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If you have sold or transferred all your shares in **Skyfame Realty (Holdings) Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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天譽置業（控股）有限公司*
SKYFAME REALTY (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 59)

DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF 51% SHAREHOLDING IN AND
SHAREHOLDER'S LOAN DUE BY
Yaubond Limited

Financial adviser to Skyfame Realty (Holdings) Limited



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DEFINITIONS

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

“2006 Warrants”	warrants issued by the Company on 3 August 2006 which are listed on the Stock Exchange (stock code: 584)
“Acquisition”	the proposed acquisition by Sky Honest from Sunny Billion of the Yaubond Sale Shares and the Yaubond Sale Debt pursuant to the Agreement
“Agreement”	the agreement dated 21 June 2007 entered into by Sky Honest as purchaser and Sunny Billion as vendor in respect of the Acquisition
“Announcement”	the announcement dated 22 June 2007 made by the Company in relation to, among other things, the Acquisition
“associate(s)”	the meaning ascribed to it under the Listing Rules
“BVI”	British Virgin Islands
“Company”	Skyfame Realty (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the sale and purchase of the Yaubond Sale Shares and the Yaubond Sale Debt pursuant to the terms and conditions of the Agreement
“Completion Date”	15 July 2007 or such other date as the parties may agree
“connected person(s)”	the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the purchase of the Yaubond Sale Shares and the Yaubond Sale Debt
“controlling shareholder”	the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company

DEFINITIONS

“Enlarged Group”	The Group, the Yaubond Group, and Long World Trading Limited (a company ultimately wholly-owned by Mr. YU as at the Latest Practicable Date proposed to be acquired by the Group under an agreement dated 28 May 2007) and its subsidiaries
“Grand Cosmos”	Grand Cosmos Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Sharp Bright
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(a) party(ies) who, to the best of the knowledge, information and belief of the Directors, is/are not connected person(s) of the Company
“Land”	the parcel of land located at the junction of Tianhe Bei Road and Linhe Dong Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC having a development site area of approximately 6,057 square metres
“Latest Practicable Date”	10 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. YU”	Mr. YU Pan, an executive Director, the chairman and controlling shareholder of the Company
“Note Purchase Agreement”	the note purchase agreement dated 2 March 2007 entered into between Fine Luck Group Limited, Great Elegant Investment Limited, Smartford Limited and Nicco Limited as chargors, the Company, Sharp Bright, Grand Cosmos and the Note Purchasers relating to the issue and purchase of the Notes, details of which were set out in the Company’s announcement dated 12 March 2007 and circular dated 4 April 2007

DEFINITIONS

“Note Purchaser(s)”	the purchaser(s) of the Notes under the Note Purchase Agreement
“Noteholder(s)”	holder(s) of the Notes
“Notes”	unlisted secured convertible notes with an aggregate principal amount of US\$200 million due 2013 issued by the Company to the Note Purchasers or their nominee(s) pursuant to the Note Purchase Agreement
“PMA Capital”	PMA Capital Management Limited, the holding company of PMA Investment, which is a substantial shareholder of the Company
“PMA Investment”	PMA Investment Advisors Ltd., a subsidiary of PMA Capital
“Poly Hong Kong”	Poly (Hong Kong) Investments Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Company”	廣州寰城實業發展有限公司 (Guangzhou Huan Cheng Development Company Limited), a wholly foreign-owned enterprise established in the PRC
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Sharp Bright”	Sharp Bright International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. YU
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Sky Honest”	Sky Honest Investments Corp., a company incorporated in the BVI with limited liability and is indirectly wholly-owned by the Company
“substantial shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Sunny Billion”	Sunny Billion Holdings Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Poly Hong Kong
“Tianyu CPS”	145,537,077 convertible preference shares to be issued to Grand Cosmos as directed by Full Ocean Development Inc (a wholly-owned subsidiary of Sharp Bright) as consideration for the proposed acquisition of the entire issued share capital of Long World Trading Limited by Fine Luck Group Limited (a wholly-owned subsidiary of the Company) pursuant to an agreement dated 28 May 2007, details of which were set out in the Company’s announcement dated 31 May 2007 and circular dated 30 June 2007
“Tianhe Project”	the property development project to be carried out on the Land
“US\$”	United States dollars, the lawful currency of the United States of America
“Westin CPS”	190,447,209 convertible preference shares issued to Grand Cosmos as consideration for the acquisition of Wise Gain Investment Limited’s 29% shareholding interest in and shareholders’ loan due by Yue Tian Development Limited, details of which were set out in the Company’s announcement dated 12 March 2007 and circular dated 4 April 2007
“Yaubond”	Yaubond Limited, a company incorporated in BVI with limited liability which is owned by Sunny Billion as to 51% and by Nicco Limited (an indirect wholly-owned subsidiary of the Company) as to 49% as at the Latest Practicable Date
“Yaubond Group”	Yaubond and the PRC Company
“Yaubond Sale Shares”	9,594,885 ordinary shares of US\$1.00 each in the capital of Yaubond

