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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 shares in Poly Development Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the stockbroker, other registered dealer in securities, the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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POLY DEVELOPMENT HOLDINGS LIMITED

保興發展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES AND REFRESHMENT OF 10% LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME

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



粵海證券有限公司
GUANGDONG SECURITIES LIMITED

A notice convening the special general meeting of Poly Development Holdings Limited to be held at Plaza 1 and 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 23 February 2010 at 9:30 a.m. is set out on pages 15 to 17 of this circular. Whether or not you are able to attend and vote at the special general meeting, you are advised to read the notice and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the special general meeting or adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the special general meeting or any adjourned meeting should you so wish.

* For identification only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Letter from the Independent Board Committee	7
Letter from Guangdong Securities	8
Notice of Special General Meeting	15

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 September 2009, at which, among other matters, the Existing General Mandate was approved;
“associate”	has the same meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“Company”	Poly Development Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, to allot, issue and deal with up to 395,399,952 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a corporation licensed to carry out types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the Securities and Futures Ordinance, Chapter 571 of Laws of Hong Kong, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Issue Mandate;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising of all the Independent Non-executive Directors namely, Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei, formed to advise the Independent Shareholders on the Issue Mandate;
“Independent Shareholders”	Shareholders other than Mr. Suen Cho Hung, Paul, Excelsior Kingdom Limited and Global Wealthy Limited and their respective associates;

DEFINITIONS

“Issue Mandate”	the mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of SGM;
“Latest Practicable Date”	1 February 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Previous Scheme Limit”	the scheme mandate granted to the Directors at the annual general meeting of the Company held on 28 August 2008 to issue Shares pursuant to the exercise of share options of the Company granted under the Share Option Scheme not exceeding 10% of the issued share capital of the Company on that day;
“Scheme Limit”	the limit on the total number of Shares which may be issued pursuant to the exercise of share options granted under the Share Option Scheme;
“SGM”	the special general meeting of the Company to be convened at Plaza 1 and 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 23 February 2010 at 9:30 a.m. to approve the Issue Mandate and the refreshment of the Scheme Limit;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Option Scheme”	the share option scheme of the Company approved and adopted on 30 December 2002;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

LETTER FROM THE BOARD



POLY DEVELOPMENT HOLDINGS LIMITED

保興發展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

Executive Directors:

Mr. Suen Cho Hung, Paul (*Chairman*)

Mr. Sue Ka Lok (*Chief Executive Officer*)

Mr. Chau Chung Tak

Independent Non-executive Directors:

Mr. Wong Kwok Tai

Mr. Weng Yixiang

Mr. Lu Xinsheng

Mr. Xiong Wei

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of

Business in Hong Kong:

Suite 1501, 15th Floor

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

2 February 2010

To the Shareholders,

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

AND

REFRESHMENT OF 10% LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME

INTRODUCTION

The Company proposes to refresh the Existing General Mandate and the Scheme Limit. The purpose of this circular is to give you details of the proposed Issue Mandate and refreshment of the Scheme Limit and to give you notice convening the SGM to consider and, if thought fit, approve the Issue Mandate and refreshment of the Scheme Limit.

* For identification only

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

On 8 January 2010, the Company announced a “best effort” placing of 1% coupon convertible notes in an aggregate principal amount of up to HK\$244,900,000, the exercise of which will entitle holders of the convertible notes to convert into a maximum of 395,000,000 conversion Shares at an initial conversion price of HK\$0.62 per Share, subject to adjustments. The conversion Shares are to be issued under the Existing General Mandate. As stated in the Company’s announcement dated 28 January 2010, convertible notes in an aggregate principal amount of HK\$244,900,000 have been placed. The net proceeds from the placing of approximately HK\$241,000,000 are proposed to be used as general working capital of the Group and potential investment opportunities as originally contemplated.

After completion of placing of all the convertible notes above, only a further of 399,952 Shares are available to be issued under the Existing General Mandate. As such, the Board proposes to refresh the Existing General Mandate for the Directors to issue and allot Shares not exceeding 20% of the issue share capital of the Company as at the date of the SGM. The Directors consider the Issue Mandate will enhance the flexibility for the Company to manage its business.

