Absolute Return Fund (I) Limited of 1,500,000 new PAH Shares at the PAH Price, representing 0.04% of the issued share capital of PAH as enlarged by the PAH Subscription

Baron Absolute Return Fund (I) Limited and its beneficial owners are not connected persons of KDC and PAH and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

The Sixteenth PAH Agreement

Date: 5 May 2006

Issuer: PAH

Subscriber: Yiu Kai Kwong

Transaction: The issue by PAH and the subscription by Yiu Kai Kwong of 172,811,867 new PAH Shares at the PAH Price, representing 4.28% of the issued share capital of PAH as enlarged by the PAH Subscription

Yiu Kai Kwong is not a connected person of KDC and PAH and is independent of and not connected with any of the directors, chief executives or substantial shareholders of KDC and PAH, any of their respective subsidiaries or their respective associates.

Total number of PAH Shares

A total of 2,811,411,970 new PAH Shares will be issued pursuant to the PAH Subscription. They represent approximately 228.60% of the existing issued ordinary share capital of PAH or approximately 69.57% of the issued ordinary share capital of PAH as enlarged by the PAH Subscription.

The 2,811,411,970 new PAH Shares to be issued pursuant to the PAH Subscription will rank pari passu in all respects with the existing PAH Shares in issue as at the issue date of the PAH Subscription including the right to receive all future dividends and distributions which may be declared, made or paid.

PAH Price

The 2,811,411,970 new PAH Shares to be issued pursuant to the PAH subscription will be issued at HK\$1.98 per PAH Share. The PAH Price represents a discount of approximately 11.01% to the last trading price of the PAH Shares of HK\$2.225 as at 27 April 2006, or a discount of about approximately 14.47% to the average last trading price of the PAH Shares of approximately HK\$2.315 for the 10 trading days up to and including 27 April 2006.

The PAH Price has been determined after arm's length negotiation between the board of directors of PAH and the subscribers with reference to the traded price of PAH Shares and the discount rate applicable to transactions of similar nature. The directors of PAH consider the PAH Price to be appropriate and reasonable.

III CONDITIONS TO THE PAH SUBSCRIPTION

Conditions of the Connected PAH Agreement

The Connected PAH Agreement is conditional upon, among others, the following:

- (a) the listing of and permission to deal in the new PAH Shares which are the subject matter of the Connected PAH Agreement being granted by the Listing Committee of the Stock Exchange;
- (b) the Agreement (as defined in the Acquisition Announcement) becoming unconditional;
- (c) the passing by the PAH Independent Shareholders at an extraordinary general meeting of a resolution approving the Connected PAH Agreement as required by the Listing Rules; and
- (d) the passing by the KDC Independent Shareholders at an extraordinary general meeting of a resolution approving the Connected PAH Agreement as required by the Listing Rules.

Conditions of the PAH Agreements (other than the Connected PAH Agreement)

Each of the PAH Agreements (other than the Connected PAH Agreement) is conditional upon, among others, the following:

- (a) the listing of and permission to deal in the new PAH Shares which are the subject matter of the relevant PAH Agreement being granted by the Listing Committee of the Stock Exchange;
- (b) each of the Agreement (as defined in the Acquisition Announcement) and the Connected PAH Agreement becoming unconditional; and
- (c) the passing by the PAH Independent Shareholders at an extraordinary general meeting of a resolution approving the relevant PAH Agreement as required by the Listing Rules.

If the conditions of any of the PAH Agreements will not be fulfilled before 31 July 2006, the relevant PAH Agreement will terminate.

IV PROPOSED BONUS ISSUE OF WARRANTS

The directors of PAH propose, subject to the satisfaction of the conditions below, the Bonus Issue to be granted to the shareholders of PAH whose names appear on the register of members of PAH on the Record Date (other than Overseas Shareholders) on the basis of one unit of Warrants for every 10 PAH Shares then held by such shareholders. The subscribers under the PAH Subscription will not be entitled to participate in the Bonus Issue.

