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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 advisers.

If you have sold or transferred all your shares in LT Commercial Real Estate Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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LT COMMERCIAL REAL ESTATE LIMITED

勒泰商業地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 112)

**(I) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE FOUNDATION WORKS CONTRACTOR
CONTRACTS AND THE MAIN CONTRACTOR CONTRACTS
REGARDING THE CONSTRUCTION OF THE TANGSHAN TIEXI
LERTHAI PROJECT
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the board of directors of the Company is set out on pages 5 to 35 of this Circular.

A notice convening the EGM (as defined herein) of the Company (as defined herein) to be held at Units 5101-02 & 13, 51st Floor, The Center, 99 Queen's Road Central, Central, Hong Kong on 22 August 2014 at 11 a.m. is set out on pages 55 to 58 of this circular.

Whether or not you propose to attend the EGM, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company's registrar and transfer office, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event no less than 48 hours before the time appointed for holding the EGM 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 EGM or any adjourned meeting (as the case may be) should you so wish.

This circular will remain on the website of the Stock Exchange (as defined herein) at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and the Company's website at www.lth.com.hk.

28 July 2014

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	36
APPENDIX II — GENERAL INFORMATION	48
NOTICE OF EGM	55

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 23 June 2014 in relation to, amongst others, the Foundation Works Contractor Contracts and the Main Contractor Contracts
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	the circular of the Company dated 31 March 2014 in relation to the acquisition of land use rights of the First Piece of Land and the Second Piece of Land located in Tangshan City, Hebei Province, the PRC by the PRC Project Company 1 and PRC Project Company 2 respectively
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Company”	LT Commercial Real Estate Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 22 August 2014 to consider and, if thought fit, approve each of the proposed Foundation Works Contractor Contracts and Main Contractor Contracts and the transactions contemplated respectively thereunder
“First Contractor”	中鐵城建有限公司 (CRCC Urban Engineering Co., Ltd.), a company established in the PRC with limited liability
“First Foundation Works Contractor Contract”	the foundation works contractor contract dated 21 June 2014 and entered into between the PRC Project Company 1 and the First Contractor in relation to the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the First Piece of Land
“First Main Contractor Contract”	the main contractor contract dated 21 June 2014 and entered into between the PRC Project Company 1 and the First Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project on the First Piece of Land

DEFINITIONS

“First Piece of Land”	Land Lot A-01 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m.
“Foundation Works Contractor Contracts”	collectively, the First Foundation Works Contractor Contract, the Second Foundation Works Contractor Contract and the Third Foundation Works Contractor Contract
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Inspection Company”	河北三元建設監理有限公司 (Hebei San Yuan Construction Supervisory Company Limited [#]), being a company incorporated in the PRC with limited liability, who has obtained 房屋建築工程監理甲級 (First Class Building Construction Project Supervisor Certificate [#]) issued by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC) and is appointed by each of the PRC Project Company 1 and PRC Project Company 2 to monitor the status and progress of Tangshan Tiexi Lerthai Project and certify the value and payment of construction under each of the Foundation Works Contractor Contracts and the Main Contractor Contracts
“Land”	collectively, the First Piece of Land and the Second Piece of Land
“Latest Practicable Date”	24 July 2014, 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
“Main Contractor Contracts”	collectively, the First Main Contractor Contract, the Second Main Contractor Contract and the Third Main Contractor Contract
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“PRC Project Company 1”	唐山勒泰購物廣場有限公司 (Tangshan LT Shopping Mall Company Limited), a company established in the PRC by the Group to undertake the development of the First Piece of Land
“PRC Project Company 2”	唐山勒泰房地產開發有限公司 (Tangshan LT Real Estate Development Company Limited), a company established in the PRC by the Group to undertake the development of the Second Piece of Land
“Second Contractor”	中鐵建設集團有限公司 (China Railway Construction Group Ltd.), a company established in the PRC with limited liability
“Second Foundation Works Contractor Contract”	the foundation works contractor contract dated 21 June 2014 and entered into between the PRC Project Company 1 and the Second Contractor in relation to the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the First Piece of Land
“Second Main Contractor Contract”	the main contractor contract dated 21 June 2014 and entered into between the PRC Project Company 1 and the Second Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project on the First Piece of Land
“Second Piece of Land”	Land Lot A-02 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 63,595.87 sq. m.
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a company which is for the time being a subsidiary (within the meaning of the Companies Ordinance) of the Company
“Tangshan Tiexi Lerthai Project”	the residential and commercial property development project that the Group plans to develop on the First Piece of Land and the Second Piece of Land
“Third Foundation Works Contractor Contract”	the foundation works contractor contract dated 21 June 2014 and entered into between the PRC Project Company 2 and the Second Contractor in relation to the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the Second Piece of Land

