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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in **ITC Properties Group Limited** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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德祥地產集團有限公司\*

**ITC PROPERTIES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 199)**

**(1) VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE DISPOSAL OF  
PROPERTY IN HONG KONG;  
(2) PROPOSED AMENDMENTS TO THE BYE-LAWS  
AND ADOPTION OF THE AMENDED AND  
RESTATED BYE-LAWS;  
AND  
(3) NOTICE OF THE SPECIAL GENERAL MEETING**

A notice convening the special general meeting of the Company (the “**SGM**”) to be held at Gemini Room, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong on Thursday, 7th March, 2013 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is also enclosed.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

\* *For identification purpose only*

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## DEFINITIONS

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

“Agreement”	the agreement for sale and purchase dated 28th December, 2012 entered into by the Vendor and the Purchaser in relation to the sale and purchase of the Property
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Building”	the building now under construction on the site of the Property
“Bye-laws”	the bye-laws of the Company
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Property under the Agreement
“Completion Date”	the date on which Completion takes place
“Consideration”	the purchase price for the sale of Property in the sum of HK\$830.0 million payable by the Purchaser pursuant to the terms of the Agreement
“CSI”	CSI Properties Limited, a company incorporated in Bermuda with limited liability, the issued shares (Stock Code : 497) of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial and Commercial Bank of China (Asia) Limited

## DEFINITIONS

“ICBC Facility”	the HK\$200.4 million loan facilities provided by ICBC to the Vendor pursuant to the loan agreement dated 28th July, 2009 entered into between the Vendor as the borrower, ICBC as the lender and the Company as the guarantor (as amended and supplemented by a supplemental agreement dated 30th March, 2012)
“Latest Practicable Date”	Wednesday, 6th February, 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Occupation Permit”	the written permission to be issued by the Building Authority under the provisions of the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong) for the Building to be occupied
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
“Property”	the parcels of land registered in the Land Registry as section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Kowloon Inland Lot No. 1263 together with all the buildings erected or to be erected thereon, located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong
“Purchaser”	Smart Tide Limited, a company incorporated in Hong Kong with limited liability
“Remaining Group”	the Group immediately after Completion
“Selective Choice”	Selective Choice Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of ITC Corporation Limited (the issued shares (Stock Code : 372) of which are listed on the Main Board of the Stock Exchange)
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

## DEFINITIONS

“SGM”	the special general meeting of the Company to be convened at 11:00 a.m. on Thursday, 7th March, 2013 and held for the Shareholders to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the amendments to the Bye-laws and adoption of the amended and restated Bye-laws
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Castle Win International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

LETTER FROM THE BOARD



德祥地產集團有限公司\*

**ITC PROPERTIES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 199)**

*Executive Directors:*

Mr. Cheung Hon Kit (*Chairman*)  
Mr. Chan Fut Yan (*Managing Director*)  
Mr. Cheung Chi Kit  
Mr. Chan Yiu Lun, Alan

*Non-executive Director:*

Mr. Ma Chi Kong, Karl

*Independent non-executive Directors:*

Hon. Shek Lai Him, Abraham, *SBS, JP (Vice Chairman)*  
Mr. Wong Chi Keung, Alvin  
Mr. Kwok Ka Lap, Alva

*Registered office:*

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business  
in Hong Kong:*

Unit 3102, 31st Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

8th February, 2013

*To the Shareholders and, for information only,  
the holders of convertible notes and loan notes of the Company*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE DISPOSAL OF  
PROPERTY IN HONG KONG;  
(2) PROPOSED AMENDMENTS TO THE BYE-LAWS  
AND ADOPTION OF THE AMENDED AND  
RESTATED BYE-LAWS;  
AND  
(3) NOTICE OF THE SPECIAL GENERAL MEETING**

**INTRODUCTION**

The Board announced that after trading hours of the Stock Exchange on 28th December, 2012, the Vendor and the Purchaser entered into the Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to dispose of the Property at a purchase price of HK\$830.0 million.

\* *For identification purpose only*

## LETTER FROM THE BOARD

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders by way of poll.

Reference is also made to the announcement of the Company dated 11th January, 2013 in respect of the proposed amendments to the Bye-laws and adoption of the amended and restated Bye-laws which is subject to the Shareholders' approval.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the proposed amendments to the Bye-laws and adoption of the amended and restated Bye-laws.

The purpose of this circular is to provide you with (i) details of the Agreement; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Remaining Group; (iv) the valuation reports on the Property; (v) the proposed amendments to the Bye-laws and adoption of the amended and restated Bye-laws; and (vi) the notice of the SGM.

### THE AGREEMENT

Set out below are the principal terms of the Agreement:

**Date:** 28th December, 2012

**Parties:**

(i) Purchaser: Smart Tide Limited; and

(ii) Vendor: Castle Win International Limited, an indirect wholly-owned subsidiary of the Company which is engaged in property development and investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is a wholly-owned subsidiary of CSI. CSI and its associates did not hold any securities of the Company as at the Latest Practicable Date; (ii) the principal business activity of the Purchaser is investment holding; (iii) CSI is an investment holding company and is principally engaged in property repositioning and investment via its subsidiaries; and (iv) the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Agreement was entered into by the parties as a binding agreement in respect of the sale and purchase of the Property. Pursuant to the terms thereof, since no formal agreement has been further entered into by the parties, the Agreement has become the formal agreement which governs the position of the parties in respect of the sale and purchase of the Property.

## LETTER FROM THE BOARD

### **Subject matter:**

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to dispose of the Property. The Property is located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong with a site area of approximately 2,432 sq. ft. which is currently owned by the Vendor. The site is being developed into a 20-storey retail complex with a gross floor area of approximately 30,000 sq. ft. The construction work of the superstructure is in progress and is expected to be completed around April 2013. There was no rental income generated from the Property but increases in fair value of the investment property under development of approximately HK\$57.4 million and HK\$109.8 million in respect of the Property were recorded for each of the two years ended 31st March, 2012 and 2011 respectively. The carrying value of the Property recorded in the management accounts of the Vendor as at 30th September, 2012 was HK\$498.0 million.

On 8th January, 2013, at the request of the Purchaser, the Vendor as landlord and a third party as tenant entered into a tenancy agreement in respect of the shop on the ground floor of the Building with monthly rent determined with reference to the prevailing market rate, for a term of 3 years with an option to renew for a further term of 3 years. Such tenancy agreement is subject to the issuance of the Occupation Permit. The tenancy agreement is not affected by the Agreement and therefore will remain in effect even if Completion does not place. In the event that Completion takes place, the Vendor will be entitled to the rental received and/or receivable for the period after issue of Occupation Permit up to the Completion Date. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the tenant and its ultimate beneficial owner(s) are third parties independent of the Company, the Purchaser and their respective connected persons (as defined under the Listing Rules). Save for the abovementioned tenancy agreement, no tenancy agreement in respect of the Property has been committed as at the Latest Practicable Date.

The ICBC Facility, which was obtained for the purposes of financing the development costs of the Property and the general working capital of the Vendor, is secured by a first legal charge over the Property. In addition, the Company has given corporate guarantee in respect of the ICBC Facility. The outstanding principal amount under the ICBC Facility is approximately HK\$142.0 million as at the Latest Practicable Date and the Vendor expects that a further principal amount of HK\$56.0 million will be drawn down under the ICBC Facility before Completion to pay for the costs to complete the construction of the Building. It is a term of the Agreement that the Property is sold free from the said first legal charge over the Property and therefore the ICBC Facility has to be fully repaid on or before Completion.

### **Consideration and payment terms:**

The Consideration for the Property is HK\$830.0 million which shall be paid by the Purchaser to the Vendor in cash in the following manner:

- (i) a deposit of HK\$50.0 million has been paid upon signing of the Agreement;
- (ii) a further deposit of HK\$74.5 million has been paid on 11th January, 2013; and



## LETTER FROM THE BOARD

(iii) the balance of the Consideration of HK\$705.5 million shall be paid upon Completion.

The aforesaid deposits have been paid to the solicitors of the Vendor as stakeholder which shall be released to the Vendor provided that the balance of the Consideration is sufficient to obtain a release/discharge of the existing mortgage in respect of the Property. Pursuant to the terms and conditions of the ICBC Facility, all proceeds received or receivable from the sale of the Property shall be placed in a bank deposit account charged to ICBC by way of first fixed charge as an additional security of the ICBC Facility.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the valuation of the Property at completion stage of approximately HK\$701.0 million as at 30th September, 2012 conducted by an independent professional valuer and the present property market condition. The valuation reports on the Property as at 31st December, 2012 and 30th September, 2012, respectively, are set out in Appendix III to this circular.

### **Condition precedent:**

Completion is conditional upon the approval by the Shareholders of the Agreement and the transactions contemplated thereunder at the SGM in compliance with the requirements under the Listing Rules.

For the fulfillment of the above condition, the Vendor has procured and Selective Choice, as the beneficial holder of 151,628,928 Shares (representing approximately 38.83% of the entire issued share capital of the Company) as at the Latest Practicable Date, has executed an undertaking to vote in favour of the resolution sanctioning and approving the Disposal at the SGM. If the above condition is not fulfilled before the Completion Date, the Agreement and the transactions contemplated thereunder shall be terminated, and the Vendor shall refund to the Purchaser all deposits paid but without any interest cost or compensation and neither party shall have any claim against the other thereon.

### **Completion:**

Completion shall take place after the issue of the Occupation Permit provided that (i) the Completion Date shall not be earlier than 30th June, 2013 or later than 31st December, 2013; (ii) the Vendor shall give not less than one month's notice in writing to the Purchaser of the Completion Date; (iii) if the Vendor cannot complete the sale on or before 31st December, 2013, the Vendor is entitled to postpone the Completion Date to a date not later than 31st March, 2014 (without prejudice to the Vendor's obligation to give the one month notice to the Purchaser as aforesaid); and (iv) if the Vendor cannot complete the sale by 31st March, 2014, the Purchaser is entitled to rescind the sale and purchase by notice in writing to the Vendor whereupon the Vendor shall forthwith return to the Purchaser all deposits and other moneys paid by the Purchaser under the Agreement and neither party shall have any further claim against the other thereunder.

## **LETTER FROM THE BOARD**

According to the construction schedule, the superstructure of the Building is expected to be completed around April 2013 and installation of lifts, elevators and fire-fighting system will be carried out afterwards. The Vendor will then submit application for the Occupation Permit. The earliest Completion Date of 30th June, 2013 was arrived at based on the estimated time for completing construction of the Building and for the issue of the Occupation Permit. The possible extension of the Completion Date beyond this date as aforesaid is at the Vendor's discretion which provides the Vendor with flexibility to cater for any possible delay in the issue of the Occupation Permit.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in golf resort and leisure operations in the PRC, securities investments and the provision of loan financing services.