DEFINITIONS

“Yaubond Sale Debt” HK\$2,397,183, being the face value of the total principal amount due by Yaubond to Sunny Billion as at 30 April 2007 and on Completion

“%” per cent

For reference purposes only, the Chinese names of the PRC entities, departments or facilities have been translated into English in this circular.

If there is any inconsistency between the Chinese names of the PRC entities, departments or facilities mentioned in this circular and their respective English translations, the Chinese version shall prevail.

Unless otherwise specified in this circular, translations of RMB into HK\$ and US\$ into HK\$ are made in this circular, for illustration only, at the rate of RMB1.00 to HK\$1.00 and US\$1.00 to HK\$7.8119 respectively. No representation is made that any amount in RMB or US\$ could have been or could be converted at those rates or any other rates.

LETTER FROM THE BOARD



天譽置業（控股）有限公司* SKYFAME REALTY (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 59)

Executive Directors:

Mr. YU Pan
Mr. LAU Yat Tung, Derrick
Mr. WONG Lok
Mr. WEN Xiao Bing

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. CHOY Shu Kwan
Mr. CHENG Wing Keung, Raymond
Ms. CHUNG Lai Fong

*Head office and principal place
of business in Hong Kong:*

2502B, Tower 1
Admiralty Centre
18 Harcourt Road
Hong Kong

13 July 2007

To the Shareholders and, for information only, the holders of 2006 Warrants

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF 51% SHAREHOLDING IN AND SHAREHOLDER'S LOAN DUE BY Yaubond Limited

INTRODUCTION

On 22 June 2007, the Board announced that on 21 June 2007, Sunny Billion as the vendor and Sky Honest, an indirect wholly-owned subsidiary of the Company, as the purchaser entered into the Agreement pursuant to which Sky Honest conditionally agreed to purchase, and Sunny Billion conditionally agreed to sell the Yaubond Sale Shares and assign the Yaubond Sale Debt, at an aggregate consideration of HK\$203,113,916 (subject to adjustment as referred to the paragraph headed "Adjustments to consideration" below, if any) payable in cash.

The Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

The purpose of this circular is to give you details of the Acquisition.

* For identification purposes only

LETTER FROM THE BOARD

The Agreement

Date

21 June 2007

Parties

Vendor: Sunny Billion, a wholly-owned subsidiary of Poly Hong Kong which is a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange. Poly Hong Kong is an investment holding company with its principal subsidiaries engaged in the property development and investment in the PRC. Sunny Billion is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Sunny Billion, its ultimate beneficial owner and their associates are independent of the Company and its connected persons. As at the Latest Practicable Date, neither Sunny Billion nor its associates or the substantial shareholders of Poly Hong Kong has any shareholding interest in the Company.

Purchaser: Sky Honest, an investment holding company indirectly wholly-owned by the Company.

Assets to be acquired

- (i) the Yaubond Sale Shares, being 51% of the issued share capital of Yaubond; and
- (ii) the Yaubond Sale Debt, representing the face value of the total principal amount due by Yaubond to Sunny Billion as at 30 April 2007 and on Completion.

For further information on the Yaubond Group, please refer to the paragraph headed "Information on the Yaubond Group" below.

Consideration

The aggregate consideration for the Yaubond Sale Shares and the Yaubond Sale Debt is HK\$203,113,916 (subject to adjustment as referred to in the paragraph headed "Adjustments to consideration" below, if any) payable in cash, of which the consideration for the Yaubond Sale Debt shall be the face value of the amount of the Yaubond Sale Debt as at the Completion Date, being HK\$2,397,183, which would be a fixed amount, and the consideration for the Yaubond Sale Shares shall be the balance thereof, being HK\$200,716,733 (subject to adjustment as referred to in the paragraph headed "Adjustments to consideration" below, if any).