The Company has not refreshed the Existing General Mandate since the AGM.

At the SGM, an ordinary resolution will be proposed to give the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the proposed resolution of Issue Mandate. As at the Latest Practicable Date, the Company had 1,985,251,760 issued Shares. On the basis that no Shares will be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the Company will be allowed to allot, issue and deal with up to 397,050,352 Shares under the Issue Mandate.

The Issue Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or Bye-laws of the Company; and (iii) its revocation or variation by an ordinary resolution of the Shareholders in general meeting.

PROPOSED REFRESHMENT OF 10% LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME

The Share Option Scheme was approved by Shareholders on 30 December 2002.

Pursuant to the Share Option Scheme, the maximum number of Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any other share option scheme(s) of the Company, shall initially not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme by the Shareholders and thereafter, if refreshed, shall not exceed 10% of the total number of issued Shares as at the date of Shareholders’ approval of the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any existing schemes (including options outstanding, cancelled, lapsed or exercised in accordance with the relevant scheme rules) shall not be counted for the purpose of calculating the limit as refreshed. Notwithstanding the

LETTER FROM THE BOARD

foregoing, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

The Previous Scheme Limit was refreshed at the annual general meeting of the Company held on 28 August 2008. Under the Previous Scheme Limit, a total of 124,571,462 Shares may be issued upon exercise of share options. Options to subscribe for a total of 124,568,000 Shares were granted under the Previous Scheme Limit and therefore the Company may only further grant options to subscribe for a total of 3,462 Shares under the Previous Scheme Limit if not refreshed.

As at the Latest Practicable Date, there were outstanding options the exercise of which will entitle holders thereof to subscribe for a total of 116,316,000 Shares under the Share Option Scheme granted under all the scheme limit in the past.

If there is no further issue and/or repurchase of Shares between the Latest Practicable Date and the date of SGM, upon the refreshment of the Scheme Limit (as refreshed) by the Shareholders at the SGM, the Company may grant options entitling holders thereof to subscribe for a total of 198,525,176 Shares (representing approximately 10% of the total Shares in issue as at the date of the SGM approving the refreshment of the Scheme Limit (as refreshed)).

The Company believes that the refreshment of the Scheme Limit will allow the Company to achieve the purpose of the Share Option Scheme which is to provide incentive or reward to eligible participants for their contribution to, and continuing efforts to promote the interests of, the Company. The Directors consider that the refreshment of the Scheme Limit is in the interests of the Company and the Shareholders as a whole as it provides the Company with more flexibility in providing incentives to those eligible participants by way of granting of options.

The refreshment of the Scheme Limit is conditional on:

- (a) the passing of an ordinary resolution to approve the refreshment of the Scheme Limit by the Shareholders at the SGM; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares (representing 10% of the total Shares in issue as at the date of the SGM) which may fall to be issued pursuant to the exercise of options under the refreshed Scheme Limit and any other share option scheme of the Company.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the total Shares in issue as at the date of the SGM) which may fall to be issued pursuant to the exercise of options under the refreshed Scheme Limit.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee comprising of all the Independent Non-executive Directors have been formed to advise the Independent Shareholders on the proposed Issue Mandate. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Issue Mandate.

The Directors are of the opinion that the terms of the Issue Mandate and the refreshment of the Scheme Limit are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and accordingly recommend that all the Independent Shareholders vote in favour of the resolution in respect of the Issue Mandate and all Shareholders to vote in favour of the refreshment of Scheme Limit to be proposed at the SGM.

SGM

Pages 15 to 17 of this circular contain a notice of the SGM which is to be held at Plaza 1 and 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 23 February 2010 at 9:30 a.m. at which ordinary resolutions will be proposed to Shareholders to approve the Issue Mandate and the refreshment of Scheme Limit.