The Warrants will be issued in registered form and will entitle the holders thereof to subscribe in cash for one new PAH Share at the Subscription Price (subject to adjustment). The Warrants will be exercisable at any time between the date of the issue of the Warrants (expected to be 19 June 2006) and the first anniversary thereof, both days inclusive.

Fractional entitlements to the Warrants will not be granted to the PAH Shareholders but will be aggregated and sold for the benefit of PAH.

Shares to be issued upon exercise of the Warrants

On the basis of 1,229,814,484 PAH Shares in issue on 28 April 2006, and assuming no further PAH Shares will be issued or repurchased by the PAH on or before the Record Date, Warrants in the amount of approximately HK\$243.5 million are proposed to be issued pursuant to the Bonus Issue. Full exercise of the Warrants would result in the receipt by PAH of approximately HK\$243.5 million before expenses and the 122,981,448 PAH Shares will be issued pursuant thereto and represent approximately 10.00% of the existing issued share capital of PAH and approximately 9.09% of the share capital of PAH as enlarged by the issue of such new PAH Shares.

The new PAH Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants will rank *pari passu* in respect of any dividends and other distributions the record date for which is on or after the relevant subscription date and in all other respects with the then existing issued PAH Shares.

Subscription Price

The Subscription Price represents a discount of approximately 11.01% to the last trading price of the PAH Shares of HK\$2.225 as at 27 April 2006, or a discount of about approximately 14.47% to the average last trading price of the PAH Shares of approximately HK\$2.315 for the 10 trading days up to and including 27 April 2006.

The directors of PAH consider the Subscription Price, which is the same as the PAH Price, applicable to the subscribers under the PAH Subscription, to be appropriate and reasonable.

Overseas Shareholders

The documents to be issued in relation to the Bonus Issue will not be registered under any securities legislation of any jurisdiction outside Hong Kong. Therefore, the Warrants will not be granted to PAH Shareholders whose names appear on the register of members of PAH on the Record Date and whose registered addresses are outside Hong Kong on that date if the board of PAH considers the exclusion of the Overseas Shareholders from the Bonus Issue expedient or necessary on account of the legal restrictions under the laws of the relevant overseas jurisdictions. Arrangements will be made for the Warrants which would otherwise have been issued to such Overseas Shareholders to be sold in the market as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong currency to the Overseas Shareholders pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of PAH.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (a) the passing of an ordinary resolution by the shareholders of PAH at an extraordinary general meeting approving the Bonus Issue and the issue of new PAH Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants;

(b) the Stock Exchange granting listings of, and permission to deal in the Warrants and any PAH Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants; and

(c) completion of the Acquisition (as defined in the Acquisition Announcement).

Subject to the conditions being satisfied, dealings in the Warrants are expected to commence on 21 June 2006.

Further announcement will be made by PAH should there be any changes to the dates in respect of the Bonus Issue.

Certificates for the Warrants and board lot

Subject to the satisfaction of all the conditions mentioned above, it is expected that certificates for the Warrants will be posted at the risk of the PAH Shareholders on or before 19 June 2006.

Dealings in the Warrants are expected to commence on the Stock Exchange on 21 June 2006. Certificates will be issued in, and the Warrants will be traded in, board lot of 5,000 units entitling the holder thereof to subscribe an amount of HK\$9,900 for 5,000 new PAH Shares at the Subscription Price, subject to adjustment.

Closure of register of members

The register of members of PAH will be closed from 8 June 2006 to 12 June 2006 (both days inclusive) in order to determine entitlements of Shareholders (other than Overseas Shareholders) to the Bonus Issue of Warrants. PAH Shareholders are reminded that in order to qualify for the Warrants under the Bonus Issue of Warrants, they must ensure that all PAH Share transfers, accompanied by the relevant share certificates, must be lodged with PAH's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 7 June 2006.