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The Consideration is arrived at after arm's length negotiation between the parties to the Agreement with reference to the attributable interest of current market value of the Land (including the Tianhe Project) on vacant possession basis as at 30 April 2007 of approximately RMB459 million (equivalent to approximately HK\$459 million) free from any cost for relocating the fire station estimated by an independent valuer, Greater China Appraisal Limited, and the face value of the Yaubond Sale Debt on the Completion Date.

A deposit of HK\$5,000,000 has been paid to Sunny Billion upon signing of the Agreement while the remaining balance of the Consideration will be settled by the Company upon Completion. The Company intends to finance the remaining balance of the Consideration by way of securing a loan from a financial institution which is an Independent Third Party. The Company has been in discussion and, as at the Latest Practicable Date, has concluded the key terms of the loan with an institutional lender.

Adjustments to consideration

In the event that the balance of all liabilities (other than the Yaubond Sale Debt) of Yaubond as at the Completion Date is more than HK\$2,000,000 above that disclosed in the relevant unaudited management accounts as at 30 April 2007, the Consideration shall be reduced by an amount equal to 51% of such excess on a dollar-for-dollar basis. As at 30 April 2007, that balance of all liabilities (other than the Yaubond Sale Debt) of Yaubond was approximately HK\$0.2 million.

Conditions precedent

Completion shall be conditional upon the following conditions being fulfilled/waived:

- (a) the warranties given by Sunny Billion in the Agreement being true and correct and not misleading in any material respects as if repeated at all times between the date of the Agreement and Completion and as at Completion by reference to the facts and circumstances then subsisting;
- (b) if required under the Listing Rules, the passing of the necessary resolutions by the shareholders (or if required by the Stock Exchange, the independent shareholders) of the Company and/or Poly Hong Kong at a general meeting of the Company and/or Poly Hong Kong (as the case may be) approving the Agreement and the transactions contemplated thereunder, in compliance with the Listing Rules;
- (c) the obtaining of all consents from other third parties which are necessary in connection with the execution and performance of the Agreement and any of the transactions contemplated thereunder by Sky Honest and/or the Company;

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- (d) the delivery by Sunny Billion to Sky Honest of the BVI Registered Agent's certificate confirming that Yaubond has been duly incorporated and is in good standing and certifying the directors and shareholders of Yaubond;
- (e) the delivery by Sunny Billion to Sky Honest of the BVI Registered Agent's certificate confirming that Sunny Billion has been duly incorporated and is in good standing and certifying the directors and shareholders of Sunny Billion;
- (f) save as disclosed in the unaudited balance sheet as at 30 April 2007 and the unaudited income statements for the period ended 30 April 2007 of Yaubond or in writing to Sky Honest on the date of the Agreement, no material adverse change on the financial position, management, business or property, results of operation, legal or financing structure, business prospects or assets or liabilities of Yaubond or the Yaubond Group taken as a whole having occurred between the date of the Agreement and the date of Completion;
- (g) Sky Honest and/or the Company having obtained sufficient financing for payment of the Consideration on terms reasonably acceptable to Sky Honest and the Company; and
- (h) all necessary statutory, governmental and regulatory consents, authorizations or other approvals and requirements (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the Agreement and the transactions contemplated thereunder having been obtained and complied with by Sky Honest and/or the Company, including those under the Listing Rules.

Sky Honest may at any time in writing waive conditions (a), (d), (e) and (f). Neither Sky Honest nor Sunny Billion may waive conditions (b), (c), (g), and (h).

If (i) subject to (iii) below, any of the above conditions has not been fulfilled (or waived by Sky Honest except conditions (b), (c), (g), and (h)) by 15 July 2007; (ii) the conditions (a) and (f) do not remain fulfilled on 15 July 2007 (unless waived by Sky Honest); or (iii) any of the conditions (b), (g), and (h) has not been fulfilled by 15 July 2007, the parties agree to extend 14 days from 15 July 2007 (the "Extended Completion Date") and if such condition(s) has not been fulfilled by the Extended Completion Date, the Agreement shall lapse and be terminated as between Sky Honest and Sunny Billion and Sunny Billion shall return to Sky Honest the deposit without interest and thereafter all rights, obligations and liabilities of Sky Honest and Sunny Billion shall cease and determine and neither Sky Honest nor Sunny Billion shall have any claim against the other under the Agreement except for antecedent breach. As at the Latest Practicable Date, except for condition (d) which has been waived, none of the above conditions have been fulfilled or waived.