In addition to the aggregate gain due to increase in fair value of the Property of HK\$175.6 million already recognised by the Group prior to 30th September, 2012, based on the unaudited accounts of the Vendor as at 30th September, 2012, there will be further capital gain arising from the Disposal of approximately HK\$265.0 million, which is calculated with reference to the Consideration of HK\$830.0 million less estimated expenses of HK\$11.0 million attributable to the Disposal, the carrying value of the Property as at 30th September, 2012 of HK\$498.0 million and the estimated cost to complete the construction work of the Building of approximately HK\$56.0 million to be borne by the Vendor. The exact amount of the gain on the Disposal may be different from the above calculation and is to be determined with reference to the carrying value of the Property as at the Completion Date and the actual cost for completing the construction work of the Building.

The net proceeds from the Disposal, after deducting related expenses, are estimated to be approximately HK\$819.0 million. The Company intends to apply such net proceeds to repay all the indebtedness under the ICBC Facility on or before Completion and retain the remaining amount as the Remaining Group's general working capital.

The Directors are of the view that the Disposal provides the Group with an opportunity to realise a considerable capital gain and generate cash inflow to the Remaining Group to reduce its indebtedness and increase its working capital subsequently. Based on the above, the Board considers that the terms of the Agreement (including the Consideration) are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECTS ON THE DISPOSAL**

#### **Earnings:**

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, assuming the Disposal has been completed on 1st April, 2012, based on the unaudited accounts of the Vendor as at 30th September, 2012, the capital gain of approximately HK\$287.7 million would have arisen, which is calculated with reference

## **LETTER FROM THE BOARD**

to the Consideration less the estimated expenses attributable to the Disposal, the carrying value of the Property as at 1st April, 2012, the estimated cost to complete the construction work of the Building as at 1st April, 2012 which will be borne by the Vendor.

Shareholders and investors should note that the exact amount of gain on the Disposal may be different from the above calculation and is to be determined with reference to the carrying value of the Property as at the Completion Date and the actual for completing the construction of the Building.

### **Assets and liabilities:**

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, assuming the Disposal has been completed on 30th September, 2012, the total assets of the Group would have increased by approximately HK\$146.5 million while the total liabilities of the Group would have decreased by HK\$118.5 million assuming a portion of the net proceeds of the Disposal, which is calculated by deducting the related expenses from the Consideration, has been used to repay all the indebtedness under the ICBC Facility and the costs of completing the Building has been settled then. The unaudited pro forma consolidated net assets of the Remaining Group would have increased by HK\$265.0 million to HK\$2,876.7 million.

### **LISTING RULES IMPLICATIONS OF THE DISPOSAL**

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders by way of poll. The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. If CSI or any of its associates hold any Shares as at the date of the SGM, they shall abstain from voting at the SGM.

### **PROPOSED AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF THE AMENDED AND RESTATED BYE-LAWS**

In order to bring the constitution of the Company in line with certain amendments made to the Companies Act 1981 of Bermuda and the Listing Rules, to incorporate certain housekeeping amendments and to consolidate the proposed amendments and all previous amendments made to the Bye-laws, the Board proposed to put forward to the Shareholders for approval at the SGM by way of special resolutions to amend the Bye-laws and to adopt the amended and restated Bye-laws.

A summary of the principal amendments to the Bye-laws is set out in Appendix IV to this circular. The proposed amendments to the existing Bye-laws and adoption of the amended and restated Bye-laws are subject to the approval of the Shareholders by way of passing special resolutions at the SGM.

Copy of the amended and restated Bye-laws (both in English and Chinese) will be available for inspection at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours on any weekday (Saturdays and public

## LETTER FROM THE BOARD

holidays excepted) for the period from the date of this circular up to and including the date of the SGM. Such copy will also be available for inspection at the SGM. Shareholders are advised that the Chinese translation of the amended and restated Bye-laws is provided for reference only. In case of any inconsistency, the English version shall prevail.

### SGM

The SGM, the notice of which is set out on pages SGM-1 to SGM-3 of this circular, will be held at Gemini Room, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong on Thursday, 7th March, 2013 at 11:00 a.m. to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the proposed amendments to the Bye-laws and adoption of the amended and restated Bye-laws. The voting on the ordinary resolution and special resolutions will be taken by way of poll.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be).

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

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder and the amendments to the Bye-laws and adoption of the amended and restated Bye-laws are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution and special resolutions to be proposed at the SGM to approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the proposed amendments to the Bye-laws and adoption of the amended and restated Bye-laws, respectively.

### GENERAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of  
**ITC Properties Group Limited**  
**Cheung Hon Kit**  
*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Group for each of the three years ended 31st March, 2010, 2011 and 2012 respectively are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.itcproperties.com>) respectively:

- annual report of the Company for the year ended 31st March, 2010 published on 29th July, 2010 (pages 42 to 145);
- annual report of the Company for the year ended 31st March, 2011 published on 15th July, 2011 (pages 42 to 145); and
- annual report of the Company for the year ended 31st March, 2012 published on 13th July, 2012 (pages 50 to 161).

The unaudited financial information of the Group for the six months ended 30th September, 2012 are disclosed in the interim report of the Company published on 20th December, 2012 (pages 4 to 41), which has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.itcproperties.com>) respectively.

## 2. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis on the Group for the six months period ended 30th September, 2012 (as if the Property was not part of the Group):

### **Business review**

Turnover for the six months ended 30th September, 2012 was HK\$13.9 million, representing a decrease of HK\$76.7 million when compared to the same period last year of HK\$90.6 million due to fewer sales of properties and activities in securities trading. Accordingly, gross profit decreased from HK\$11.6 million for the same period last year to HK\$1.4 million for the current period.

The local property market for the period under review remained robust and the Group has recognised an increase in fair value of investment properties of HK\$1.4 million as compared with the amount of HK\$57.2 million in the corresponding period last year. There was a net gain on financial instruments of HK\$51.9 million during the current period as compared with a net loss of HK\$51.5 million in the same period last year due to better price performance of the Group's investment portfolio. The Group's share of losses of associates amounting to HK\$21.3 million mainly represented share of the associates' administrative expenses and other set-up costs since their investment projects were still at the development stages. The Group's share of losses of jointly controlled entities increased to HK\$15.9 million which was mainly attributable to share of operating results of Paragon Winner (as defined below) since 1st June, 2012.

As disclosed in the announcement dated 19th September, 2012 of the Company, on 31st May, 2012, the Group completed the disposal of 65% interest in Paragon Winner Company Limited (“**Paragon Winner**”) to Million Cube Limited (“**Million Cube**”) and at the same time extended a loan of HK\$205.7 million to Million Cube to partially finance the consideration. Since Million Cube eventually failed to make any repayment of the loan, in September 2012, the Group executed a deed of settlement with Million Cube such that 20% interest in Paragon Winner as held by Million Cube was transferred to the Group as settlement. As a result, a profit from discontinued operation of HK\$442.0 million (mainly includes the net gain on loss of control over subsidiaries) was recognised and the Group recorded a profit for the period of HK\$382.1 million as compared with a net loss of HK\$89.7 million for the same period last year.

### *Property*

#### *Macau:*

During the period, Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”), a company in which the Group has 35.5% effective interest, launched the pre-sale of the third phase comprising of another 2 blocks of residential towers of its development in Cotai South, Macau (the “**Concordia Land**”), named “One Oasis”. Together with previous presale of the first and second phases comprising of 9 blocks of residential tower, sales in aggregate of over 2,100 units with a sale amount in excess of HK\$14.0 billion were secured. More effort was being focused on the construction work with expected completion of phase 1 around end of 2013. Presales of additional phases will strategically be launched at an appropriate time to optimise the sale value.

#### *Hong Kong:*

The property interest in the site bordering Tung Lo Wan Road and Shelter Street (the “**Residential Site**”), in which the Group owns 50% interest, will be developed into a luxury high society life-style residential tower. In addition, the Group owns the entire interest in the site at Moreton Terrace (the “**Hotel Site**”) which will be developed into a boutique hotel. The demolition of the existing buildings on both the Residential Site and the Hotel Site has been completed and foundation works are in progress.

During the current period, the Group has entered into agreements to purchase 12 residential units situated at Nos. 41, 43 and 45 of Pau Chung Street, To Kwa Wan, Kowloon, which comprise 80% of the redevelopment site and thus qualify to apply for acquisition under Chapter 545 — The Land (Compulsory Sale for Redevelopment) Ordinance. However, acquisition of the remaining 3 shop units at the ground floor is being negotiated. The Group has planned to redevelop the site into a residential tower with lower-level shops.

#### *PRC:*

On 13th December, 2011, the Group entered into an agreement, for the disposal of the entire interest in Linktop Limited (“**Linktop**”) which will contribute to the Group an estimated gain of approximately HK\$85.8 million upon completion as latest scheduled on

or before February 2013. Linktop has 45% interest in a joint venture company (the “JVC”) which is principally engaged in the development and management of a golf and hot spring resort and residential project in Guiyang, Guizhou Province. The JVC owned land use rights for parcels of land in Wudang District, Guiyang City, with a total site area for development of approximately 697,746 m<sup>2</sup> (the “**Guiyang Land**”). During the period under review, model show-houses and the sale office have been completed for launching pre-sales.

The Group has entered into a sale and purchase agreement with a wholly-owned subsidiary of Hanny Holdings Limited in September 2010 to dispose of 50% interest in the parcel of land, which is situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路) in Yuexiu District (越秀區) (the “**JY1 Land**”), one of the most prime shopping and commercial districts in Guangzhou. Up to the date of this circular, certain conditions for the completion have not been fulfilled.

### *Golf and Leisure*

As a result of the recognition of the net gain on the disposal of the partial interest in Paragon Winner as mentioned above, turnover from the golf and leisure business during the six months ended 30th September, 2012 was HK\$2.0 million (for the six months ended 30th September, 2011: HK\$7.1 million) with a segmental profit of HK\$504.8 million (for the six months ended 30th September, 2011: segmental loss of HK\$6.5 million). As at 30th September, 2012, the Group owned 55% equity interest in Paragon Winner which operates the Sun Valley Golf Resort in Sanya, the PRC.

### *Securities Investments*

During the six months ended 30th September, 2012, the Group was less active in securities trading. Turnover and segmental profit from securities investments were HK\$Nil (six months ended 30th September, 2011: HK\$23.3 million) and HK\$52.8 million (six months ended 30th September, 2011: segmental loss of HK\$50.7 million) respectively. As at the period end date, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$200.4 million, mainly comprised securities listed in Hong Kong and Singapore.