Expected timetable

Date (2006)	Event
5 June (Monday)	Last day of dealings in PAH Shares cum-entitlement to the Bonus Issue
6 June (Tuesday)	First day of dealing in PAH Shares ex entitlements to the Bonus Issue
4:00 p.m. 7 June (Wednesday)	Latest time for lodging PAH Share transfers for registration to qualify for entitlements to the Bonus Issue
8 June (Thursday) to 12 June (Monday)	Closure of register of members of PAH (both days inclusive)
12 June (Monday)	Record date for entitlement to the Bonus Issue
19 June (Monday)	Despatch of Warrant certificates
21 June (Wednesday)	Expected dealings in the Warrants

Further announcement will be made by PAH should there be any changes to the dates in respect of the Bonus Issue of Warrants.

V CHANGES IN SHAREHOLDINGS STRUCTURES OF PAH AND KDC

Change in shareholding structure of PAH

The effects on the shareholding structure of PAH before and after completion of the PAH Subscription are as follows:

Name of shareholder	Immediately before the PAH Subscription and exercise of the subscription rights attaching to the Warrants		Upon completion of the PAH Subscription but before exercise of the subscription rights attaching to the Warrants		Upon completion of the PAH Subscription and after exercise of the subscription rights attaching to the Warrants		Upon completion of the PAH Subscription and after exercise of the subscription rights attaching to the Warrants and the conversion rights attaching to the Preference Shares <i>(Note)</i>	
	<i>Number of PAH Shares</i>		<i>Number of PAH Shares</i>		<i>Number of PAH Shares</i>		<i>Number of PAH Shares</i>	
		%		%		%		%
KDC and its associates	698,975,374	56.84%	2,296,975,374	56.84%	2,366,872,911	56.84%	2,617,606,916	59.29%
Directors of PAH	7,900,000	0.64%	7,900,000	0.19%	8,690,000	0.21%	8,690,000	0.20%
Public								
(1) Subscribers of the PAH Subscription (other than KDC and its associates)	38,925,500	3.16%	1,252,337,470	30.99%	1,256,230,020	30.17%	1,256,230,020	28.45%
(2) Other public shareholders	484,013,610	39.36%	484,013,610	11.98%	532,414,971	12.78%	532,414,971	12.06%
Total	<u>1,229,814,484</u>	<u>100.00%</u>	<u>4,041,226,454</u>	<u>100.00%</u>	<u>4,164,207,902</u>	<u>100.00%</u>	<u>4,414,941,907</u>	<u>100.00%</u>

Note: It is assumed that there is no adjustment to the rate for the Preference Shares converting into the PAH Shares.

Save for the Preference Shares, PAH does not have any options, warrants, rights or other convertible securities in issue as at the date of this announcement.

Change in shareholding structure of KDC

The effects on the shareholding structure of KDC before and after completion of the KDC Placing and the KDC Share Issue are as follows:

Name of shareholder	Immediately before completion of the KDC Placing and the KDC Share Issue		Upon completion of the KDC Placing but before completion of the KDC Share Issue		Upon completion of the KDC Placing and the KDC Share Issue	
	<i>Number of KDC Shares</i>		<i>Number of KDC Shares</i>		<i>Number of KDC Shares</i>	
		%		%		%
The Vendor and parties acting in concert	353,030,083	62.29%	239,677,083	42.29%	353,030,083	51.91%
Directors of KDC	1,235,000	0.22%	1,235,000	0.22%	1,235,000	0.18%
Public						
(1) Placees of the KDC Placing	39,020,000	6.88%	152,373,000	26.88%	152,373,000	22.40%
(2) Other public shareholders	173,482,767	30.61%	173,482,767	30.61%	173,482,767	25.51%
Total	<u>566,767,850</u>	<u>100.00%</u>	<u>566,767,850</u>	<u>100.00%</u>	<u>680,120,850</u>	<u>100.00%</u>

The Vendor has indicated its intention to increase his shareholding in KDC after completion of the KDC Placing and the KDC Share Issue through a subscription of new KDC Shares subject to compliance with the Listing Rules. Such subscription may or may not proceed. Further announcement will be made by KDC as and when necessary in accordance with the Listing Rules.

KDC does not have any options, warrants, rights or other convertible securities in issue as at the date of this announcement.