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Completion

Subject to the fulfillment (or, as the case may be, waiver) of the conditions, Completion shall take place on the Completion Date.

In the event that Completion take place on the Extended Completion Date (as defined above), Sky Honest shall pay to Sunny Billion an interest accrued on the total amount of the Consideration from 15 July 2007 up to and including the actual Completion Date at the rate of 15% per annum.

INFORMATION ON THE YAUBOND GROUP

Yaubond is a single purpose investment holding company incorporated in the BVI on 3 May 2005 and has not, since its incorporation, carried on any business other than acquisition and holding of its equity interests in the PRC Company. On 16 December 2005, Nicco Limited, an indirect wholly-owned subsidiary of the Company, acquired 49% of the issued share capital of Yaubond. Since then, Yaubond has become an associated company of the Group.

The PRC Company was established in the PRC on 12 October 2004 and is now a wholly foreign-owned enterprise with a registered capital of RMB220 million, all of which has been fully paid up. The PRC Company is a project company and has not carried on any business since its establishment other than the acquisition and holding of the Land which has a development site area of approximately 6,057 square metres. The PRC Company has obtained the land use rights certificate issued by 廣州市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Guangzhou Municipality) for a term of 40 years, commencing from 12 April 2005 and the relevant land use permits in respect of the Land. As appraised by Greater China Appraisal Limited, an independent professional valuer, the valuation of the Land as at 30 April 2007 on vacant possession basis free from any cost for relocating the fire station was RMB459 million (equivalent to approximately HK\$459 million). Under the current plan, the Land is planned to be developed into a commercial complex comprising serviced apartments and related construction having a gross floor area of around 84,000 square metres. It is expected that construction of the Tianhe Project will commence in late 2007 and the construction is expected to be completed by 2010. As at the Latest Practicable Date, construction work on the Land has not yet commenced.

Based on the current development plan, the total cost of the Tianhe Project (inclusive of the cost of Land, the development costs and other expenses) is estimated to be about RMB1,080 million (equivalent to approximately HK\$1,080 million), which is expected to be financed by shareholders' contribution of approximately RMB202 million, bank borrowings of approximately RMB500 million and proceeds from pre-sale of units of approximately RMB378 million. As at the Latest Practicable Date, of the total shareholders' loan received by Yaubond so far of approximately HK\$152 million, approximately HK\$102 million has been utilized for settlement of the land premium and procuring the title of the Land to be vested in the PRC Company and approximately HK\$50 million has been utilized for payment of demolition and

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settlement costs for the clearance of the fire station located on the Land. It is expected that the Group would need to contribute additional shareholders' loans of approximately HK\$50 million from internal resources for the development of the Tianhe Project after Completion.

The Yaubond Group had an unaudited consolidated net assets value of approximately HK\$251.4 million as at 30 April 2007 and recorded unaudited consolidated profit before and after taxation for the period from 3 May 2005 (date of incorporation) to 31 December 2005 of approximately HK\$89.4 million and unaudited consolidated loss before and after taxation for the year ended 31 December 2006 of approximately HK\$0.2 million. Upon Completion, the Company will have entire control of Yaubond and in turn, the Tianhe Project and the assets and liabilities and results of Yaubond will be fully consolidated into the financial statements of the Company. The Group's total assets would be enhanced by approximately HK\$109.4 million and the Group's total liabilities would be increased by approximately HK\$105.1 million while there will be no immediate effect to the earnings of the Group as a result of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its principal subsidiaries are engaged in investment holding, property development, the provision of project management and related services in the PRC.

On 16 December 2005, the Company completed the acquisition of 49% shareholding in and shareholders' loans due by Yaubond. Since then, Yaubond has become an associated company of the Company. Through the Acquisition, the Company will have the opportunity to further acquire the remaining 51% shareholding in Yaubond and have full control of the Tianhe Project which the Company considers will bring attractive return to the Company and Shareholders upon completion of the development of the Tianhe Project.