### *Financing*

During the six months ended 30th September, 2012, the Group had interest income from other loan receivables of HK\$12.5 million. As at the period end date, other loan receivables of the Group amounted to HK\$283.6 million.

On 28th May, 2012, the Group entered into an agreement in relation to the formation of a joint venture in which the Group has 40% interest (the “**GITIC JV**”). In proportion to its interest in the joint venture, the Group provided a loan of HK\$140.2 million to the GITIC JV to finance its acquisition of various Renminbi-denominated creditors’ claims and securities held by various vendors against Guangdong International Trust and Investment Corporation. On 23rd November, 2012, the Group has entered into an

agreement to dispose of its entire interest in the GITIC JV for a consideration of HK\$210.0 million with an estimated gain of approximately HK\$69.8 million to be recognised upon completion expected in May 2013.

### **Financial review**

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. In addition to the convertible note payables, a variety of credit facilities are maintained to satisfy its commitments and working capital requirements.

The Group monitors its liquidity requirement closely to ensure necessary arrangements for financing are made when appropriate. As at 30th September, 2012, total borrowings from financial institutions amounted to HK\$191.8 million which were mainly in HK\$. Among the borrowings, HK\$149.6 million is repayable on demand, HK\$5.2 million is repayable within one year while the remaining balance is repayable after one year. There were unused banking facilities of HK\$336.5 million of which HK\$136.5 million can be utilised to finance the construction of properties and working capital of the Group.

As at 30th September, 2012, the Group had cash and bank balances of about HK\$292.6 million which was mainly in HK\$.

The Group's gearing ratio as at 30th September, 2012 was 0.37 (31st March, 2012: 0.22), determined as the proportion of the Group's bank borrowings of HK\$191.8 million, loan notes of HK\$380.5 million and convertible note payables of HK\$537.8 million (after deducting the pledged bank deposits and the bank and cash balances of HK\$292.6 million) to the Group's shareholders' funds of HK\$2,233.4 million.

The Group's borrowings from financial institutions are interest-bearing with variable rates. Given the management's anticipation of stable interest rates in the capital market, no hedging instruments were used against any unfavourable interest rate fluctuations.

Most of the assets and liabilities of the Group are denominated in HK\$, Renminbi and Macau Pataca, hence the Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchange hedging instruments are used.

### **Pledge of assets**

As at 30th September, 2012, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties of HK\$307.0 million and property, plant and equipment of HK\$223.8 million.

### **Contingent liabilities**

As at 30th September, 2012, the Company provided a corporate guarantee for loan facilities of HK\$625.0 million (31st March, 2012: HK\$625.0 million) granted to certain jointly controlled entities, which the Group owned 50% interest. The total loan outstanding for the loan facilities as at 30th September, 2012 was HK\$345.7 million. A



50% counter-indemnity was obtained from the ultimate holding company of the owners of the remaining 50% of the jointly controlled entities in relation to the corporate guarantee provided.

#### **Number of employees, remuneration policies and share option scheme**

As at 30th September, 2012, the total number of employees of the Group was 83 (31st March, 2012: 401). Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share options and retirement schemes.

#### **Securities in issue**

As disclosed in the announcement of the Company dated 25th May, 2011, the Company issued the 3.25% convertible notes falling due 30 months after the date of their issue in an aggregate principal amount of HK\$589,050,000 with an initial conversion price of HK\$2.200 per Share (subject to adjustments) (the “**Repurchase Notes**”) upon completion of the repurchase offer made to the holders of 1% convertible notes which were due on 15th June, 2011 with an aggregate outstanding principal amount of HK\$906,000,000 (the “**Repurchase Offer**”). The Repurchase Notes are exercisable during the period from 9th June, 2011 up to and including the date which is 15 days prior to 25th November, 2013.

As disclosed in the announcement of the Company dated 10th June, 2011, the Company issued the 3.25% convertible notes falling due 30 months after the date of their issue in an aggregate principal amount of HK\$30,000,000 with an initial conversion price of HK\$2.200 per Share (subject to adjustments) (the “**Placing Notes**”) upon completion of the placing. The Placing Notes are exercisable during the period from 25th June, 2011 up to and including the date which is 15 days prior to 10th December, 2013.

On 10th February, 2012, as part of the consideration of the Repurchase Offer, the Company issued the loan notes in an aggregate principal amount of HK\$393,836,300, which are unsecured, bear interest at a fixed rate of 6% per annum and are due to mature and will automatically be redeemed on the day falling 36 months after the date of their issue as referred to the announcement of the Company dated 3rd February, 2012.

The share option scheme of the Company adopted on 26th August, 2002 (the “**2002 Share Option Scheme**”) was terminated and the new share option scheme of the Company (the “**New Share Option Scheme**”) was adopted at the annual general meeting of the Company held on 17th August, 2012.

As a result of the payment of a final dividend of HK10 cents per Share for the year ended 31st March, 2012, the initial conversion price of both the Repurchase Notes and the Placing Notes has been adjusted from HK\$2.200 per Share to HK\$2.102 per Share with effect from 28th August, 2012.

During the six months ended 30th September, 2012, (i) 12,045,454 new Shares were issued by the Company upon partial conversion by a holder of the Repurchase Notes in the principal amount of HK\$26,500,000 at the initial conversion price of HK\$2.200 per Share; and (ii) 4,545,450 new Shares were issued by the Company upon partial conversion by a holder of the Placing Notes in the principal amount of HK\$10,000,000 at the initial conversion price of HK\$2.200 per Share.

As at 30th September, 2012, (i) there were 385,130,896 Shares in issue; (ii) a total of 18,590,000 share options granted by the Company at an initial exercise price of HK\$2.220 per Share (subject to adjustments) remained outstanding; (iii) the Repurchase Notes in an aggregate principal amount of HK\$562,550,000 at the adjusted conversion price of HK\$2.102 per Share (subject to adjustments) remained outstanding; (iv) the Placing Notes in an aggregate principal amount of HK\$19,000,000 at the adjusted conversion price of HK\$2.102 per Share (subject to adjustments) remained outstanding; (v) 256,000 share options granted under the 2002 Share Option Scheme were lapsed upon resignation of the employees of the Group; and (vi) no share options had been granted under the New Share Option Scheme.

Save as disclosed above, there was no movement in the securities in issue of the Company during the six months ended 30th September, 2012.

### **3. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

Following Completion, the Remaining Group will continue to be engaged in the business of property development and investment in Macau, the PRC and Hong Kong, golf resort and leisure operations in the PRC, securities investments and the provision of loan financing services.

The global economy remains vulnerable given the lagging pace in the United States and Europe's recovery as evidenced by the further quantitative easing measures implemented by various countries. In particular, the sovereign debt crisis in Euro Zone is spreading and deteriorating which increases the downside risk to the global economy. The common consensus is that these developed countries will remain in a period of low-growth in the coming few years. Hopefully, the economy of the PRC may bottom out and some rebound is expected. As a whole, despite of twist in money supply and interest rate, the global economy continues to slow down while remains to be highly volatile.

Macau continues to be one of the fastest growing economies in the region with 12.6% growth in gross domestic product for the first half of 2012 and latest unemployment rate remains low at 2.0% driven by the resilient gaming and tourism sectors. In October 2012, the Macau government has implemented further tightening measures including the Buyer's Stamp Duty on non-permanent residents with an aim to stabilise the property price which would inevitably quiet down the property market in the short run. The Remaining Group, through Concordia, an associate of the Company, remains optimistic about the property market in Macau in the medium and long term and plans to capture the opportunity brought along by the expected increase in household income and intensified demand for quality homes by launching the presale of remaining phases of residential towers at "One Oasis", the residential property development project in Cotai South, in due course.

The imposition of the Buyer's Stamp Duty on non-permanent residents and corporate buyers, the increase in the charging rates and extension of holding period for the assessment of the Special Stamp Duty in Hong Kong has instantly frozen the transactions of residential properties. While the Buyer's Stamp Duty and the Special Stamp Duty will be effective in curbing short-term foreign demand, with housing supply lags behind, low interest rate environment in the coming years and steady local demand, the Remaining Group remains positive about the local property market and expects that its interest in the property project bordering Tung Lo Wan Road and Shelter Street, and its hotel project at Moreton Terrace to contribute an encouraging return after their completion.

Barring unforeseen circumstances, the Remaining Group is confident in capturing future gains from its investment portfolio.

#### 4. INDEBTEDNESS STATEMENT

##### (a) Borrowings

At the close of business on 31st December, 2012, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had secured bank borrowings of approximately HK\$332.6 million and unsecured loan notes of approximately HK\$386.2 million. In addition, the Group had outstanding obligations under finance leases of approximately HK\$0.3 million as at that date.

##### (b) Debt securities

As at the same date, the Group also had the following outstanding convertible notes:

	Adjusted conversion price <i>HK\$</i>	Outstanding principal amount at 31st December, 2012 <i>HK\$'000</i>	Carrying amount of debt component at 31st December, 2012 <i>HK\$'000</i>
Convertible notes issued on:			
— 25th May, 2011	2.102	562,550	534,858
— 10th June, 2011	2.102	<u>19,000</u>	<u>17,921</u>
		<u>581,550</u>	<u>552,779</u>

The Group's bank borrowings and credit facilities from financial institutions were secured by legal charges over the following assets of the Group:

- (i) investment properties with a carrying value of approximately HK\$917.3 million; and
- (ii) property, plant and equipment with a carrying value of approximately HK\$225.2 million.

**(c) Contingent liabilities**

As at 31st December, 2012, the Company provided a corporate guarantee for loan facilities of HK\$625.0 million granted to certain jointly controlled entities, which the Group owned 50% interest. A 50% counter-indemnity was obtained from the ultimate holding company of the owners of the remaining 50% of the jointly controlled entities in relation to the corporate guarantee provided. In addition, the Company provided a corporate guarantee for loan facility of HK\$72.0 million granted to an associate, which the Group owned 30% interest.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding as at the close of business on 31st December, 2012 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

**5. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account of its presently available financial resources, including funds internally generated from operation, the available banking facilities and the proceeds from the Disposal, the Remaining Group will have sufficient working capital for its business for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

**6. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31st March, 2012, being the date to which the latest published audited accounts of the Group were made up.