VI REASONS

Reason for the KDC Placing and the KDC Share Issue

The directors of KDC consider that the KDC Placing and KDC Share Issue represent a good opportunity to raise funds for the subscription of PAH Shares under the Connected PAH Agreement (if it proceeds to completion) and business development and expansion. The net proceeds from the KDC Share Issue of approximately HK\$1,377 million will be used by KDC as to approximately 70% to fund the subscription of PAH Shares under the Connected PAH Agreement (if it proceeds to completion) and as to approximately 30% for business development and expansion. The KDC Placing and the KDC Share Issue will not be conditional on completion of the Connected PAH Agreement. If the Connected PAH Agreement does not proceed to completion, the funds raised from the KDC Share Issue will be applied to KDC's business development and expansion.

Reason for the PAH Subscription

On 10 April 2006, PAH announced that it had conditionally agreed to acquire the entire issued share capital of New Bedford Properties Limited which has entered into certain co-investment agreements for the development of properties in Macau and the consideration for the acquisition is HK\$8,448 million.

The directors of PAH have considered rights issue, open offer and bank borrowings as alternative means of fund raising and considered that the PAH Subscription is a preferred means for the following reasons:

- (i) if rights issue or open offer is to be carried out, it will have to be subject to approval by the shareholders of PAH at a general meeting and settlement will take place nearly two months later. It is unlikely that any underwriter would be prepared to take the risk relating to such a long underwriting period based on PAH's discussion with various investment banks;
- (ii) a large amount of bank borrowings would adversely effect the gearing ratio of the PAH Group which is not in the interest of PAH and its shareholders as a whole; and
- (iii) the PAH Subscription would broaden the shareholders base and enhance the shareholders profile of PAH given that the subscribers are institutional and professional investors.

The net proceeds from the PAH Subscription will be approximately HK\$5,523 million, of which approximately HK\$5,290 million will be used by PAH to fund the Acquisition (as defined in the Acquisition Announcement) and approximately HK\$233 million will be used by PAH for the repayment of loans from KDC. As at the date of this announcement, KDC has provided loans of approximately HK\$233 million to PAH.

The directors of PAH are of the view that the PAH Subscription would not prejudice the PAH Independent Shareholders for the following reasons:

- (i) each of the PAH Agreements is subject to approval of the PAH Independent Shareholders at general meeting by way of a poll and KDC, Mr. Or, his family members and their associates will abstain from voting on all the related resolutions;
- (ii) the Bonus Issue will provide all the PAH Shareholders an opportunity to subscribe PAH Shares and will mitigate the dilution effect of the PAH Subscription on the shareholding held by the shareholders of PAH; and

(iii) out of the approximately HK\$5,523 million of the net proceeds from the PAH Subscription, approximately HK\$5,290 million will be used to fund the Acquisition which is in the interest of PAH and its shareholders as a whole. The balance of approximately HK\$233 million will be used for repayment of (a) the interest-bearing loan (at the interest rate of HIBOR plus 0.5%) of approximately HK\$200 million owed to KDC; and (b) the non-interest bearing loan of approximately HK\$33 million owed to KDC. As of today's date, other than some short-term borrowings of approximately HK\$4.4 million which are expected to be settled by the internal resources of the PAH Group before completion of the PAH Subscription, the other loans owed by PAH to third parties are term loans of which the repayment schedules are fixed.

Reason for the Connected PAH Agreement

The directors of KDC consider that the subscription under the Connected PAH Agreement will enable KDC to maintain its shareholding in PAH upon completion of the PAH Subscription and KDC will fund the Connected PAH Agreement as to approximately HK\$970 million by way of the KDC Share Issue and as to the balance by way of shareholder's loan from the Vendor which will carry interest at the rate of HIBOR plus 0.5%. The provision of the loan from the Vendor will constitute an exempt connected transaction of KDC under Rule 14A.65(4) of the Listing Rules on the ground that it is on normal commercial terms and no security over the assets of KDC will be granted in respect of such loan.