DEFINITIONS

“Third Main Contractor Contract”	the main contractor contract dated 21 June 2014 and entered into between the PRC Project Company 2 and the Second Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project on the Second Piece of Land
“USA/US”	United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter
“%”	per cent.

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

For the purpose of this circular, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.24. These exchange rates are adopted for the purpose of illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at these rates or any other rates at all.



LT COMMERCIAL REAL ESTATE LIMITED

勒泰商業地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 112)

Executive Directors:

Mr. Yang, Longfei

(Chairman and Chief Executive Officer)

Ms. Dai, Hui

Mr. Chan, Tik Sang

(Deputy Chief Executive Officer)

Mr. Yang, Shao Xing Max

Registered office:

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51st Floor, The Center

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Hong Kong

Non-executive Directors:

Mr. Lee, Vincent Marshall Kwan Ho

Mr. Lam, Kwong Wai

Independent Non-executive Directors:

Mr. Fan, Ren Da Anthony

Mr. Fan, Chun Wah Andrew

Mr. Lau, Yu Fung Wilson

28 July 2014

To the Shareholders

Dear Sir or Madam,

**(I) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE FOUNDATION WORKS CONTRACTOR
CONTRACTS AND THE MAIN CONTRACTOR CONTRACTS
REGARDING THE CONSTRUCTION OF THE TANGSHAN TIEXI
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LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 22 January 2014, 24 January 2014, 15 April 2014 and 23 June 2014 and the Circular. On 21 June 2014, the Foundation Works Contractor Contracts and the Main Contractor Contracts were entered into in relation to the engagement of the First Contractor and the Second Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project.

The purpose of this circular is to provide you with, among other things, further details of the Foundation Works Contractor Contracts and the Main Contractor Contracts, together with the notice of the EGM.

FOUNDATION WORKS CONTRACTOR CONTRACTS

First Foundation Works Contractor Contract

On 21 June 2014, the PRC Project Company 1, an indirect wholly-owned subsidiary of the Company, entered into the First Foundation Works Contractor Contract with the First Contractor for the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the First Piece of Land at the total project costs of RMB38,766,228 (equivalent to approximately HK\$48,070,123). The major terms of the First Foundation Works Contractor Contract are set out as follows:

Date : 21 June 2014

Parties : (i) PRC Project Company 1, as the owner
(ii) First Contractor, as the contractor

The principal business activity of the First Contractor is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the First Contractor is a sister company to the Second Contractor and the First Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

Project location : Land Lot A-01 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m.

Scope of work : Foundation works under the construction drawing of the First Foundation Works Contractor Contract, including but not limited to the earthwork, foundation pit support and piling work.

LETTER FROM THE BOARD

Project costs : The total project costs are RMB38,766,228 (equivalent to approximately HK\$48,070,123), inclusive of all costs of labour, materials, components, equipment, construction and project management fee in relation to the foundation works of Tangshan Tiexi Lerthai Project on the First Piece of Land, with adjustment provisions for any variation of work.

It will be normal for variation orders to be issued by the PRC Project Company 1 due to minor alteration and adjustment of the scope of work and use of materials under the First Foundation Works Contractor Contract. The project cost shall be adjusted upward or downward in accordance with the scale of variation, volume and price of the materials, machineries and human resources involved. Based on the experience of the management of PRC Project Company 1, it is expected that upward adjustment, if any, would not exceed 15% of the total project cost. Notwithstanding that no cap for the adjustment has been set out in the First Foundation Works Contractor Contract, the Company shall comply with the applicable reporting, announcement and/or shareholders' approval requirements under the Listing Rules as and when appropriate, in the event the upward adjustments exceeds 15% of the total project costs.