<b>APPENDIX II            UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

**A. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

The following unaudited pro forma consolidated net assets statement and income statement of the Remaining Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Disposal on the Group as if the Disposal (including the construction of the Property) had been completed on 1st April, 2012 and 30th September, 2012 for the purposes of the preparation of the unaudited pro forma consolidated income statement for the six months ended 30th September, 2012 and the unaudited pro forma consolidated net assets statement as at 30th September, 2012, respectively.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated income statement of the Group for the six months ended 30th September, 2012 and the unaudited condensed consolidated statement of financial position of the Group as at 30th September, 2012 which has been extracted from the Company’s interim report for the period then ended dated 27th November, 2012, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the Disposal; and (ii) factually supportable as if the Disposal had been undertaken at the dates stated, as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the financial position of the Remaining Group that would have been attained had the Disposal was completed at the dates stated, nor purport to predict the future financial position of the Remaining Group.

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**B. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE REMAINING GROUP**

	The Group at 30th September, 2012 <i>HK\$'000</i>	Pro forma adjustments			The Remaining Group at 30th September, 2012 <i>HK\$'000</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
		<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	236,852				236,852
Investment properties	805,000	56,030	(554,030)		307,000
Available-for-sale investments	40,365				40,365
Interests in jointly controlled entities	1,453,288				1,453,288
Amount due from a jointly controlled entity	98,122				98,122
Interests in associates	131,856				131,856
Unsecured loans and interest due from associates	627,190				627,190
Other loan receivables	<u>42,136</u>				<u>42,136</u>
	<u>3,434,809</u>				<u>2,936,809</u>
<b>CURRENT ASSETS</b>					
Properties held for sale	88,972				88,972
Other loan receivables	241,415				241,415
Unsecured loans and interest due from associates	142,452				142,452
Debtors, deposits and prepayments	235,174				235,174
Financial assets at fair value through profit or loss	160,003				160,003
Amounts due from associates	13,604				13,604
Bank balances and cash	<u>292,577</u>	(56,030)	819,000	(118,451)	<u>937,096</u>
	1,174,197				1,818,716
Assets classified as held for sale	<u>324,988</u>				<u>324,988</u>
	<u>1,499,185</u>				<u>2,143,704</u>

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**B. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE REMAINING GROUP (CONTINUED)**

	The Group at 30th September, 2012 <i>HK\$'000</i>	Pro forma adjustments			The Remaining Group at 30th September, 2012 <i>HK\$'000</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
		<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
<b>CURRENT LIABILITIES</b>					
Creditors, deposits and accrued charges	515,080				515,080
Deposits received for disposal of subsidiaries	481,454				481,454
Tax payable	95,606				95,606
Obligations under finance leases					
— due within one year	73				73
Bank borrowings — due within one year	<u>273,222</u>			(118,451)	<u>154,771</u>
	1,365,435				1,246,984
Liabilities associated with assets classified as held for sale	<u>5</u>				<u>5</u>
	<u>1,365,440</u>				<u>1,246,989</u>
<b>NET CURRENT ASSETS</b>	<u>133,745</u>				<u>896,715</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>3,568,554</u>				<u>3,833,524</u>
<b>NON-CURRENT LIABILITIES</b>					
Convertible note payables — due after one year	537,842				537,842
Loan notes	380,526				380,526
Obligations under finance leases					
— due after one year	76				76
Bank borrowings — due after one year	37,000				37,000
Deferred tax liabilities	<u>1,406</u>		(24)		<u>1,382</u>
	956,850				956,826
	<u>2,611,704</u>				<u>2,876,698</u>

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**C. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE REMAINING GROUP**

	The Group for the six months ended 30th September, 2012 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>		The Remaining Group for the six months ended 30th September, 2012 <i>HK\$'000</i>
		<i>Note 4</i>	<i>Note 5</i>	
<b>Continuing operations</b>				
Turnover				
— Gross proceeds	<u>13,872</u>			<u>13,872</u>
Revenue	<u>13,872</u>			<u>13,872</u>
Property sale and rental income	<u>1,386</u>			<u>1,386</u>
Gross profit	1,386			1,386
Income from loan financing	12,486			12,486
Net gain on financial instruments	51,929			51,929
Other income, gains and losses	26,966			26,966
Increase in fair value of investment properties	24,099	(22,733)		1,366
Gain on disposal of an investment property	—		287,703	287,703
Administrative expenses	(51,991)	44		(51,947)
Share of results of associates	(21,326)			(21,326)
Share of results of jointly controlled entities	(15,919)			(15,919)
Finance costs	<u>(64,908)</u>			<u>(64,908)</u>
Loss before taxation	(37,278)			227,736
Taxation	<u>—</u>		24	<u>24</u>
Loss for the period from continuing operations	(37,278)			227,760
<b>Discontinued operation</b>				
Profit for the period from discontinued operation	<u>442,040</u>			<u>442,040</u>
Profit for the period	<u><u>404,762</u></u>			<u><u>669,800</u></u>



**D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

- (1) The adjustment reflects the estimated future costs to complete the construction work of the Property in relation to the Disposal of approximately HK\$56.0 million to be borne by the Remaining Group as at 30th September, 2012.
- (2) The adjustment reflects the elimination of the pro forma carrying value of approximately HK\$554.0 million of the Property upon completion of the Disposal, which represents the carrying value of approximately HK\$498.0 million of the Property as at 30th September, 2012 and the estimated future costs of approximately HK\$56.0 million as explained in note (1), and the net cash of HK\$819.0 million to be received from the Disposal. The net cash to be received is the difference between sale proceeds of HK\$830.0 million and the estimated direct transaction costs of HK\$11.0 million to be incurred upon completion of the Disposal which include commission payable of HK\$8.3 million and other estimated directly related expenses of HK\$2.7 million. The adjustment also reflects the reversal of deferred tax liability of HK\$24,000 in relation to the accelerated tax depreciation recognised in prior years.
- (3) The adjustment reflects the repayment of ICBC Facility upon the completion of the Disposal as the ICBC Facility is secured by the first legal charge over the Property and this is a term of the Agreement that the Property is sold free from encumbrances.
- (4) The adjustment reflects the exclusion of the increase in fair value of investment properties and administrative expenses attributable to the Property for the six months ended 30th September, 2012 as if the Disposal had been completed on 1st April, 2012.
- (5) The adjustment reflects the pro forma gain on disposal of the Property of HK\$287.7 million after taking account of the net cash to be received of HK\$819.0 million as stated in note (2) less the carrying value of the Property of approximately HK\$440.0 million as at 1st April, 2012 and the estimated future costs to complete the construction work of the Property of approximately HK\$91.3 million to be borne by the Remaining Group as if the Disposal had been completed on 1st April, 2012. Moreover, the adjustment also reflects the release of deferred tax liability of HK\$24,000 in relation to the accelerated tax depreciation recognised in prior years as if the Disposal had been completed on 1st April, 2012.
- (6) For the purpose of preparing the Unaudited Pro Forma Financial Information, the directors have carried out an assessment of the tax impact regarding the gain on disposal of the Disposal and determined that most of the gain on the Disposal is capital in nature for Hong Kong Profits Tax purpose (subject to the agreement with the Inland Revenue Department), and hence no provision for Hong Kong Profits Tax has been made for the Disposal in the Unaudited Pro Forma Financial Information. The gain on the Disposal is subject to change upon completion of the Disposal depending on the then carrying amount of the Property.

All of the pro forma adjustments are not expected to have a continuing effect on the Remaining Group.

## 2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



### TO THE DIRECTORS OF ITC PROPERTIES GROUP LIMITED

We report on the unaudited pro forma financial information of ITC Properties Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial disposal in relation to the disposal of property in Hong Kong might have affected the financial information presented, for inclusion in Appendix II of the circular dated 8th February, 2013 (the “**Circular**”) issued by the Company. The basis of preparation of the unaudited pro forma financial information is set out in Appendix II to the Circular.

#### **Respective responsibilities of directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

#### **Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

<b>APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30th September, 2012 or any future date or the results of the Group for the six months ended 30th September, 2012 or any future period.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong, 8th February, 2013

**A. VALUATION REPORT ON THE PROPERTY AS AT 31ST DECEMBER, 2012**

*The following is the text of a letter and valuation certificate, prepared for the purpose of inclusion in this circular received from RHL Appraisal Limited, an independent professional valuer of the Company, in connection with its valuation as at 31st December, 2012 of the Property.*



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Tsimshatsui, Hong Kong

*Licence No.: C-015672*

8th February, 2013

The Board of Directors  
**ITC Properties Group Limited**  
Unit 3102, 31st Floor  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

Dear Sirs,

**Re: Valuation of Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong**

**1. INSTRUCTION**

We refer to your instructions for us to value Nos. 703 and 705 Nathan Road, Mongkok, Kowloon (the “**Property**”) held by ITC Properties Group Limited (the “**Company**”) and its subsidiaries (together referred as the “**Group**”) in Hong Kong, we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property for the purpose of disposal as at 31st December, 2012 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, and clarifies assumptions and limiting conditions of this valuation.

## 2. BASIS OF VALUATION

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

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

## 3. VALUATION METHODOLOGY

In valuing the Property, Direct Comparison Method is adopted where comparison based on price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

## 4. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property in the market in their existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all Ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorisations have been obtained.

Other special assumptions of the Property, if any, have been stated in the footnote of the valuation certificate of the Property.

## 5. TITLE INVESTIGATION

We have caused search to be made at the Land Registry for the Property located in Hong Kong. However, we have not verified ownership of the Property or to verify the existence of any amendments which do not appear on the copies handed to us.

## 6. LIMITING CONDITIONS

We have inspected the exterior and, wherever possible, the interior of the Property. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Both area and building completion year are approximation. We have quoted the source of saleable area in the report. However, we accept no liability if the quoted area departed from any other sources. We follow the definition of saleable area under the “Code of Measuring Practice” and the “Supplement to the Code of Measuring Practice” published by the Hong Kong Institute of Surveyors in March 1999 and November 2012 respectively. All usual main services are assumed to be available to the Property.

We have relied to a considerable extent on information provided from the Company and have accepted advice given to us on such matters, in particular, but not limited to, the tenure, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any Property nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Liability in connection with this valuation report is limited to the Company to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes. Neither the whole nor any part of this report can be published, disclosed or referred to in any public document without our written consent.

## 7. REMARKS

We have conducted on site inspection of the Property in December 2012 by Ms. Shirley H. T. Wong (BSc).

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Properties (2nd Edition 2012).

The Property has been valued in Hong Kong Dollars (HK\$).

We enclose herewith the valuation certificate.