Reason for the Bonus Issue

The board of PAH believes that the Bonus Issue may increase the equity capital of PAH and broaden the shareholders base of PAH and will be beneficial to PAH. The board of PAH also believes that PAH's existing shareholders would benefit from the timing of the Bonus Issue as it would enable them to increase their shareholding in PAH which would otherwise be diluted as a result of the PAH Subscription. Through the Bonus Issue, they would be able to participate in the development of PAH that will have substantial Macau property exposure upon completion of the acquisition further details of which are set out in the Acquisition Announcement. The Bonus Issue will provide PAH with additional working capital of approximately HK\$243.5 million for future expansion assuming all the subscription rights attaching to the Warrants are exercised.

VII GENERAL

Listing application

Application for the listing of and permission to deal in the new KDC Shares to be issued pursuant to the KDC Share Issue and the new PAH Shares to be issued pursuant to the PAH Subscription will be made to the Stock Exchange. Application will be made to the Stock Exchange for listings of, and permission to deal in the Warrants and any PAH Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

KDC

KDC and its subsidiaries are principally engaged in property development and investment, property management, financial services, investment in Hong Kong and Macau as well as local and overseas financial investments.

Mr. Or is both a director and controlling shareholder of KDC and hence a connected person of KDC. Mr. Or is also a director of PAH and hence a connected person of PAH. The Connected PAH Agreement constitutes a connected transaction for KDC under the Listing Rules as the subscription money would be applied for settlement of part of the consideration for the Acquisition (as defined in the Acquisition Announcement) which constitutes a connected transaction for KDC.

A circular containing (among other things) the notice of an extraordinary general meeting of KDC, further details of the Connected PAH Agreement, a letter from the independent board committee of KDC to the KDC Independent Shareholders and a letter of advice from the independent financial adviser to the independent board committee of KDC and the KDC Independent Shareholders in respect of the Connected PAH Agreement will be despatched to shareholders of KDC as soon as practicable in accordance with the requirements of the Listing Rules.

Mr. Or, his family members and their associates will abstain from voting at the extraordinary general meeting of KDC in respect of the Connected PAH Agreement which will be conducted by way of a poll.

The directors of KDC including its independent non-executive directors are of the opinion that the KDC Top-Up Agreement is fair and reasonable and in the interest of KDC and its shareholders as a whole. The executive directors of KDC are of the opinion that the Connected PAH Agreement is fair and reasonable and in the interest of KDC and its shareholders as a whole.

Hantec has acted as arranger for 17,641,000 KDC Shares in the KDC Placing and will receive fee at the same rate applicable to the other arrangers involved in the KDC Placing in the amount of HK\$3,828,097 from KDC. Hantec is wholly owned by Mr. Or and hence a connected person of KDC. As each of the applicable percentage ratios under Chapter 14 of the Listing Rules is less than 2.5%, such arrangement and the PAH Hantec Arrangement referred to below in aggregate constitute exempt connected transaction for KDC under Rule 14A.32(1) of the Listing Rules. They are therefore subject to the reporting and announcements set out in Rules 14A.45 to 14A.47 of the Listing Rules. The directors of KDC including its independent non-executive directors are of the opinion that such arrangement and the PAH Hantec Arrangement are fair and reasonable and in the interest of KDC and its shareholders as a whole.

PAH

PAH and its subsidiaries are principally engaged in property investment, development and trading, ice manufacturing and provision of cold storage services as well as securities investment and trading.

KDC is a substantial shareholder of PAH and hence a connected person of PAH. The Connected PAH Agreement constitutes a connected transaction for PAH.

The subscribers under the PAH Subscription (other than the Connected PAH Agreement) have been procured by the following of arrangers:

The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited and Cazenove Asia Limited jointly in respect of 133,111,970 PAH Shares
3V Capital Limited in respect of 496,988,133 PAH Shares
Hantec in respect of 583,311,867 PAH Shares

The arrangers will receive fees at the rate of 1.75% of the gross proceeds of the PAH Subscription and the proceeds of the PAH Subscription net of the arrangers' fees will be approximately HK\$5,525 million. The rate of 1.75% has been negotiated between the arrangers and PAH on an arm's length basis and the directors of PAH consider that such rate is fair and reasonable and in the interest of PAH and its shareholders as a whole.