Payment terms : The project costs shall be paid by way of progress payments. The PRC Project Company 1 shall pay the First Contractor each progress payment in respect of each stage of the foundation works under the First Foundation Works Contractor Contract after completion and acceptance of the relevant work done. Details of the payment terms are as follows:

- (i) The PRC Project Company 1 shall pay the First Contractor a project progress payment of up to 50% of the project costs based on the total amount of work completed within 15 working days after inspected by the PRC Project Company 1 and the Inspection Company;

LETTER FROM THE BOARD

(ii) Within 60 working days after the completion of inspection, submission of the inspection completion and acceptance information (竣工驗收資料) by the First Contractor and the filing of all such information and documents to the relevant PRC government authorities, including 唐山市城市建設檔案館 (Tangshan Urban Construction Archives[#]), to the satisfaction of the PRC Project Company 1 and the relevant PRC government authorities, completion of the final review by the PRC Project Company 1 and the entering into of a written confirmation by both the PRC Project Company 1 and the First Contractor, the PRC Project Company 1 shall pay the First Contractor up to 95% of the total value of work certified; and

(iii) The amount equal to 5% of the total value of work certified shall be retained by the PRC Project Company 1 as retention monies for post-completion repairs. The PRC Project Company 1 shall pay the First Contractor the 40% and 60% of the retention monies, after deducting repair costs incurred, after 1 year and 2 years from the date of passing of the inspection completion mentioned in stage (ii) of the payment terms above, the completion of the necessary filings of the inspection completion and acceptance information (竣工驗收資料) with the relevant PRC authorities or the project handover (whichever is later) respectively.

Variation of scope of Work : Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.

Construction period : 200 days

Effective date of the First Foundation Works Contractor Contract : The First Foundation Works Contractor Contract shall be effective upon (i) the due execution of the First Foundation Works Contractor Contract; and (ii) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company to be convened and held for the necessary resolution to approve the First Foundation Works Contractor Contract and the transactions contemplated thereunder.

LETTER FROM THE BOARD

- Scheduled date of commencement of the construction work : The actual construction work shall commence from the date when the engineering order (工程開工令) is made by PRC Project Company 1 which will be after the fulfillment of the above conditions.
- Progress report : The First Contractor shall provide monthly report to PRC Project Company 1 on the progress of the foundation works.
- Warranties and warranty period : The First Contractor shall provide warranty of the quality in respect of different parts of the works covered under the First Foundation Works Contractor Contract, with warranty period equal to the expected useful lives of the buildings (being 40 years for commercial buildings) for foundation and main structural work and two years for other construction work.

Second Foundation Works Contractor Contract

On 21 June 2014, the PRC Project Company 1 also entered into the Second Foundation Works Contractor Contract with the Second Contractor for the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the First Piece of Land at the total project cost of RMB14,770,599 (equivalent to approximately HK\$18,315,543). The major terms of the Second Foundation Works Contractor Contract are set out as follows:

- Date : 21 June 2014
- Parties : (i) PRC Project Company 1, as the owner
(ii) Second Contractor, as the contractor

The principal business activity of the Second Contractor is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Contractor is a sister company to the First Contractor and the Second Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

- Project location : Land Lot A-01 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m.

LETTER FROM THE BOARD

Scope of work : Foundation works under the construction drawing of the Second Foundation Works Contractor Contract, including but not limited to the earthwork, foundation pit support and piling work.

Project costs : The total project costs are RMB 14,770,599 (equivalent to approximately HK\$18,315,543), inclusive of all costs of labour, materials, components, equipment, construction and project management fee in relation to the foundation works of Tangshan Tiexi Lerthai Project on the First Piece of Land, with adjustment provisions for any variation of work.

It will be normal for variation orders to be issued by the PRC Project Company 1 due to minor alteration and adjustment of the scope of work and use of materials under the Second Foundation Works Contractor Contract. The project cost shall be adjusted upward or downward in accordance with the scale of variation, volume and price of the materials, machineries and human resources involved. Based on the experience of the management of PRC Project Company 1, it is expected that upward adjustment, if any, would not exceed 15% of the total project cost. Notwithstanding that no cap for the adjustment has been set out in the Second Foundation Works Contractor Contract, the Company shall comply with the applicable reporting, announcement and/or shareholders' approval requirements under the Listing Rules as and when appropriate, in the event the upward adjustments exceeds 15% of the total project costs.