The proposed Issue Mandate will be voted on by way of poll by the Independent Shareholders and the proposed refreshment of Scheme Limit will be voted on by way of poll by the Shareholders.

Under Rule 13.36(4)(a) of the Listing Rules, since there is no controlling Shareholder, Directors (excluding Independent Non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour in respect of the resolution for the granting of the Issue Mandate at the SGM. As at the Latest Practicable Date, Mr. Suen Cho Hung, Paul, an Executive Director and the Chairman of the Company, being the ultimate beneficial owner of Excelsior Kingdom Limited and Global Wealthy Limited, held in total 22.53% (as to 0.50% are held by Mr. Suen Cho Hung, Paul in his personal capacity and as to 22.03% are held by Global Wealthy Limited which in turn is wholly owned by Excelsior Kingdom Limited) of the issued share capital of the Company. As such, Mr. Suen Cho Hung, Paul, Excelsior Kingdom Limited, Global Wealthy Limited, and their respective associates will be required to abstain from voting in favour of the resolution for the granting of the Issue Mandate at the SGM. As at the Latest Practicable Date, none of Mr. Suen Cho Hung, Paul, Excelsior Kingdom Limited and Global Wealthy Limited and their respective associates had indicated that they would vote against the resolution for the granting of the Issue Mandate at the SGM. No Shareholders are required to abstain from voting on the refreshment of the Scheme Limit.

Yours faithfully,
On behalf of the Board
Suen Cho Hung, Paul
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



POLY DEVELOPMENT HOLDINGS LIMITED

保興發展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

2 February 2010

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated 2 February 2010 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

The Independent Board Committee has been established to give a recommendation to the Independent Shareholders in respect of the proposed Issue Mandate. Guangdong Securities has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in connection with the proposed Issue Mandate. Details of its advice, together with the principal factors and reasons taken into account in arriving at such advice, are set out in their letter on pages 8 to 14 of the Circular.

Your attention is also drawn to the “Letter from the Board” on pages 3 to 6 of the Circular.

Having taken into account the terms of the Issue Mandate and the advice of Guangdong Securities, we consider that the terms of the Issue Mandate are fair and reasonable in so far as the Independent Shareholders are concerned and the granting of the Issue Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote for the resolution to be proposed at the SGM to approve the Issue Mandate.

Yours faithfully,

For and on behalf of

The Independent Board of Committee

Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei

* For identification only

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Issue Mandate for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

2 February 2010

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

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed Issue Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 2 February 2010 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, only a further of 399,952 Shares could be issued under the Existing General Mandate which was granted to the Directors at the AGM. Therefore, the Board proposed to seek approval of the Independent Shareholders for the granting of the Issue Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM. Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders (as defined in the Listing Rules) and their respective associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution proposed for the approval of such grant, and pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Shareholders at a general meeting will be taken by way of poll. As at the Latest Practicable Date, there was no controlling Shareholder. In addition, Mr. Suen Cho Hung, Paul, an executive Director and the Chairman of the Company, being the ultimate beneficial owner of Excelsior Kingdom Limited and Global Wealthy Limited, held an aggregate of approximately 22.53% (of which approximately 0.50% were held in his personal capacity and approximately 22.03% were held by Global Wealthy Limited which in turn was wholly owned by Excelsior Kingdom Limited) of the issued share capital of the Company. As such,

* For identification purpose only

LETTER FROM GUANGDONG SECURITIES

Mr. Suen Cho Hung, Paul, Excelsior Kingdom Limited, Global Wealthy Limited, and their respective associates shall abstain from voting in favour of the ordinary resolution in respect of the Issue Mandate at the SGM.

An Independent Board Committee comprising Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the Issue Mandate. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the granting of the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote on the ordinary resolution to be proposed at the SGM to approve the Issue Mandate.

BASIS OF OUR OPINION

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

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

We consider that we have been provided sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Issue Mandate. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GUANGDONG SECURITIES

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

(1) Background of the refreshment of the Existing General Mandate

The Group is principally engaged in the supply and procurement business, provision of finance and securities investment.