Hantec has acted as an arranger for 583,311,867 PAH Shares in the PAH Subscription and will receive fee at the same rate applicable to the other arrangers involved in the PAH Subscription as mentioned above in the amount of HK\$20,211,756 from PAH. Hantec is wholly owned by Mr. Or and hence a connected person of PAH. Such arrangement (the "**PAH Hantec Arrangement**") constitutes an exempt connected transaction for PAH under the Listing Rules as each of the applicable percentage ratios under Chapter 14 of the Listing Rules is less than 2.5%. The PAH Hantec Arrangement is therefore subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules. The directors of PAH including its independent non-executive directors are of the opinion that the PAH Hantec Arrangement is fair and reasonable and in the interest of PAH and its shareholders as a whole.

A circular containing (among other things) the notice of an extraordinary general meeting of PAH, further details of the PAH Agreements and the Bonus Issue, a letter from the independent board committee of PAH to the PAH Independent Shareholders and a letter of advice from the independent financial adviser to the independent board committee of PAH and the PAH Independent Shareholders in respect of the PAH Agreements and the Bonus Issue will be despatched to shareholders of PAH as soon as practicable in accordance with the requirements of the Listing Rules.

KDC, Mr. Or, his family members and their associates will abstain from voting at the extraordinary general meeting of PAH in respect of the PAH Agreements and the Bonus Issue which will be conducted by way of a poll.

The executive directors of PAH are of the opinion that the PAH Agreements and the Bonus Issue are fair and reasonable and in the interest of PAH and its shareholders as a whole.

Public float

Upon completion of the KDC Placing, none of the placees will become a substantial shareholder (as defined in the Listing Rules) of KDC. Upon completion of the PAH Agreements (other than the Connected PAH Agreement), none of the subscribers (other than KDC) will become a substantial shareholder (as defined in the Listing Rules) of PAH. KDC and PAH will be able to comply with Rule 8.08 of the Listing Rules in respect of public float upon completion of the KDC Placing and the PAH Subscription respectively.

Resumption of trading

Trading in the shares of KDC and PAH on the Stock Exchange was suspended at the request of KDC and PAH with effect from 9:30 am on 28 April 2006 pending the release of this announcement. Arrangers commenced identifying and approaching the placees and subscribers and the PAH Price and the KDC Price were agreed in principle on 28 April 2006. The boards of KDC and PAH had concerns that given the number of the parties involved, there would be a leak of information on the KDC Placing, the KDC Share Issue and the PAH Subscription that could result in unequal dissemination of price-sensitive information and volatility in the trading in KDC Shares and PAH Shares. The boards of KDC and PAH therefore believed that suspension of trading was the appropriate course and was in their shareholders' interest. An application has been made by KDC and PAH for the resumption of trading in the shares on the Stock Exchange from 9:30 am on 9 May 2006.

VIII DEFINITIONS

In this Announcement, save the context otherwise requires, the defined terms will have the following meanings:

“Acquisition Announcement”	the joint announcement dated 10 April 2006 of KDC and PAH in respect of the acquisition of the entire issued share capital of New Bedford Properties Limited;
“associate”	has the meaning given to that term in the Listing Rules;
“Bonus Issue”	the proposed bonus issue of Warrants in the proportion of one unit of Warrants of HK\$1.98 each for every 10 PAH Shares on and subject to the terms and conditions set out in this announcement and the instrument constituting the Warrants;
“Connected PAH Agreement” or “KDC Subscription Agreement”	the agreement dated 5 May 2006 between PAH and KDC in respect of the issue and subscription of 1,598,000,000 new PAH Shares at the PAH Price;
“Eighth PAH Agreement”	the agreement dated 2 May 2006 between PAH and J.P. Morgan Securities Limited in respect of the issue and subscription of 11,750,000 new PAH Shares at the PAH Price;
“Eleventh PAH Agreement”	the agreement dated 28 April 2006 between PAH and Yu Kwok Leung in respect of the issue and subscription of 5,000,000 new PAH Shares at the PAH Price;
“Fifteenth PAH Agreement”	the agreement dated 1 May 2006 between PAH and Baron Absolute Return Fund (I) Limited in respect of the issue and subscription of 1,500,000 new PAH Shares at the PAH Price;