Payment terms : The project costs shall be paid by way of progress payments. The PRC Project Company 1 shall pay the Second Contractor each progress payment in respect of each stage of the foundation works under the Second Foundation Works Contractor Contract after completion and acceptance of the relevant work done. Details of the payment terms are as follows:

- (i) The PRC Project Company 1 shall pay the Second Contractor a project progress payment of up to 50% of the project costs based on the total amount of work completed within 15 working days after inspected by the PRC Project Company 1 and the Inspection Company;

LETTER FROM THE BOARD

(ii) Within 60 working days after the completion of inspection, submission of the inspection completion and acceptance information (竣工驗收資料) by the Second Contractor and the filing of all such information and documents to the relevant PRC government authorities, including 唐山市城市建設檔案館 (Tangshan Urban Construction Archives[#]), to the satisfaction of the PRC Project Company 1 and the relevant PRC government authorities, completion of the final review by the PRC Project Company 1 and the entering into of a written confirmation by both the PRC Project Company 1 and the Second Contractor, the PRC Project Company 1 shall pay the Second Contractor up to 95% of the total value of work certified; and

(iii) The amount equal to 5% of the total value of work certified shall be retained by the PRC Project Company 1 as retention monies for post-completion repairs. The PRC Project Company 1 shall pay the Second Contractor the 40% and 60% of the retention monies, after deducting repair costs incurred, after 1 year and 2 years from the date of passing of the inspection completion mentioned in stage (ii) of the payment terms above, the completion of the necessary filings of the inspection completion and acceptance information (竣工驗收資料) with the relevant PRC authorities or the project handover (whichever is later) respectively.

Variation of scope of Work	:	Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.
Construction period	:	200 days
Effective date of the Second Foundation Works Contractor Contract	:	The Second Foundation Works Contractor Contract shall be effective upon (i) the due execution of the Second Foundation Works Contractor Contract; and (ii) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company to be convened and held for the necessary resolution to approve the Second Foundation Works Contractor Contract and the transactions contemplated thereunder.

LETTER FROM THE BOARD

- Scheduled date of commencement of the construction work : The actual construction work shall commence from the date when the engineering order (工程開工令) is made by PRC Project Company 1 which will be after the fulfillment of the above conditions.
- Progress report : The Second Contractor shall provide monthly report to PRC Project Company 1 on the progress of the foundation works.
- Warranties and warranty period : The Second Contractor shall provide warranty of the quality in respect of different parts of the works covered under the Second Foundation Works Contractor Contract, with warranty period equal to the expected useful lives of the buildings (being 40 years for commercial buildings) for foundation and main structural work and two years for other construction work.

Third Foundation Works Contractor Contract

On 21 June 2014, the PRC Project Company 2, an indirect wholly-owned subsidiary of the Company, also entered into the Third Foundation Works Contractor Contract with the Second Contractor for the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the Second Piece of Land at the total project cost of RMB22,155,899 (equivalent to approximately HK\$27,473,315). The major terms of the Third Foundation Works Contractor Contract are set out as follows:

- Date : 21 June 2014
- Parties : (i) PRC Project Company 2, as the owner
(ii) Second Contractor, as the contractor

The principal business activity of the Second Contractor is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Contractor is a sister company to the First Contractor and the Second Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

- Project location : Land Lot A-02 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 63,595.87 sq. m.

LETTER FROM THE BOARD

Scope of work : Foundation works under the construction drawing of the Third Foundation Works Contractor Contract, including but not limited to the earthwork, foundation pit support and piling work.

Project costs : The total project costs are RMB22,155,899 (equivalent to approximately HK\$27,473,315), inclusive of all costs of labour, materials, components, equipment, construction and project management fee in relation to the foundation works of the Tangshan Tiexi Lerthai Project on the Second Piece of Land, with adjustment provisions for any variation of work.