Based on the above, the Directors consider that the Acquisition is in line with the business plan of the Company and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

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

Yours faithfully,
For and on behalf of the Board
Skyfame Realty (Holdings) Limited
YU Pan
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

(a) Directors' interests in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) 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) to be notified to the Company and the Stock Exchange; or (ii) pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code") to be notified to the Company and the Stock Exchange are as follows:

(i) *Interests in the Shares or underlying Shares*

Name of Director	Company/ Associated corporation	Capacity	Number of Shares or underlying Shares (long position)	Approximate shareholding percentage
Mr. YU Pan	Company	Interest of controlled corporation and/or beneficial owner	1,006,511,271 (note 1)	91.96% (note 2)

Notes:

1. These Shares comprise (i) 42,732,000 underlying Shares which would be issued pursuant to the exercise of the subscription rights attaching to 42,732,000 2006 Warrants held directly by Mr. YU; and (ii) 627,791,985 existing Shares, 3,000 underlying Shares which would be issued pursuant to the exercise of the subscription rights attaching to 3,000 2006 Warrants, 190,447,209 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Westin CPS at the conversion ratio of 1 Westin CPS to 1 Share and 145,537,077 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Tianyu CPS at the conversion ratio of 1 Tianyu CPS to 1 new Share held directly by Grand Cosmos. The entire issued share capital of Grand Cosmos is held by Sharp Bright, the entire issued share capital of which is held by Mr. YU. Item (ii) above representing 963,776,271 Shares and/or underlying Shares (which does not include the underlying interest in 3,000 2006 Warrants) have been charged in favour of the security trustee by way of a share charge dated 4 May 2007.
2. For the purposes of this section, the shareholding percentage in the Company is calculated on the basis of 1,094,481,156 Shares in issue as at the Latest Practicable Date.

(ii) *Interests in underlying Shares*

As at the Latest Practicable Date, the following Directors had interests as beneficial owner in options to subscribe for Shares granted under the share option scheme adopted by the Company on 4 August 2005:

Name of Director	Exercise Price (HK\$)	Exercise Period	Number of underlying Shares (under share options of the Company)	Approximate shareholding percentage (note 1)
Mr. WEN Xiao Bing	1.31	13 March 2007 to 31 July 2015	5,000,000	0.46%
Mr. LAU Yat Tung, Derrick	1.31	13 March 2007 to 31 July 2015	3,000,000	0.27%
Mr. CHOY Shu Kwan	1.31	13 March 2007 to 31 July 2015	600,000	0.05%
Mr. CHENG Wing Keung, Raymond	1.31	13 March 2007 to 31 July 2015	600,000	0.05%
Ms. CHUNG Lai Fong	1.31	13 March 2007 to 31 July 2015	600,000	0.05%

Note:

1. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,094,481,156 Shares in issue as at the Latest Practicable Date.

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 and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) 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) to be notified to the Company and the Stock Exchange; or (ii) pursuant to Section 352 of the SFO to be entered in the register referred to therein, or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Directors' interests in service contracts

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

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as known to any Directors or chief executive of the Company, 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 or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group:

Interests in the Shares or underlying Shares

Name of Shareholder	Capacity	Number of Shares or underlying Shares	Approximate shareholding percentage (note 8)
Sharp Bright	Interest of controlled corporation	963,779,271 (long) (note 1)	88.06%
Grand Cosmos	Beneficial owner	963,779,271 (long) (note 1)	88.06%
Merrill Lynch & Co., Inc.	Interests of controlled corporation	1,445,888,718 (long) (note 2)	132.11%
Lehman Brothers Holdings Inc.	Interests of controlled corporation and/or person having a security interest in shares	1,278,190,718 (long) (note 3)	116.79%
	Interests of controlled corporation	2,700,000 (short)	0.25%
DKR Capital Inc.	Interests of controlled corporation and/or parties to an agreement under s.317(1)(b) and s.318 of the SFO	1,174,225,351 (long) (note 4)	107.29%