“Fifth PAH Agreement”	the agreement dated 2 May 2006 between PAH and Baring Asset Management Limited in respect of the issue and subscription of 39,400,000 new PAH Shares at the PAH Price;
“Fourteenth PAH Agreement”	the agreement dated 1 May 2006 between PAH and Galaxy Asset Management (H.K.) Limited in respect of the issue and subscription of 2,000,000 new PAH Shares at the PAH Price;
“Fourth PAH Agreement”	the agreement dated 4 May 2006 between PAH and Penta Investments Advisers Limited in respect of the issue and subscription of 197,000,000 new PAH Shares at the PAH Price;
“Hantec”	Hantec Securities Company Limited a licensed corporation to carry out type 1 regulated activities under the Securities and Futures Ordinance and a company wholly owned by Mr. Or.
“HIBOR”	Hong Kong interbank offered rate;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Janus Funds”	Janus Triton Fund, Janus Adviser Small Mid Growth Fund, Janus Overseas Fund, Janus Adviser International Growth, Janus Aspen International Growth Portfolio, Janus Enterprise Fund, Janus Adviser Mid Cap Growth Fund, Janus Aspen Mid Cap Growth Portfolio, Janus Adviser Small Company Value Fund, Janus Aspen Small Company Value Portfolio, Janus Venture Fund Inc. and Janus World Fund Plc - US Venture Fund collectively;
“KDC”	Kowloon Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“KDC Group”	KDC and its subsidiaries (including the PAH Group unless the context otherwise requires);
“KDC Independent Shareholders”	shareholders of KDC other than Mr. Or and his associates;
“KDC Placing”	the placing by the Vendor of a total 113,353,000 existing KDC Shares to more than six independent placees;
“KDC Price”	HK\$12.40 per KDC Share;
“KDC Share Issue”	the issue of up to 113,353,000 new KDC Shares pursuant to the KDC Top-Up Agreement;
“KDC Shares”	shares of HK\$0.10 each in the capital of KDC;
“KDC Top-Up Agreement”	the agreement dated 4 May 2006 between KDC and the Vendor in respect of the issue and subscription of up to 113,353,000 new KDC Shares at the KDC Price;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Or”	Mr. Or Wai Sheun, the chairman and a director of each of KDC and PAH;

“Ninth PAH Agreement”	(1) the agreement dated 28 April 2006 between PAH and Henderson Global Investors Limited in respect of the issue and subscription of 75,151,515 new PAH Shares at the PAH Price; and (2) the agreement dated 28 April 2006 between PAH and Henderson Fund Management PLC in respect of the issue and subscription of 7,045,455 new PAH Shares at the PAH Price;
“Overseas Shareholders”	the shareholders of PAH whose addresses, as shown on the register of members of PAH at the close of business on the Record Date, are outside Hong Kong
“PAH”	Polytec Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“PAH Agreements”	the Connected PAH Agreement, the Second PAH Agreement, the Third PAH Agreement, the Fourth PAH Agreement, the Fifth PAH Agreement, the Sixth PAH Agreement, the Seventh PAH Agreement, the Eighth PAH Agreement, the Ninth PAH Agreement, the Tenth PAH Agreement, the Eleventh PAH Agreement, the Twelfth PAH Agreement, the Thirteenth PAH Agreement, the Fourteenth PAH Agreement and the Fifteenth PAH Agreement and the Sixteenth PAH Agreement;
“PAH Group”	PAH and its subsidiaries;
“PAH Hantec Arrangement”	shall have the meaning as defined in the paragraph headed “PAH” in the section headed “VII”;
“PAH Independent Shareholders”	shareholders of PAH other than KDC and its associates;
“PAH Price”	HK\$ 1.98 per PAH Share;
“PAH Shares”	ordinary shares of HK\$0.10 each in the capital of PAH;
“PAH Subscription”	the issue of 2,811,411,970 new PAH Shares pursuant to the PAH Agreements;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong and Macau;
“Preference Shares”	3,703,590,076 convertible preference shares issued by PAH and partly paid as to 10% of the subscription price of HK\$0.02 each;
“Record Date”	12 June 2006, being the record date for determination of entitlements of the PAH Shareholders to the Bonus Issue of Warrants
“Second PAH Agreement”	the agreement dated 3 May 2006 between PAH and Wachovia Investors Inc. in respect of the issue and subscription of 394,000,000 new PAH Shares at the PAH Price;
“Seventh PAH Agreement”	the agreement dated 2 May 2006 between PAH and Evolution Master Fund Ltd. SPC, Segregated Portfolio “M” in respect of the issue and subscription of 39,400,000 new PAH Shares at the PAH Price;
“Sixteenth PAH Agreement”	the agreement dated 5 May 2006 between PAH and Yiu Kai Kwong in respect of the issue and subscription of 172,811,867 new PAH Shares at the PAH Price;