It will be normal for variation orders to be issued by the PRC Project Company 2 due to minor alteration and adjustment of the scope of work and use of materials under the Third Foundation Works Contractor Contract. The project cost shall be adjusted upward or downward in accordance with the scale of variation, volume and price of the materials, machineries and human resources involved. Based on the experience of the management of PRC Project Company 2, it is expected that upward adjustment, if any, would not exceed 15% of the total project cost. Notwithstanding that no cap for the adjustment has been set out in the Third Foundation Works Contractor Contract, the Company shall comply with the applicable reporting, announcement and/or shareholders' approval requirements under the Listing Rules as and when appropriate, in the event the upward adjustments exceeds 15% of the total project costs.

Payment terms : The project costs shall be paid by way of progress payments. The PRC Project Company 2 shall pay the Second Contractor each progress payment in respect of each stage of the foundation works under the Third Foundation Works Contractor Contract after completion and acceptance of the relevant work done. Details of the payment terms are as follows:

- (i) The PRC Project Company 2 shall pay the Second Contractor a project progress payment of up to 50% of the project costs based on the total amount of work completed within 15 working days after inspected by the PRC Project Company 2 and the Inspection Company;

LETTER FROM THE BOARD

(ii) Within 60 working days after the completion of inspection, submission of the inspection completion and acceptance information (竣工驗收資料) by the Second Contractor and the filing of all such information and documents to the relevant PRC Government authorities, including 唐山市城市建設檔案館 (Tangshan Urban Construction Archives[#]), to the satisfaction of the PRC Project Company 2 and the relevant PRC government authorities completion of the final review by the PRC Project Company 2 and the entering into of a written confirmation by both the PRC Project Company 2 and the Second Contractor, the PRC Project Company 2 shall pay the Second Contractor up to 95% of the total value of work certified; and

(iii) The amount equal to 5% of the total value of work certified shall be retained by the PRC Project Company 2 as retention monies for post-completion repairs. The PRC Project Company 2 shall pay the Second Contractor 40% and 60% of the retention monies, after deducting repair costs incurred, after 1 year and 2 years from the date of passing of the completion inspection mentioned in stage (ii) of the payment terms above, the completion of the necessary filings of the inspection completion and acceptance information (竣工驗收資料) with the relevant PRC authorities or the project handover (whichever is later) respectively.

Variation of scope of Work	:	Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.
Construction period	:	200 days
Effective date of the Third Foundation Works Contractor Contract	:	The Third Foundation Works Contractor Contract shall be effective upon (i) the due execution of the Third Foundation Works Contractor Contract and (ii) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company to be convened and held for the necessary resolution to approve the Third Foundation Works Contractor Contract and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Scheduled date of commencement of the construction work	:	The actual construction work shall commence from the date when the engineering order (工程開工令) is made by PRC Project Company 2, which will be after the fulfillment of the above conditions.
Progress report	:	The Second Contractor shall provide monthly report on the progress of the foundation works.
Warranties and warranty period	:	The Second Contractor shall provide warranty of the quality in respect of different parts of the works covered under the Third Foundation Works Contractor Contract, with warranty period equal to the expected useful lives of the buildings (being 40 years for commercial buildings and 70 years for residential buildings) for foundation and main structural work and two years for other construction work.

MAIN CONTRACTOR CONTRACTS

First Main Contractor Contract

On 21 June 2014, the PRC Project Company 1, entered into the First Main Contractor Contract with the First Contractor for the construction of the Tangshan Tiexi Lerthai Project on the First Piece of Land at the total project costs of RMB641,224,381 (equivalent to approximately HK\$795,118,232). The major terms of the First Main Contractor Contract are set out as follows:

Date	:	21 June 2014
Parties	:	(i) PRC Project Company 1, as the owner (ii) First Contractor, as the contractor

The principal business activity of the First Contractor is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the First Contractor is a sister company to the Second Contractor and the First Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

Project location	:	Land Lot A-01 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m.
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LETTER FROM THE BOARD