Yours sincerely,  
For and on behalf of  
**RHL Appraisal Limited**

**Serena S. W. Lau**

*FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)*

*Managing Director*

**Lawrence Y. S. Li**

*MHKIS, RPS (GP), MBA*

*Director*

*Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in Hong Kong, Macau, the PRC and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.*

*Mr. Lawrence Y. S. Li is a Registered Professional Surveyor (GP) with over 18 years' post qualification experience from both private and public sectors. Mr. Li has extensive experience in handling property valuation for properties located in Hong Kong for various purposes including mortgages, accountings and disposals. Besides, he has possessed solid knowledge and faceted experience in land administration, premium assessment and land grant applications with particular experience in negotiation with Government departments.*

## VALUATION CERTIFICATE

## Property held by the Company in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st December, 2012 HK\$
Nos. 703 and 705, Nathan Road, Mongkok, Kowloon	The Property comprises two parcels of land with a total site area of approximately 2,433.11 sq. ft., including approximately 1,060.61 sq. ft. for No. 703 Nathan Road and 1,372.50 sq. ft. for No. 705 Nathan Road thereabout.	The Property is currently under construction.	601,000,000 (Hong Kong Dollars Six Hundred and One Million Only)
Section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Kowloon Inland Lot No. 1263 and the building erected thereon.	According to the approved building plan of the Property, it is planned to be developed into a 20-storey commercial development with a total planned gross floor area of approximately 29,162 sq. ft. thereabout. The total saleable floor area is approximately 20,360 sq. ft. or thereabout.  The Property is held under the Government Lease for a term of 75 years renewable for 75 years commencing from 18th February, 1910.		

*Notes:*

- Registered owner of the Property is Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, vide memorial nos. 08020602030089 and 08020602030075 dated 8th January, 2008 at a consideration of HK\$63,500,000 and HK\$166,300,000 respectively.
- The Property is classified as “Class B” under Buildings Ordinance Chapter 123F of the Building (Planning) Regulations.
- The Property is zoned as “Commercial” under the Mongkok Outline Zoning Plan No. S/K3/29 dated 12th August, 2011.
- The Property is subject to a debenture and mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no. 09081403050104 dated 28th July, 2009.
- The development of the Property is estimated to be completed in the second quarter of 2013 and the estimated construction costs to completion is approximately HK\$30.3 million. The estimated capital value after completion is HK\$828.0 million. We did not observe any material special or general conditions affecting the development of the Property. The construction costs incurred up to the effective valuation date of 31st December, 2012 is HK\$86.9 million.
- The market value of the Property as at 30th September, 2012 was assessed at HK\$498.0 million. The change of market value between 31st December, 2012 and 30th September, 2012 is mainly due to the additional construction costs incurred during the period, the booming of market as revealed from the comparable transactions in particular for Ginza-type developments since the fourth quarter of 2012 and the lesser time to completion of the development.



**B. VALUATION REPORT OF THE INVESTMENT PROPERTIES OF THE GROUP  
(INCLUDING THE PROPERTY) AS AT 30TH SEPTEMBER, 2012**

*The following is the text of a valuation report of the investment properties of the Group (including the Property) received from RHL Appraisal Limited, an independent professional valuer which was prepared for the purpose as a reference to the Directors for preparation of the financial statements of the Group for the six months ended 30th September, 2012.*



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Tsimshatsui, Hong Kong

*Licence No.: C-015672*

26th November, 2012

The Board of Directors  
**ITC Properties Group Limited**  
Unit 3102, 31st Floor  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

Dear Sirs,

**Re: Various Properties in Hong Kong**

**1. INSTRUCTION**

In accordance with your instructions to us to value various properties (the “**Properties**”) of ITC Properties Group Limited (referred to as the “**Company**”) for accounting purpose, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the Market Value of the Properties as at 30th September, 2012 (referred to as the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumption and limiting conditions of this valuation.

## 2. BASIS OF VALUATION

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

Paragraph 58 of Hong Kong Accounting Standard 16 recognises that land and buildings are separable assets and are accounted for separately even when they are acquired together.

According to paragraph 16 of Hong Kong Accounting Standard 17, whenever necessary in order to classify and account of a lease of land and building, the minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

“Fair Value” is defined by the Hong Kong Accounting Standard as “the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.” The Hong Kong Institute of Surveyors considered that this is the same as Market Value as defined in the HKIS Valuation Standards on Properties.

“Market Value” is intended to mean the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

According to “HKIS Valuation Standards on Properties” paragraph VS7.5, it is required under HKAS that the Valuer should apportion the reported values separately to the land element, on the basis of Market Value, and to the improvements. We follow the methodology as stated in that paragraph to apportion the value between building and land.

## 3. VALUATION METHODOLOGIES

In valuing the property subject to vacant possession, the “Direct Comparison Method” is adopted where comparison based on price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

For those portions of the property which is subject to the existing tenancies as at the Valuation Date, we have also adopted the investment method on the basis of capitalisation of the net rental incomes with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interest (if any).

In valuing the property interests that were held by the Company under development, we have valued the property on the basis that property will be developed and completed in accordance with the Company's development proposal. The market value of the property interests will be formulated by the Residual Method which makes reference to sales evidence of comparable properties in assessing the value of the property based on the development proposal when complete, less deductions for the costs required to complete the project, including construction costs, finance costs, professional fees and developer's profit margin.

#### **4. VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Properties in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Properties.

Unless stated as otherwise, we have assumed that the Properties has been constructed, occupied and used in full compliance with, and without contravention of all Ordinances, except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, all required licenses, permit, certificate and authorisations have been obtained.

Other special assumptions of the Properties, if any, have been stated in the footnote of the valuation certificates of the Properties.

#### **5. TITLE INVESTIGATION**

We have carried out searches to be made at the Land Registry for the Properties located in Hong Kong. However, we have not verified ownership of the property or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

#### **6. LIMITING CONDITIONS**

We have inspected the external of the Properties but no structural survey has been made. Therefore we are unable to report that the Properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates.

We have relied to a considerable extent, on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupation, tenancy details, site and floor areas and in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which are material to the valuation. We have also advised by the Company that no material facts have been omitted from the information supplied.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of instructing party. Neither have we verified the correctness of any information supplied to us concerning the Properties.

Unless otherwise stated, we have valued the Properties in its existing state as at the Valuation Date and the study of possible alternative development options and the related economics do not come with the scope of this report.

No detailed on-site measurement of the Properties was taken. The plans (if any) in the report, if any, are included to assist the reader to visualise the Properties and we assume no responsibility for their accuracy.

Both area and building completion year are approximation. We have quoted the source of gross floor area and saleable area in the report. However, we accept no liability if the quoted area departed from any other sources. We follow the definition of saleable area under the “Code of Measuring Practice” and the “Supplement to the Code of Measuring Practice” published by the Hong Kong Institute of Surveyors in March 1999 and October 2010 respectively. All usual main services are assumed to be available to the subject property.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Properties is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

## 7. REMARKS

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (1st Edition 2005).

The Properties have been valued in Hong Kong Dollars (HK\$).

We enclose herewith the valuation certificates.

Yours sincerely,  
For and on behalf of  
**RHL Appraisal Limited**

**Lawrence Y. S. Li**  
*MHKIS, RPS (GP), MBA*  
*Director*

**Ivan S. P. Lui**  
*MHKIS, RPS(GP), AAPI, CPV, MCom, MSc, BSc*  
*Associate Director*

*Mr. Lawrence Y. S. Li is a Registered Professional Surveyor (GP) with over 18 years' post qualification experience from both private and public sectors. Mr. Li has extensive experience in handling property valuation for properties located in Hong Kong for various purposes including mortgages, accountings and disposals. Besides, he has possessed solid knowledge and faceted experience in land administration, premium assessment and land grant applications with particular experience in negotiation with Government departments.*

*Mr. Ivan S. P. Lui is a Registered Professional Surveyor (GP) with nearly 10 years' experience gained from various international banks and surveyors firms on property valuation in HKSAR, mainland China and the Asia Pacific Region. Mr. Lui is a Professional Member of The Hong Kong Institution of Surveyors, an Associate Member of Australian Property Institute with the qualification of certified practicing valuer. Mr. Lui is specialized in plant and machinery, mortgage valuation, premium assessment and etc. Furthermore, he also focuses on asset portfolio management covering financial budgeting/planning, coordination, controlling and operation before joining RHL Appraisal Limited.*

## SUMMARY OF VALUES

<b>Properties</b>	<b>Market Value in its existing state as at 30th September, 2012 HK\$</b>
1. 30th Floor and 4 Car Parking Space Nos. 4087, 4088, 4089 and 4043 on 4th Floor, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong	392,000,000
2. Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	498,000,000
3. No. 7 Moreton Terrace, Causeway Bay, Hong Kong	<u>208,000,000</u>
<b>Total:</b>	<b><u><u>1,098,000,000</u></u></b>

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 30th September, 2012 HK\$
1. 30th Floor and 4 Car Parking Spaces Nos. 4087, 4088, 4089 and 4043 on 4th Floor, Bank of America Tower, (Formerly known as Gammon House) No. 12 Harcourt Road, Central, Hong Kong.	The Property comprises an entire office storey on the 30th Floor and 4 car parking spaces on the 4th Floor of a 37-storey office building (including basement but excluding refuge floor) of reinforced concrete completed in about 1975.	As advised by the instructing party, as at the Valuation Date, the Property is partly owner-occupied and partly subject to a tenancy agreement (please refer to note 4 below).	392,000,000  (Hong Kong Dollars Three Hundred and Ninety Two Million Only)
144/10000th undivided shares of and in Inland Lot No. 8294.	The gross floor area and the saleable area of the office portion of the Property are approximately 13,880 sq. ft. and 12,310 sq. ft. respectively.	The Property is held under Conditions of Sale No. UB10225 for a term of 75 years renewable for 75 years commencing from 29th September, 1972. The current ground rent payable for the Lot is HK\$8,306 per annum.	

*Notes:*

1. Registered owner of the Property is Great Intelligence Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no. UB9451557 dated 30th December, 2004 at a consideration of part of HK\$102,018,000.
2. The Property is subject to the followings:
  - i. Deed of Mutual Covenant vide memorial no. UB2095606 dated 5th June, 1981.
  - ii. Supplemental Deed of Mutual Covenant vide memorial no. UB5856626 dated 30th November, 1993.