The Directors were authorised to issue and allot up to 395,399,952 new Shares under the Existing General Mandate which was granted to the Directors at the AGM.

On 8 January 2010, the Company announced a “best effort” placing of 1% coupon convertible notes in an aggregate principal amount of up to HK\$244,900,000, the exercise of which will entitle holders of the convertible notes to convert into a maximum of 395,000,000 conversion Shares at an initial conversion price of HK\$0.62 per Share, subject to adjustments (the “**Placing**”). The conversion Shares are to be issued under the Existing General Mandate. As stated in the Company’s announcement dated 28 January 2010, convertible notes in an aggregate principal amount of HK\$244,900,000 have been placed.

If the Issue Mandate is not granted, only 399,952 (representing approximately 0.10% of the Existing Issue Mandate) new Shares may be further issued and allotted by the Directors under the Existing General Mandate. Given that the Existing General Mandate has almost been fully utilised as a result of the Placing, the Board proposed to seek approval of the Independent Shareholders for the granting of the Issue Mandate such that the Directors will be granted the authority to issue, allot and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM.

As at the Latest Practicable Date, the Company had 1,985,251,760 Shares in issue. On the basis that no Share would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the Issue Mandate would allow the Directors to issue, allot and deal with up to 397,050,352 new Shares, representing 20% of the aforesaid total issued share capital of the Company.

(2) Reasons for the refreshment of the Existing General Mandate

The Directors advised that they are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group’s future business development. In this regard, the Directors also consider equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group.

LETTER FROM GUANGDONG SECURITIES

We noted from the interim report of the Company for the six months ended 30 September 2009 (the “**Interim Report**”) that the Group recorded an unaudited loss attributable to owners of the Company of approximately HK\$13.00 million for the six months ended 30 September 2009. However, excluding the effect of the non-cash equity settled share-based payment expenses amounted to approximately HK\$20.95 million, the Company would have reported a profit attributable to owners of the Company of approximately HK\$7.95 million for the six months ended 30 September 2009 as compared to the comparable loss of approximately HK\$0.33 million for the corresponding period last year. Such improvement in the Group’s operating results was mainly resulted from (i) a higher profit margin derived from the sales of metal minerals and recycled metal materials; (ii) a higher interest income and operating profit generated by the financing operation; and (iii) the profit making securities investment operation. With reference to the Interim Report, the Group will continue to manage its existing businesses in a prudent manner, and will evaluate any new investment opportunities with a cautious approach to ensure a stable prospect to the Shareholders.

Based on the foregoing, we are of the opinion that the refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for future business development and/or investment decisions. Consequently, we are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

(3) Fund raising activities in the past twelve months

Set out below are the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcement	Description of the fund raising activities	Intended use of proceeds	Actual use of proceeds
26 February 2009	Top up placing of 150,000,000 Shares at HK\$0.075 per Share	General working capital	Used as intended
14 May 2009	Top up placing of 99,120,000 Shares at HK\$0.102 per Share	General working capital	Used as intended
26 August 2009	Placing of 313,640,000 new Shares at HK\$0.275 per Share	General working capital	Used as intended
8 January 2010	Placing of convertible notes being convertible into 395,000,000 conversion Shares at the initial conversion price of HK\$0.62 per Share on a best efforts basis	General working capital and potential investment opportunities	To be used as intended

Save as and except for the above, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM GUANGDONG SECURITIES

(4) Flexibility in financing

As advised by the Directors, the Group does not obviate the possibilities of further issuing capital if there is/are investor(s) indicating interest in the business of the Company. The Directors believe that the refreshment of the Existing General Mandate will enhance the flexibility for the Company to manage its business and provide the Group with flexibility for possible future fund raising. The Directors are therefore of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

As discussed previously, we consider that the refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for future business development and/or investment decisions. The refreshment of the Existing General Mandate would provide the Company with the flexibility as allowed under the Listing Rules to issue and allot new Shares for equity fund raising activities, such as placing of new Shares, or as consideration for potential investments in the future as and when such opportunities arise. Furthermore, the additional amount of equity which may be raised after the refreshment of the Existing General Mandate would provide the Group with more financing options when assessing and negotiating potential investments in a timely manner. Given the financial flexibility available to the Company as discussed above, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

(5) Other financing alternatives

We have enquired into the Directors and the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings, to be other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks. In light of also that debt financing will usually incur interest burden on the Group, the Directors consider debt financing to be relatively uncertain and time-consuming as compared to equity financing for the Group to obtain additional funding.