APPENDIX**GENERAL INFORMATION**

Name of Shareholder	Capacity	Number of Shares or underlying Shares	Approximate shareholding percentage (note 8)
DKR Management Co, Inc.	Interests of controlled corporation and/or parties to an agreement under s.317(1)(b) and s.318 of the SFO	1,174,225,351 (long) (note 4)	107.29%
DKR Capital Partners LP	Interests of controlled corporation and/or parties to an agreement under s.317(1)(b) and s.318 of the SFO	1,174,225,351 (long) (note 4)	107.29%
DKR Oasis Management Co. LP	Investment manager and/or parties to an agreement under s.317(1)(b) and s.318 of the SFO	1,174,225,351 (long) (note 4)	107.29%
DKR SoundShore Oasis Holding Fund Ltd.	Beneficial owner and/or parties to an agreement under s.317(1)(b) and s.318 of the SFO	1,174,225,351 (long) (note 4)	107.29%
Oasis Management Holdings LLC	Beneficial owner and/or parties to an agreement under s.317(1)(b) and s.318 of the SFO	1,174,225,351 (long) (note 4)	107.29%
Deutsche Bank Aktiengesellschaft	Person having a security interest in shares	220,053,224 (long)	20.11%
PMA Capital	Investment manager and/or person having a security interest in shares	1,176,694,668 (long) (note 5)	107.51%
PMA Prospect Fund	Beneficial owner and/or person having a security interest in shares	973,951,378 (long) (note 5)	88.99%

APPENDIX

GENERAL INFORMATION

Name of Shareholder	Capacity	Number of Shares or underlying Shares	Approximate shareholding percentage (note 8)
Diversified Asian Strategies Fund	Beneficial owner	109,958,068 (long) (note 5)	10.05%
PMA Asian Opportunities Fund	Beneficial owner	44,128,000 (long) (note 5)	4.03%
PMA Focus Fund	Investment manager and/or person having a security interest in shares	913,018,558 (long) (note 5)	83.42%
Mr. Luo Dong Liang	Beneficial owner	88,262,000 (long) (note 6)	8.06%
Leader Gain Limited	Beneficial owner	66,666,666 (long) (note 7)	6.09%
Ms. Azuma Sarina	Interest of controlled corporation	66,666,666 (long) (note 7)	6.09%
Dalton Greater China (Master) Fund	Beneficial owner and/or persons having a security interest in shares	61,181,893 (long)	5.59%
Dalton Investments LLC	Investment manager	61,181,893 (long)	5.59%

Notes:

- These Shares comprise 627,791,985 existing Shares, 3,000 underlying Shares which would be issued pursuant to the exercise of the subscription rights attaching to 3,000 2006 Warrants, 190,447,209 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Westin CPS at the conversion ratio of 1 Westin CPS to 1 Share and 145,537,077 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Tianyu CPS at the conversion ratio of 1 Tianyu CPS to 1 new Share held directly by Grand Cosmos. As the entire issued share capital of Grand Cosmos is held by Sharp Bright, Sharp Bright is deemed to be interested in the Shares and underlying Shares in which Grand Cosmos is interested by virtue of the SFO. As the entire issued share capital of Sharp Bright is held by Mr. YU, Mr. YU is deemed to be interested in the Shares and underlying Shares in which Sharp Bright is interested by virtue of SFO. The above representing 963,776,271 Shares and/or underlying Shares (which does not include the underlying interest in 3,000 2006 Warrants) have been charged in favour of the security trustee by way of share charge dated 4 May 2007.