3. 30th Floor and Car Parking Spaces Nos. 4087, 4088 and 4089 are subject to the followings:
  - i. Legal Charge/Mortgage to secure general banking facilities in favour of The Bank of East Asia, Limited vide memorial no. UB9451558 dated 30th December, 2004. (Remarks: The consideration is all moneys).
  - ii. Assignment of Rentals in favour of The Bank of East Asia, Limited vide memorial no. UB9451559 dated 30th December, 2004.
4. Portion of the Property with a gross floor area of approximately 3,450 sq. ft. on 30th Floor, and Car Parking Spaces Nos. 4088 and 4089 on 4th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong is let to ITC Management Limited with a monthly rental of HK\$209,300 for a term of three (3) years commencing from 16th November, 2011 to 15th November, 2014 exclusive of management fee.
5. As at the Valuation Date, the corresponding Market Value of the owner-occupied and let portion of the Property was approximately about HK\$293,000,000 and HK\$99,000,000 respectively.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 30th September, 2012 HK\$
<p>2. Nos. 703 and 705, Nathan Road, Mongkok, Kowloon</p> <p>All undivided shares of and in the Section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Kowloon Inland Lot No. 1263 and the building erected thereon.</p>	<p>The Property comprises two parcels of land with a total site area of approximately 2,433.11 sq. ft. (1,060.61 sq. ft. for No. 703 Nathan Road and 1,372.50 sq. ft. for No. 705 Nathan Road).</p> <p>The Property is planned to be developed into a 20-storey commercial development with a total planned gross floor area of approximately 29,162.00 sq. ft.</p> <p>The Property is classified as “Class B” under Buildings Ordinance Cap. 123F Building (Planning) Regulations.</p> <p>The Property is zoned as “Commercial” under the Mongkok Outline Zoning Plan No. S/K3/29 dated 12th August, 2011.</p> <p>The Property is held under the Government Lease for a term of 75 years renewable for 75 years commencing from 18th February, 1910.</p>	<p>The Property is currently under construction.</p>	<p>498,000,000</p> <p>(Hong Kong Dollars Four Hundred and Ninety Eight Million Only)</p>

*Notes:*

1. The Gross Development Value of the Property as at 30th September, 2012 is HK\$701,000,000.
2. Registered owner of No. 703 Nathan Road of the Property is Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no. 08020602030075 dated 8th January, 2008 at a consideration of HK\$166,300,000.
3. Registered owner of No. 705 Nathan Road of the Property is Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no. 08020602030089 dated 8th January, 2008 at a consideration of HK\$63,500,000.
4. The Property is subject to a Debenture and Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no. 09081403050104 dated 28th July, 2009.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30th September, 2012 HK\$
3. No.7 Moreton Terrace, Causeway Bay, Hong Kong  Section C of Inland Lot No. 1580  Section B of Inland Lot No. 2321	<p>The Property comprises two parcels of land with a total site area of approximately 2,242.50 sq. ft. (1,873.00 sq. ft. for I.L. 1580 s.C. and 369.50 sq. ft. for I.L. 2321 s.B.)</p> <p>The Property is planned to be developed into a high-rise hotel with 78 guestrooms with a total planned gross floor area of approximately 32,288.00 sq. ft.</p> <p>The Property is classified as “Class A” under Buildings Ordinance Cap. 123F Building (Planning) Regulations.</p> <p>The Property is zoned as “Other Specified Uses” under the Causeway Bay Outline Zoning Plan No. S/H6/15 dated 17th September, 2010.</p>	The Property is under foundation work.	208,000,000  (Hong Kong Dollars Two Hundred and Eight Million Only)

*Notes:*

1. Registered owner of the Property is Keen Step Corporation Limited, an indirect wholly-owned subsidiary of the Company, vide memorial nos. 08091200960091, 08123000800049, 08123000800050, 08081501160107, 09012000790067, 09012000790073, 08081101160160, 08090201050053, 08090201050077, 09012000790087 and 10101903020474.
2. The Property is subject to the following:
  - i. Debenture and Mortgage in favour of The Bank of East Asia, Limited vide memorial no. 1105050311054 dated 13th April, 2011.

Details of the proposed amendments to the Bye-laws are set out as follows:

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
1	—	“clear business day” a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong and in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Bye-laws be counted as a clear business day.	Addition
1	“clear days” in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.	calendar days and in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.	Amendment
1	“Member” a duly registered holder from time to time of the shares in the capital of the Company.	“Member” and “shareholder” a duly registered holder from time to time of the shares in the capital of the Company.	Amendment
1	—	“substantial shareholder” a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.	Addition

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
2(h)	<p>a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying (without prejudice to the power contained in these Bye-laws to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' Notice has been given;</p>	<p>a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Bye-law 59;</p>	Amendment
2(i)	<p>a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than fourteen (14) days' Notice has been duly given;</p>	<p>a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Bye-law 59;</p>	Amendment
3(1)	<p>The share capital of the Company shall be divided into shares of a par value of \$0.10 each.</p>	<p>The share capital of the Company at the date of adoption of these Bye-laws shall be divided into shares of a par value of \$0.01 each.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
3(3)	Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards PROVIDED that nothing in this Bye-law shall prohibit transactions permitted by the Act.	Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority and any other applicable laws, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.	Amendment
9	Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.	Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
10	<p>Subject to the Act and without prejudice to Bye-law 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Bye-laws relating to general meetings of the Company shall, mutatis mutandis, apply, but so that:</p> <p>(a) the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum;</p> <p>(b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and</p> <p>(c) any holder of shares of the class present in person or by proxy may demand a poll.</p>	<p>Subject to the Act and without prejudice to Bye-law 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Bye-laws relating to general meetings of the Company shall, mutatis mutandis, apply, but so that:</p> <p>(a) the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum; and</p> <p>(b) every holder of shares of the class shall be entitled to one vote for every such share held by him.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
16	<p>Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.</p>	<p>Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.</p>	Amendment
44	<p>The Register and branch register of Members, as the case may be, shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public at the Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.</p>	<p>The Register and branch register of Members, as the case may be, shall be open to inspection between 10:00 a.m. and 12:00 noon during business hours by members of the public without charge at the Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed for inspection at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
46	Subject to these Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in any other form approved by the Board and may be under hand only.	Subject to these Bye-laws, any Member may transfer all or any of his shares in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.	Amendment
51	The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding thirty (30) days in any year) as the Board may determine.	The registration of transfers of shares or of any class of shares may, after notice has been given in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding thirty (30) days in any year) as the Board may determine.	Amendment



Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
59(1)	<p>An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' Notice. All other special general meetings may be called by not less than fourteen (14) clear days' Notice but a general meeting may be called by shorter notice if it is so agreed:</p> <p>(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and</p> <p>(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.</p>	<p>An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings may be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice if it is so agreed:</p> <p>(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and</p> <p>(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.</p>	Amendment
61(1)	<p>All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.</p>	<p>All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and statement of financial position and the reports of the Directors and Auditors and other documents required to be annexed to the statement of financial position, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
66	<p>Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every Member present in person or by proxy or (being a corporation) is present by a representative duly authorised under Section 78 of the Act shall have one vote and on a poll every Member present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:</p> <p>(a) by the chairman of such meeting; or</p> <p>(b) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or</p> <p>(c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or</p>	<p>(1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
66	<p>(d) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or</p> <p>(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting, and if on a show of hand a meeting votes in the opposite manner to that instructed in those proxies, provided that if it is apparent from the total proxies held that a vote taken on a poll shall not reverse the vote taken on a show of hands, then the Director or Directors shall not be required to demand a poll.</p>	<p>(2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:</p> <p>(a) [Intentionally Deleted]</p> <p>(b) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or</p> <p>(c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or</p> <p>(d) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.</p>	Amendment

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
67	Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.	Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.	Amendment
68	If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.	The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.	Amendment
69	A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.	[Intentionally Deleted]	Delete in its entirety
70	The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.	[Intentionally Deleted]	Delete in its entirety

<b>Bye-law no.</b>	<b>Existing Bye-laws</b>	<b>Amended Bye-laws</b>	<b>Action</b>
73	In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.	In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.	Amendment
75(1)	A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.	A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
80	<p>The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in, or by way of note to, or in any document accompanying, the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.</p>	<p>The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in, or by way of note to, or in any document accompanying, the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
81	Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.	Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.	Amendment
82	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, at which the instrument of proxy is used.	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
86(1)	Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors. The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter in accordance with Bye-law 87 and shall hold office until the next appointment of Directors or until their successors are elected or appointed. Any general meeting may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.	Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors. The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter at the annual general meeting in accordance with Bye-law 87 or at any special general meeting called for such purpose and shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Bye-law 87 or until their successors are elected or appointed or their office is otherwise vacated. Any general meeting may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.	Amendment
89(1)	resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board whereupon the Board resolves to accept such resignation;	resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;	Amendment
89(3)	without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated; or	without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated;	Amendment
103(1)(v)	any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer of executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived);	[Intentionally Deleted]	Delete in its entirety



Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
103(2)	A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.	[Intentionally Deleted]	Delete in its entirety
103(3)	Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.	[Intentionally Deleted]	Delete in its entirety
116(2)	Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.	Directors may participate in any meeting of the Board by means of a telephone conference or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
122	A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Bye-laws) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid.	A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Bye-laws) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material or for the appointment or dismissal of the Secretary.	Amendment
132(3)	The Register of Directors and Officers shall be open to inspection by members of the public without charge at the Office between 10:00 a.m. and 12:00 noon on every business day.	The Register of Directors and Officers shall be open to inspection by members of the public without charge at the Office between 10:00 a.m. and 12:00 noon during business hours.	Amendment
138	No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.	No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
148	<p>The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law and subject to Section 40(2A) of the Act, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.</p>	<p>The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the income statement) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
153(1)	<p>Subject to Section 88 of the Act and Bye-law 153(2), a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company in general meeting in accordance with the requirements of the Act provided that this Bye-law shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.</p>	<p>Subject to Section 88 of the Act and Bye-law 153(2), a printed copy of the Directors' report, accompanied by the statement of financial position and income statement, including every document required by law to be annexed thereto, made up to the end of the applicable financial year, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company in general meeting in accordance with the requirements of the Act provided that this Bye-law shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
159	<p>The statement of income and expenditure and the balance sheet provided for by these Bye-laws shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.</p>	<p>The income statement and the statement of financial position provided for by these Bye-laws shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such income statement and statement of financial position are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
160	<p>Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued by or on behalf of the Company under these Bye-laws to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice or document to him or which the person transmitting the Notice or document reasonably and bona fide believes at the relevant time will result in the Notice or document being duly received by the Member or, may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable Statutes, rules and regulations, by placing it on the Company’s computer network, giving access to such network to the Member and giving to the Member a notice stating that the Notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.</p>	<p>Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued by or on behalf of the Company under these Bye-laws to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice or document to him or which the person transmitting the Notice or document reasonably and bona fide believes at the relevant time will result in the Notice or document being duly received by the Member or, may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable Statutes, rules and regulations, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the Member a notice stating that the Notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above other than by posting it on a website. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.</p>	Amendment