- Specifications of the works under the First Main Contractor Contract : The works cover a gross construction area (i.e. gross floor area) of approximately 299,845 sq. m., including 104,189 sq. m. of gross floor area of underground constructions. The ground buildings comprise two small office/home office buildings, a retail podium and shops. The underground buildings comprise commercial basement.
- Scope of work : Project management and construction works under the construction drawing of the First Main Contractor Contract, including but not limited to main structural work, decoration work, electrical installation work, electrical engineering, waterproof work, water supply and drainage work, fire engineering work, etc.
- Project costs : The total project costs are RMB641,224,381 (equivalent to approximately HK\$795,118,232), inclusive of all costs of labour, materials, components, equipment, construction and project management fee in relation to the Tangshan Tiexi Lerthai Project, with adjustment provisions for any variation of work.
- It will be normal for variation orders to be issued by the PRC Project Company 1 due to minor alteration and adjustment of the scope of work and use of materials under the First Main Contractor Contract. The project cost shall be adjusted upward or downward in accordance with the scale of variation, volume and price of the materials, machineries and human resources involved. Based on the experience of the management of PRC Project Company 1, it is expected that upward adjustment, if any, would not exceed 15% of the total project cost. Notwithstanding that no cap for the adjustment has been set out in the First Main Contractor Contract, the Company shall comply with the applicable reporting, announcement and/or shareholders' approval requirements under the Listing Rules as and when appropriate, in the event the upward adjustments exceeds 15% of the total project costs.
- Performance guarantee : The First Contractor shall provide the PRC Project Company 1 with a performance guarantee to guarantee its performance under the First Main Contractor Contract by way of a letter of guarantee to be issued by a bank operating in the PRC within 5 days from the date of the First Main Contractor Contract. The amount of the performance guarantee shall be equivalent to 3% of the total project costs.

LETTER FROM THE BOARD

Payment terms : The project costs shall be paid by way of progress payments. The PRC Project Company 1 shall pay the First Contractor each progress payment in respect of each stage of the construction work under the First Main Contractor Contract after completion and acceptance of the relevant work done. Details of the payment terms are set out as follows:

- (i) The PRC Project Company 1 shall pay the First Contractor a project progress payment of up to about 70% of the project costs based on the total amount of work completed within 30 working days after inspected and accepted by the PRC Project Company 1 and the Inspection Company. The construction work mainly involves underground works, retail podium construction, towers construction and secondary interior refined decoration. Depending on the nature of different construction work, the progress is different. For instance, the progress for the construction of retail podium shall be inspected for every two completed levels whereas that for the construction of towers shall be inspected for every six completed levels;
- (ii) Within 15 working days after the entering into of a written confirmation by both the PRC Project Company 1 and the First Contractor confirming the completion of the inspection and the project hand over, the PRC Project Company 1 shall pay the First Contractor up to 80% of the project costs;
- (iii) Within 15 working days after submission of the inspection completion and acceptance information (竣工驗收資料) by the First Contractor and the filing of all such information and documents to the relevant PRC government authorities, including 唐山市城市建設檔案館 (Tangshan Urban Construction Archives[#]), to the satisfaction of the PRC Project Company 1 and the relevant PRC government authorities, the PRC Project Company 1 shall pay the First Contractor up to 85% of the project costs;

LETTER FROM THE BOARD

- (iv) Within 15 working days after submission of the account closing statements (結算書) by the First Contractor and the issue of the written acknowledgement by the PRC Project Company 1, the PRC Project Company 1 shall pay the First Contractor up to 88% of the project costs;
- (v) Within 60 working days after completion of the final review of the account closing statements (結算書) by the PRC Project Company 1 and the entering into of a written confirmation by both the PRC Project Company 1 and the First Contractor, the PRC Project Company 1 shall pay the First Contractor up to 95% of the total value of work certified; and
- (vi) The amount equal to 5% of the total value of work certified shall be retained by the PRC Project Company 1 as retention monies for post-completion repairs. The PRC Project Company 1 shall pay the First Contractor 40% and 60% of the retention monies, after deducting repair costs incurred, after 1 year and 2 years from the date of passing of the inspection completion mentioned in stage (ii) of the payment terms above, the completion of the necessary filings of the inspection completion and acceptance information (竣工驗收資料) with the relevant PRC authorities or the project handover (whichever is later) respectively (other than waterproof work which shall be paid after 5 years).