The Directors confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group. Besides that, the Directors also prefer not to further increase the gearing level of the Group under the current uncertain market situation. With regard to equity financing, the Directors advised us that although both open offer and rights issue would allow Shareholders to maintain their respective pro-rata shareholdings in the Company, such fund raising exercises would be relatively time consuming as compared with the placing of new Shares. In addition, in view of the recent uncertain stock market sentiment, the Directors expected that the Group will face difficulties in procuring commercial underwriting in the case of an open offer and rights issue. With all of the above being the case, along with the fact that the refreshment of the Existing General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development, we are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GUANGDONG SECURITIES

(6) Potential dilution to shareholdings of the public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Issue Mandate assuming no other Share is issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM:

	Shareholding in the Company as at the Latest Practicable Date		Shareholding in the Company upon full utilisation of the Issue Mandate (assuming no other Share is issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Global Wealthy Limited (<i>Note</i>)	437,433,866	22.03%	437,433,866	18.36%
Suen Cho Hung, Paul	10,000,000	0.50%	10,000,000	0.42%
Public Shareholders	1,537,817,894	77.47%	1,537,817,894	64.55%
Shares to be issued under the Issue Mandate	–	–	397,050,352	16.67%
Total	1,985,251,760	100.00%	2,382,302,112	100.00%

Note: Global Wealthy Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of Excelsior Kingdom Limited, which in turn is wholly owned by Mr. Suen Cho Hung, Paul, an executive Director and the Chairman of the Company.

The tables above illustrates that the shareholdings of the public Shareholders would be diluted by approximately 12.92 percent point upon full utilisation of the Issue Mandate assuming no other Share is issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM.

Taking into account that the Issue Mandate (i) would provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (ii) would provide more options of financing to the Group for further development of its business as well as in potential future investment as and when such opportunities arise; and (iii) the shareholding interests of all Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Issue Mandate, we are of the opinion that the potential dilution to the shareholdings of the public Shareholders as just mentioned is acceptable.

LETTER FROM GUANGDONG SECURITIES

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the granting of the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Issue Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

NOTICE OF SPECIAL GENERAL MEETING



POLY DEVELOPMENT HOLDINGS LIMITED

保興發展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

NOTICE IS HEREBY GIVEN that a special general meeting of Poly Development Holdings Limited (the “Company”) will be held at Plaza 1 and 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 23 February 2010 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities carrying rights to subscribe for or convert or exercise into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities carrying rights to subscribe for or convert or exercise into shares of the Company) during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Right Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company;
 - (iii) the exercise of rights of subscription or conversion under the terms of any securities issued by the Company which are convertible or exercisable into shares of the Company; or

* For identification only

NOTICE OF SPECIAL GENERAL MEETING

- (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company from time to time;

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

- 2. “**THAT** conditional upon The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the shares of the Company (“Shares”) to be issued upon the exercise of options under the share option scheme adopted by the Company on 30 December 2002 (the “Share Option Scheme”), the existing scheme mandate limit in respect of the granting of options to subscribe for Shares under the Share Option Scheme be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the Shares in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the directors of the

NOTICE OF SPECIAL GENERAL MEETING

Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on the Stock Exchange, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options.”

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 2 February 2010

Head Office and Principal Place of Business in Hong Kong:

Suite 1501, 15th Floor

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member 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 a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of 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 fact.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) 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 Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the special general meeting or 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. Delivery of an instrument appointing a proxy shall not preclude a member of the Company 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.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any 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.