Bye-law no.	Existing Bye-laws	Amended Bye-laws	Action
161(b)	if sent by electronic communication, shall be deemed to be given at the time which it is transmitted from the server of the Company or its agent. A Notice or document placed on the Company's computer network to which a Member may have access is deemed given by the Company to a Member on the day on which a notice of availability is deemed served on the Member;	if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice or document placed on the Company's website or the website of the Designated Stock Exchange is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;	Amendment
161(c)	if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and	if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch or transmission or publication shall be conclusive evidence thereof; and	Amendment
163	For the purposes of these Bye-laws, a cable or telex or facsimile transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.	For the purposes of these Bye-laws, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.	Amendment

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Interests in the Shares

Name of Director	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Hon Kit (“Mr. Cheung”)	Long position	Beneficial owner	20,682,000	5.30
Mr. Kwok Ka Lap, Alva	Long position	Beneficial owner	310,000	0.08



*(ii) Interests in the share options of the Company*

Name of Director	Date of grant	Option period	Exercise price per Share HK\$	Number of share options	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	3,900,000	1.00
Mr. Chan Fut Yan ("Mr. Chan")	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	2,900,000	0.74
Mr. Cheung Chi Kit	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	2,100,000	0.54
Mr. Chan Yiu Lun, Alan ("Mr. Alan Chan")	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	1,500,000	0.38
Mr. Ma Chi Kong, Karl	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.09
Mr. Wong Chi Keung, Alvin	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.09
				11,140,000	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

**(b) Interests of Shareholders discloseable pursuant to the SFO**

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions 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, 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 any other members of the Group or had any option in respect of such capital:

*(i) Interests in the Shares*

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
Selective Choice	Long position	Beneficial owner	151,628,928 <i>(Note 1)</i>	38.83
ITC Investment Holdings Limited (“ <b>ITC Investment</b> ”) <i>(Note 2)</i>	Long position	Interest of controlled corporation	151,628,928 <i>(Note 1)</i>	38.83
ITC Corporation Limited (“ <b>ITC</b> ”) <i>(Notes 2 and 3)</i>	Long position	Interest of controlled corporation	151,628,928 <i>(Note 1)</i>	38.83
Dr. Chan Kwok Keung, Charles (“ <b>Dr. Chan</b> ”)	Long position	Interest of controlled corporation	151,628,928 <i>(Note 1)</i>	38.83
	Long position	Beneficial owner	6,066,400 <i>(Note 1)</i>	1.55
			<hr/> 157,695,328	<hr/> 40.38
Ms. Ng Yuen Lan, Macy (“ <b>Ms. Ng</b> ”)	Long position	Interest of spouse	157,695,328 <i>(Note 1)</i>	40.38
Mr. Cheung	Long position	Beneficial owner	20,682,000	5.30
Argyle Street Management Limited (“ <b>ASML</b> ”)	Long position	Investment manager	5,343,000 <i>(Note 4)</i>	1.37
Argyle Street Management Holdings Limited (“ <b>ASM Holdings</b> ”)	Long position	Interest of controlled corporations	5,343,000 <i>(Note 4)</i>	1.37
Mr. Chan Kin	Long position	Interest of controlled corporations	5,343,000 <i>(Note 4)</i>	1.37
Mr. Bennett, Peter William (“ <b>Mr. Bennett</b> ”)	Long position	Beneficial owner	976,000	0.25

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
Pacific Alliance Asia Opportunity Fund L.P. ("PAA Opportunity")	Long position	Beneficial owner	26,128,953 (Note 5)	6.69
Pacific Alliance Group Asset Management Limited ("PAG Asset")	Long position	Investment Manager	26,128,953 (Note 5)	6.69
Pacific Alliance Investment Management Limited ("PA Investment")	Long position	Interest of controlled corporation	26,128,953 (Note 5)	6.69
Pacific Alliance Group Limited ("PAGL")	Long position	Interest of controlled corporation	26,128,953 (Note 5)	6.69
PAG Holdings Limited ("PAG Holdings")	Long position	Interest of controlled corporation	26,128,953 (Note 5)	6.69

(ii) *Interests in the underlying Shares under equity derivatives (as defined in Part XV of the SFO)*

Name of Shareholder	Long position/ Short position	Capacity	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company (%)
Selective Choice (Note 2)	Long position	Beneficial owner	25,880,113 (Note 1)	6.63
ITC Investment (Note 2)	Long position	Interest of controlled corporation	25,880,113 (Note 1)	6.63
ITC (Notes 2 and 3)	Long position	Interest of controlled corporation	25,880,113 (Note 1)	6.63
Dr. Chan	Long position	Interest of controlled corporation	25,880,113 (Note 1)	6.63
	Long position	Interest of spouse	141,294,005 (Note 1)	36.19
Ms. Ng	Long position	Beneficial owner	141,294,005 (Note 1)	36.19
	Long position	Interest of spouse	25,880,113 (Note 1)	6.63
Mr. Cheung	Long position	Beneficial owner	11,036,059 (Note 6)	2.83
ASM Co-Investment Term Trust I ("ASM Co-Investment")	Long position	Beneficial owner	23,549,000 (Note 4)	6.03
ASML	Long position	Investment manager	36,631,777 (Note 4)	9.38
ASM Holdings	Long position	Interest of controlled corporations	36,631,777 (Note 4)	9.38
Mr. Chan Kin	Long position	Interest of controlled corporations	36,631,777 (Note 4)	9.38
Mr. Bennett	Long position	Beneficial owner	20,409,133	5.23

*Notes:*

1. Selective Choice, a wholly-owned subsidiary of ITC Investment, which in turn was a wholly-owned subsidiary of ITC, owned 177,509,041 Shares (of which 25,880,113 Shares related to its derivative interest). ITC Investment and ITC were deemed to be interested in 177,509,041 Shares (of which 25,880,113 Shares related to their derivative interests) which were held by Selective Choice. Dr. Chan was the controlling shareholder of ITC. Ms. Ng is the spouse of Dr. Chan. Dr. Chan owned 6,066,400 Shares and was deemed to be interested in 318,803,046 Shares (of which 167,174,118 Shares related to his derivative interest) which were held by Ms. Ng and Selective Choice. Ms. Ng owned 141,294,005 underlying Shares and was deemed to be interested in 183,575,441 Shares (of which 25,880,113 Shares related to her derivative interest) which were held by Dr. Chan and Selective Choice.
2. Mr. Chan, the managing director and an executive director of the Company, is an executive director of ITC and a director of Selective Choice and ITC Investment.
3. Mr. Alan Chan, an executive director of the Company, is an executive director of ITC and the son of Dr. Chan and Ms. Ng; and Hon. Shek Lai Him, Abraham, *SBS, JP*, the vice chairman and an independent non-executive director of the Company, is an independent non-executive director of ITC.
4. ASML, as investment manager, through its managed funds, ASM Asia Recovery (Master) Fund (“**ASM Master**”), ASM Hudson River Fund (“**ASM Hudson**”) and ASM Co-Investment, was deemed to be interested in 41,974,777 Shares (of which 36,631,777 Shares related to its derivative interests) which were held by ASM Master, ASM Hudson, ASM Co-Investment and ASM Co-Investment Opportunity Trust I LP (“**ASM Opportunity**”).

ASML and ASM General Partner I Limited (“**ASMGP**”) were wholly-owned subsidiaries of ASM Holdings. ASMGP is the general partner of ASM Opportunity which manages, controls the operations and determines the policy with respect to ASM Opportunity. ASMGP was directly interested in the Shares held by ASM Opportunity. Mr. Chan Kin was the controlling shareholder of ASM Holdings. As such, ASM Holdings and Mr. Chan Kin were deemed to be interested in 41,974,777 Shares (of which 36,631,777 Shares related to their derivative interests) which were held by ASM Master, ASM Hudson, ASM Co-Investment and ASM Opportunity.

5. PAA Opportunity was interested in 26,128,953 Shares. PAG Asset is the general partner of PAA Opportunity. PAG Asset was wholly-owned by PA Investment which in turn was a non wholly-owned subsidiary of PAGL. PAG Holdings was the controlling shareholder of PAGL. As such, PAG Holdings, PAGL, PA Investment and PAG Asset were deemed to be interested in 26,128,953 Shares which were held by PAA Opportunity.
6. Mr. Cheung, the chairman and an executive director of the Company, held 11,036,059 underlying Shares in respect of 3,900,000 share options at the exercise price of HK\$2.22 per Share granted by the Company on 29th March, 2010 for the option period from 29th March, 2010 to 28th March, 2014 and an aggregate principal amount of HK\$15,000,000 3.25% convertible notes due 2013 issued by the Company at the prevailing conversion price of HK\$2.102 per Share.

*(iii) Other members of the Group*

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) 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 other members of the Group:

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share capital/ registered capital (%)
三亞亞龍灣風景高爾夫 文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.)	三亞博后經濟開發 有限公司	20
Fame State Investment Limited	Le Truong Hien Hoa Chan Siu Chi	20 10
Forever Fame Corporation Limited	Le Truong Hien Hoa Chan Siu Chi	20 10
Guangdong International Marina Club Limited	Pui Mung Ying	20
Paragon Winner Company Limited	Million Cube Limited	45

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, 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 held any option in respect of such capital.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, interests of a Director and his associates in competing businesses of the Group were as follows:

<b>Name of Director</b>	<b>Name of company</b>	<b>Nature of competing business</b>	<b>Nature of interest</b>
Mr. Cheung	Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) and its subsidiaries	Property business and hotel operation in Hong Kong and the PRC	As the chairman and an executive director
	China Development Limited	Property investment in Hong Kong	As a director and shareholder
	Artnos Limited	Property investment in Hong Kong	As a director and shareholder
	Co-Forward Development Ltd.	Property investment in Hong Kong	As a director and shareholder
	Orient Centre Limited	Property investment in Hong Kong	As a director and shareholder
	Super Time Limited	Property investment in Hong Kong	As a director and shareholder
	Asia City Holdings Ltd.	Property investment in Hong Kong	As a director and shareholder
	Supreme Best Ltd.	Property investment in Hong Kong	As a shareholder
	Orient Holdings Limited	Property investment in Hong Kong	As a director and shareholder
	Link Treasure International Limited	Property investment in Hong Kong	As a director and beneficial shareholder
	Silver City Limited	Property investment in Hong Kong	As a director and shareholder
	Cosmo Luck Limited	Property investment in Hong Kong	As a beneficial shareholder
	Ocean Region Limited	Property investment in Hong Kong	As a beneficial shareholder
	Treasure Avenue Limited	Property investment in Hong Kong	As a beneficial shareholder
Earn Wealth Capital Investment Ltd.	Property investment in Hong Kong	As a beneficial shareholder	

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung	Kun Hang Construction Limited	Property investment in Macau	As a director and shareholder
	City Corporation Ltd.	Property investment in Hong Kong	As a shareholder
	Ready Access Limited	Property investment in Hong Kong	As a beneficial shareholder
	Big Gold Limited	Property investment in Hong Kong	As a beneficial shareholder
	Rich Joy Investment Limited	Property investment in Hong Kong	As a beneficial shareholder
	Profit Grace Holdings Limited	Property investment in Hong Kong	As a beneficial shareholder

Mr. Cheung is the chairman of the Company who is principally responsible for the Group's strategic planning and management of the operations of the Board. His role is clearly separated from that of the managing director of the Company, Mr. Chan, who is principally responsible for the Group's operation and business development.