Variation of scope of work : Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.

Construction period : 818 days

Effective date of the First Main Contractor Contract : The First Main Contractor Contract shall be effective upon the fulfillment of the following conditions:

- (i) due execution of the First Main Contractor Contract;
- (ii) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company to be convened and held for the necessary resolution to approve the First Main Contractor Contract and the transactions contemplated thereunder; and

LETTER FROM THE BOARD

(iii) filing of the First Main Contractor Contract with 河北省唐山市住房和建設局 (Housing and Construction Bureau of Tangshan City, Hebei Province in the PRC).

Scheduled date of commencement of the construction work	:	The scheduled date of commencement of the construction work is expected to be 31 July 2014. The actual construction work shall commence from the date when the engineering order (工程開工令) is made by PRC Project Company 1 which will be after the fulfillment of the above conditions.
Scheduled date of completion of the construction work	:	The construction work is scheduled to be completed by 25 October 2016, subject to any variation agreed by the parties of the First Main Contractor Contract.
Progress report	:	The First Contractor shall provide monthly report to PRC Project Company 1 on the progress of the construction.
Warranties and warranty period	:	The First Contractor shall provide warranty of the quality in respect of different parts of the works covered under the First Main Contractor Contract, with warranty period equal to the expected useful lives of the buildings (being 40 years for commercial buildings) for foundation and main structural work and a range of two to five years for other construction work.

Second Main Contractor Contract

On 21 June 2014, the PRC Project Company 1 also entered into the Second Main Contractor Contract with the Second Contractor for the construction of the Tangshan Tiexi Lerthai Project on the First Piece of Land at the total project costs of RMB326,196,318 (equivalent to approximately HK\$404,483,434). The major terms of the Second Main Contractor Contract are set out as follows:

Date	:	21 June 2014
Parties	:	(i) PRC Project Company 1, as the owner (ii) Second Contractor, as the contractor

LETTER FROM THE BOARD

The principal business activity of the Second Contractor is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Contractor is a sister company to the First Contractor and the Second Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

- Project location : Land Lot A-01 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m.
- Specifications of the works under the Second Main Contractor Contract : The works cover a gross construction area (i.e. gross floor area) of approximately 134,702 sq. m., including 39,200 sq. m. of gross floor area of underground constructions. The ground buildings comprise a business hotel and spa centre, a small office/home office building, a retail podium and shops. The underground buildings comprise commercial basement.
- Scope of work : Project management and construction works under the construction drawing of the Second Main Contractor Contract, including but not limited to main structural work, decoration work, electrical installation work, electrical engineering, waterproof work, water supply and drainage work, fire engineering work, etc.
- Project costs : The total project costs are RMB326,196,318 (equivalent to approximately HK\$404,483,434), inclusive of all costs of labour, materials, components, equipment, construction and project management fee in relation to the Tangshan Tiexi Lerthai Project, with adjustment provisions for any variation of work.

LETTER FROM THE BOARD

It will be normal for variation orders to be issued by the PRC Project Company 1 due to minor alteration and adjustment of the scope of work and use of materials under the Second Main Contractor Contract. The project cost shall be adjusted upward or downward in accordance with the scale of variation, volume and price of the materials, machineries and human resources involved. Based on the experience of the management of PRC Project Company 1, it is expected that upward adjustment, if any, would not exceed 15% of the total project cost. Notwithstanding that no cap for the adjustment has been set out in the Second Main Contractor Contract, the Company shall comply with the applicable reporting, announcement and/or shareholders' approval requirements under the Listing Rules as and when appropriate, in the event the upward adjustments exceeds 15% of the total project costs.

Performance
guarantee

: The Second Contractor shall provide the PRC Project Company 1 with a performance guarantee to guarantee its performance under the Second Main Contractor Contract by way of a letter of guarantee to be issued by a bank operating in the PRC within 5 days from the date of the Second Main Contractor Contract. The amount of the performance guarantee shall be equivalent to 3% of the total project costs.