2. These Shares comprise (i) 14,160,000 existing Shares; (ii) 884,895,718 Shares and/or underlying Shares (representing 627,791,985 existing Shares and 257,103,733 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Westin CPS at the conversion ratio of 1 Westin CPS to 1.35 Shares) charged in favour of the security trustee (who holds the benefit on trust for the Noteholders) by Grand Cosmos; and (iii) an aggregate of 546,833,000 underlying Shares which would be issued upon exercise of the conversion rights attaching to the Notes at the minimum reset reference price of HK\$1.00 held directly or indirectly by Merrill Lynch Group, Inc, Merrill Lynch L.P., Indopark Holdings Ltd, Merrill Lynch International Incorporated, Merrill Lynch International Holdings Inc., Merrill Lynch Europe PLC, Merrill Lynch Europe Intermediate Holdings, Merrill Lynch Holdings Limited, ML UK Capital Holdings and Merrill Lynch International. All of these entities are controlled by Merrill Lynch & Co., Inc.
3. These Shares comprise (i) a long position of 2,700,000 existing Shares; (ii) 884,895,718 Shares and/or underlying Shares (representing 627,791,985 existing Shares and 257,103,733 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Westin CPS at the conversion ratio of 1 Westin CPS to 1.35 Shares) charged in favour of the security trustee (who holds the benefit on trust for the Noteholders) by Grand Cosmos; and (iii) 390,595,000 underlying Shares which would be issued upon exercise of the conversion rights attaching to the Notes at the minimum reset reference price of HK\$1.00 held directly or indirectly by Lehman Brothers Commercial Corporation Asia Limited, LBCCA Holdings I LLC. and LBCCA Holdings II LLC. All these entities are controlled by Lehman Brothers Holdings Inc.
4. These Shares comprise (i) 884,895,718 Shares and/or underlying Shares (representing 627,791,985 existing Shares and 257,103,733 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Westin CPS at the conversion ratio of 1 Westin CPS to 1.35 Shares) charged in favour of the security trustee (who holds the benefit on trust for the Noteholders) by Grand Cosmos; and (ii) 289,329,633 underlying Shares which would be issued upon exercise of the conversion rights attaching to the Notes at the initial conversion price of HK\$1.35.
5. These Shares comprise (i) 884,895,718 Shares and/or underlying Shares (representing 627,791,985 existing Shares and 257,103,733 underlying Shares which would be issued upon exercise in full of the conversion rights attaching to the Westin CPS at the conversion ratio of 1 Westin CPS to 1.35 Shares) charged in favour of the security trustee (who holds the benefit on trust for the Noteholders) by Grand Cosmos; (ii) 155,082,000 existing Shares (99,194,000 Shares held by Diversified Asian Strategies Fund and 44,128,000 Shares held by PMA Asian Opportunities Fund); (iii) 19,538,450 underlying Shares which would be issued upon exercise of the subscription rights attaching to 19,538,450 2006 Warrants held by Asian Diversified Total Return Limited Duration Company, Diversified Asian Strategies Fund and PMA Asian Opportunities Fund; and (iv) 117,178,500 underlying Shares which would be issued upon exercise of the conversion rights attaching to the Notes at the minimum reset reference price of HK\$1.00 by PMA Prospect Funds (as to 89,055,660 underlying Shares) and PMA Focus Fund (as to 28,122,840 underlying Shares). All of these funds are controlled by PMA Capital.
6. These Shares comprise 11,990,000 existing Shares and 76,272,000 underlying Shares which would be issued upon exercise of the subscription rights attaching to 76,272,000 2006 Warrants.
7. These Shares are existing Shares held by Leader Gain Limited of which the entire issued share capital is held by Ms. AZUMA Sarina.
8. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,094,481,156 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date and so far as known to the Directors or chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Enlarged Group.

Save that Mr. YU is the sole director of Sharp Bright and Grand Cosmos and that he is also the sole shareholder of Sharp Bright which in turn is the sole shareholder of Grand Cosmos as at the Latest Practicable Date, none of the Directors held any directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, save for Mr. YU, the chairman of the Company, being a director and substantial shareholder of a company listed on the Shenzhen Stock Exchange (the “PRC Listco”) which is engaged in the mass market real estate development business, and Mr. YU and his associates have personal interest in certain properties including residential buildings and commercial buildings in the PRC, none of the Directors and his/her respective associates had any interests in any business, which competes or is likely to compete, either directly or indirectly, with the Company’s business (as would be required to be disclosed under rule 8.10 of the Listing Rules if each of them were a controlling shareholder of the Company).

Mr. YU has undertaken to the Company that for so long as he remains as Director or controlling shareholder of the Company, all enquiries and actual or potential business opportunities received by him (and/or his associates) in relation to property development project management and property investment in the PRC (the “Business Opportunities”) shall be referred by Mr. YU to the Company on a timely basis and the Business Opportunities must be first offered or made available to the Group.

In addition, Mr. YU entered into a deed of non-competition with the Note Purchasers on 4 May 2007 and agreed that he will not, and procure that none of his affiliates (other than the Group) will directly or indirectly, among other things, (i) be engaged or interested in any capacity in any business which is, or is about to be, the same as, or of a type similar to the business carried on by the Group from time to time or in competition with the Group; or (ii) vote in favour of any resolutions at a general meeting of the PRC Listco that may cause PRC Listco to engage in any business which is, or is about to be, the same as, or of a type similar to, the business carried on by the Group from time to time or in competition with the Group, in either case save and except in relation to business of the type currently carried out by the PRC Listco.

5. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 2502B, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.
- (c) The company secretary and qualified accountant of the Company is Ms. CHEUNG Lin Shun, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (d) The Hong Kong branch share registrars and transfer office of the Company is Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.