In addition, any significant business decision of the Group is to be determined by the Board. A Director who has interest in the subject matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of Mr. Cheung in other companies will not prejudice his capacity as a Director or compromise the interests of the Group and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

#### 4. OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31st March, 2012 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.



## 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Also, their remuneration and benefit in kind receivable will not be directly varied in consequence of any acquisition by the Group.

## 6. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which are or may be material:

- (a) the offer letters dated 25th February, 2011, 8th March, 2011 and 28th March, 2011 sent by the Company to the holders of the 1% convertible notes due on 15th June, 2011 (the “**2011 CBs**”) issued by the Company in an aggregate outstanding principal amount of HK\$906,000,000 (other than the noteholder in the United States of America) in relation to the repurchase of the 2011 CBs at the sum of the outstanding principal amount with 10% redemption premium payable by the Company at maturity and the corresponding acceptance tendered by the holders of the 2011 CBs with an aggregate principal amount of HK\$535,500,000;
- (b) the placing agreement dated 15th April, 2011 (the “**Placing Agreement**”) entered into between the Company as issuer and CCB International Capital Limited as placing agent in relation to the placing of the 3.25% convertible notes in the maximum aggregate principal amount of HK\$407,550,000 (if certain conditions precedent are fulfilled) or HK\$704,550,000 (if certain conditions precedent are not fulfilled) on a best effort basis pursuant to the Placing Agreement (the “**Placing**”) and the net proceeds from the Placing (after deduction of expenses) amounted to approximately HK\$29.0 million;
- (c) the first supplemental agreement dated 16th May, 2011 entered into between Everight Investment Limited (“**Everight**”), an indirect wholly-owned subsidiary of the Company, as vendor and Million Cube Limited (“**Million Cube**”) as purchaser in relation to the revision of certain terms of the agreement in respect of the disposal of 65% shareholding in Paragon Winner Company Limited (“**Paragon Winner**”) and 65% of all amounts which may be owing by Paragon Winner and its subsidiaries to Everight (together, the “**Paragon Winner Disposal**”) as at completion of the Paragon Winner Disposal at an aggregate consideration of HK\$746.3 million;
- (d) the joint venture agreement dated 28th June, 2011 entered into between Global Wave Group Limited (“**Global Wave**”), an indirect wholly-owned subsidiary of the Company, TC Capital Group Limited, a company wholly-owned by Mr. Alan Chan, and Golden Fruit Limited (“**Golden Fruit**”) in relation to the formation of Golden Fruit pursuant to which Global Wave agreed to contribute a maximum amount of up to HK\$30,000,390 to Golden Fruit;

- (e) the sale and purchase agreement dated 7th July, 2011 entered into between ITC Properties (Hong Kong) Limited (“**ITCP (Hong Kong)**”), an indirect wholly-owned subsidiary of the Company, as vendor and Greatward Limited, an indirect wholly-owned subsidiary of CSI, as purchaser in relation to the disposal of 50% of the issued share capital of Vastness Investment Limited (“**Vastness**”) and 50% of the entire amount of the shareholder’s loan due by Vastness to the vendor at an aggregate consideration of HK\$337.0 million;
- (f) the sale and purchase agreement dated 9th September, 2011 entered into between ITCP (Hong Kong), as purchaser and Hero’s Way Resources Ltd., a wholly-owned subsidiary of ITC, as vendor in relation to the acquisition of the entire issued share capital of Top Precise Investments Limited at an aggregate consideration of HK\$313.0 million plus the NTAV (as defined therein);
- (g) the memorandum of understanding dated 5th December, 2011 entered into between Everight and Million Cube in relation to the rescheduled payment dates for the outstanding balance of the consideration and the possible amendments to the agreement in respect of the Paragon Winner Disposal;
- (h) the sale and purchase agreement dated 13th December, 2011 entered into between ITC Properties Investment (China) Limited (“**ITCP (China)**”), an indirect wholly-owned subsidiary of the Company, as vendor and Giant Soar Limited (“**Giant Soar**”) as purchaser in relation to the disposal of the entire equity interest in, and shareholder’s loan to, Linktop Limited for an aggregate consideration of Renminbi 230.0 million (equivalent to approximately HK\$279.6 million) (the “**Linktop Disposal**”);
- (i) the second supplemental agreement dated 2nd April, 2012 entered into between Everight and Million Cube in relation to, among other things, (i) the rescheduled payment dates for the outstanding balance of the consideration of the Paragon Winner Disposal; (ii) the possible reduction of equity interest in Paragon Winner to be disposed of to 40% shareholding in Paragon Winner at the settled consideration of approximately HK\$532.3 million; and (iii) certain amendments to the agreement in respect of the Paragon Winner Disposal;
- (j) the binding memorandum of agreement dated 28th May, 2012 entered into between Oriental Mind Limited (“**Oriental Mind**”), an indirect wholly-owned subsidiary of the Company, and Angel Moon Limited (“**Angel Moon**”) in relation to the formation of Sea Orient Limited (“**Sea Orient**”) pursuant to which Oriental Mind agreed to contribute a maximum amount of up to HK\$160.0 million to Sea Orient;
- (k) the second supplemental agreement dated 13th June, 2012 entered into between ITCP (China) and Giant Soar in relation to the rescheduled payment dates for the outstanding balance of the consideration of the Linktop Disposal;
- (l) the third supplemental agreement dated 13th September, 2012 entered into between ITCP (China) and Giant Soar in relation to the rescheduled payment dates for the outstanding balance of the consideration of the Linktop Disposal;

- (m) the disposal agreement dated 23rd November, 2012 entered into between Oriental Mind as vendor and Angel Moon as purchaser in relation to the disposal of 40% of the issued share capital of Sea Orient and the shareholder's loans due from Sea Orient to Oriental Mind for an aggregate consideration of HK\$210.0 million; and
- (n) the Agreement.

## 7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any members of the Group.

## 8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
RHL Appraisal Limited	Professional valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

The experts listed above have given and have not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts listed above have any shareholding, directly or indirectly, in any members of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

As at the Latest Practicable Date, none of the experts listed above have any direct or indirect interests in any assets which had been, since 31st March, 2012 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any members of the Group.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong, from the date of this circular and up to and including the date of the SGM:

- the memorandum of association and the Bye-laws;
- the annual reports of the Company for each of the two financial years ended 31st March, 2011 and 2012;

- the interim report of the Company for the six months ended 30th September, 2012;
- the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II to this circular;
- the valuation report on the Property, the text of which is set out in Appendix III to this circular;
- the letters of consent referred to in the paragraph headed “Experts and consents” in this appendix;
- the material contracts referred to in the paragraph headed “Material contracts” in this appendix; and
- a copy of each circular of the Company issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31st March, 2012.

#### 10. GENERAL

- The company secretary of the Company is Ms. Yan Ha Hung, Loucia. She holds a master’s degree in business administration (MBA). She is a Fellow Member (Practitioner’s Endorsement) of both The Hong Kong Institute of Chartered Secretaries (FCS) and The Institute of Chartered Secretaries and Administrators (FCIS).
- The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.
- The Company’s principal place of business in Hong Kong is situated at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- The English texts of this circular, the notice of the SGM and the accompanying form of proxy prevail over their respective Chinese texts.

## NOTICE OF THE SGM



德祥地產集團有限公司\*

**ITC PROPERTIES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 199)**

**NOTICE IS HEREBY GIVEN** that the special general meeting of **ITC Properties Group Limited** (the “**Company**”) will be held at Gemini Room, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong, on Thursday, 7th March, 2013 at 11:00 a.m. for the purpose of considering and, if thought fit

- A. passing with or without modifications the following resolution as an ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT:**

- (a) the agreement for sale and purchase dated 28th December, 2012 (the “**Agreement**”) entered into between Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, as vendor (the “**Vendor**”) and Smart Tide Limited as purchaser (the “**Purchaser**”) (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of this meeting for the purpose of identification) pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to dispose of the property located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong, the terms and conditions thereof and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) the board of the directors of the Company (the “**Board**”) and the Vendor be and are hereby generally and unconditionally authorised to do all such acts and things and execute all such documents as it considers necessary or expedient or desirable in connection with or to give effect to the Agreement and to implement the transactions contemplated thereunder pursuant to the terms of the Agreement and to agree to such variation, amendments or waivers of matters relating thereto as are, in the opinion of the Board, in the interests of the Company.”

- B. passing the following resolutions as special resolutions of the Company:

### **SPECIAL RESOLUTIONS**

1. “**THAT** the bye-laws of the Company (the “**Bye-laws**”) be amended in the manner as set out in Appendix IV to the circular of the Company dated 8th February, 2013.”

\* *For identification purpose only*

## NOTICE OF THE SGM

2. “**THAT** subject to the passing of the special resolution numbered 1 as set out in the notice convening this meeting, an amended and restated Bye-laws which consolidates all of the proposed amendments referred to in the special resolution numbered 1 and all previous amendments made pursuant to resolutions passed by the shareholders of the Company at general meetings, a copy of which is produced to the meeting and marked “B” and initialed by the chairman of this meeting for the purpose of identification, be and is hereby adopted as the amended and restated Bye-laws in substitution for and to the exclusion of the existing Bye-laws with immediate effect.”

By Order of the Board  
**ITC Properties Group Limited**  
**Yan Ha Hung, Loucia**  
*Company Secretary*

Hong Kong, 8th February, 2013

*Registered office:*  
Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business  
in Hong Kong:*  
Unit 3102, 31st Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the meeting of the Company may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent as such shareholder of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.
4. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

## NOTICE OF THE SGM

5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the directors of the Company are:

*Executive Directors:*

Mr. Cheung Hon Kit (*Chairman*)  
Mr. Chan Fut Yan (*Managing Director*)  
Mr. Cheung Chi Kit  
Mr. Chan Yiu Lun, Alan

*Non-executive Director:*

Mr. Ma Chi Kong, Karl

*Independent non-executive Directors:*

Hon. Shek Lai Him, Abraham, SBS, JP (*Vice Chairman*)  
Mr. Wong Chi Keung, Alvin  
Mr. Kwok Ka Lap, Alva