“Sixth PAH Agreement”	(1) the agreement dated 2 May 2006 between PAH and Farallon Capital Offshore Investors II, L.P. in respect of the issue and subscription of 11,810,000 new PAH Shares at the PAH Price; and (2) the agreement dated 2 May 2006 between PAH and Farallon Capital Offshore Investors, Inc in respect of the issue and subscription of 27,355,000 new PAH Shares at the PAH Price.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$1.98 per PAH Share;
“Tenth PAH Agreement”	the agreement dated 28 April 2006 between PAH and Vong Kuoc Meng in respect of the issue and subscription of 2,000,000 new PAH Shares at the PAH Price;
“Third PAH Agreement”	the agreement dated 5 May 2006 between PAH and Janus Funds in respect of the issue and subscription of 221,188,133 new PAH Shares at the PAH Price; and
“Thirteenth PAH Agreement”	the agreement dated 1 May 2006 between PAH and Wellchamp Fund Limited in respect of the issue and subscription of 5,000,000 new PAH Shares at the PAH Price;
“Twelfth PAH Agreement”	the agreement dated 28 April 2006 between PAH and United Gain Investment Limited in respect of the issue and subscription of 1,000,000 new PAH Shares at the PAH Price;
“Vendor”	Intellinsight Holdings Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Or’s family trust; and
“Warrants”	warrants of PAH to be issued in registered form in units of HK\$1.98 each conferring rights to subscribe for 122,981,448 new PAH Shares at the Subscription Price, subject to adjustment, at any time from the date of issue to the first anniversary thereof, both days inclusive.

By order of the board of
Kowloon Development Company Limited
Or Wai Sheun
Chairman

By order of the board of
Polytec Asset Holdings Limited
Or Wai Sheun
Chairman

Hong Kong, 8 May 2006

As at the date of this announcement, the board of KDC comprises four executive directors, being Mr. Or Wai Sheun (Chairman), Ms. Ng Chi Man, Mr. Lai Ka Fai and Mr. Or Pui Kwan; three non-executive directors, being Mr. Keith Alan Holman (Deputy Chairman), Mr. Tam Hee Chung and Mr. Yeung Kwok Kwong; and three independent non-executive directors, being Mr. Li Kwok Sing, Aubrey, Mr. Lok Kung Chin, Hardy and Mr. Seto Gin Chung, John

As at the date of this announcement, the board of PAH comprises five executive directors, being Mr. Or Wai Sheun (Chairman), Mr. Yeung Kwok Kwong, Mr. Lam Chi Chung, Tommy, Ms. Chio Koc Ieng and Ms. Wong Yuk Ching, one non-executive director, being Mr. Lai Ka Fai and three independent non-executive directors, being Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang.

Please also refer to the published version of this announcement in the South China Morning Post.