LETTER FROM THE BOARD

Payment terms : The project costs shall be paid by way of progress payments. The PRC Project Company 1 shall pay the Second Contractor each progress payment in respect of each stage of the construction work under the Second Main Contractor Contract after completion and acceptance of the relevant work done. Details of the payment terms are set out as follows:

- (i) The PRC Project Company 1 shall pay the Second Contractor a project progress payment of up to about 70% of the project costs based on the total amount of work completed within 30 working days after inspected and accepted by the PRC Project Company 1 and the Inspection Company. The construction work mainly involves underground works, retail podium construction, towers construction and secondary interior refined decoration. Depending on the nature of different construction work, the progress is different. For instance, the progress for the construction of retail podium shall be inspected for every two completed levels whereas that for the construction of towers shall be inspected for every six completed levels;
- (ii) Within 15 working days after the entering into of a written confirmation by both the PRC Project Company 1 and the Second Contractor confirming the completion of the inspection and the project hand over, the PRC Project Company 1 shall pay the Second Contractor up to 80% of the project costs;
- (iii) Within 15 working days after submission of the inspection completion and acceptance information (竣工驗收資料) by the Second Contractor and the filing of all such information and documents to the relevant PRC government authorities, including 唐山市城市建設檔案館 (Tangshan Urban Construction Archives[#]), to the satisfaction of the PRC Project Company 1 and the relevant PRC government authorities, the PRC Project Company 1 shall pay the Second Contractor up to 85% of the project costs;

LETTER FROM THE BOARD

- (iv) Within 15 working days after submission of the account closing statements (結算書) by the Second Contractor and the issue of the written acknowledgement by the PRC Project Company 1, the PRC Project Company 1 shall pay the Second Contractor up to 88% of the project costs;
- (v) Within 60 working days after completion of the final review of the account closing statements (結算書) by the PRC Project Company 1 and the entering into of a written confirmation by both the PRC Project Company 1 and the Second Contractor, the PRC Project Company 1 shall pay the Second Contractor up to 95% of the total value of work certified; and
- (vi) The amount equal to 5% of the total value of work certified shall be retained by the PRC Project Company 1 as retention monies for post-completion repairs. The PRC Project Company 1 shall pay the Second Contractor 40% and 60% of the retention monies, after deducting repair costs incurred, after 1 year and 2 years from the date of passing of the inspection completion mentioned in stage (ii) of the payment terms above, the completion of the necessary filings of the inspection completion and acceptance information (竣工驗收資料) with the relevant PRC authorities or the project handover (whichever is later) respectively (other than waterproof work which shall be paid after 5 years).

Variation of scope of work	:	Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.
Construction period	:	818 days
Effective date of the Second Main Contractor Contract	:	The Second Main Contractor Contract shall be effective upon the fulfillment of the following conditions: <ul style="list-style-type: none">(i) due execution of the Second Main Contractor Contract;(ii) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company to be convened and held for the necessary resolution to approve the Second Main Contractor Contract and the transactions contemplated thereunder; and

LETTER FROM THE BOARD

(iii) filing of the Second Main Contractor Contract with 河北省唐山市住房和建設局 (Housing and Construction Bureau of Tangshan City, Hebei Province in the PRC).

Scheduled date of commencement of the construction work	:	The scheduled date of commencement of the construction work is expected to be 31 July 2014. The actual construction work shall commence from the date when the engineering order (工程開工令) is made by PRC Project Company 1 which will be after the fulfillment of the above conditions.
Scheduled date of completion of the construction work	:	The construction work is scheduled to be completed by 25 October 2016, subject to any variation agreed by the parties of the Second Main Contractor Contract.
Progress report	:	The Second Contractor shall provide monthly report to PRC Project Company 1 on the progress of the construction.
Warranties and warranty period	:	The Second Contractor shall provide warranty of the quality in respect of different parts of the works covered under the Second Main Contractor Contract, with warranty period equal to the expected useful lives of the buildings (being 40 years for commercial buildings) for foundation and main structural work and a range of two to five years for other construction work.

Third Main Contractor Contract

On 21 June 2014, the PRC Project Company 2 also entered into the Third Main Contractor Contract with the Second Contractor for the construction of the Tangshan Tiexi Lerthai Project on the Second Piece of Land at the total project costs of RMB510,591,950 (equivalent to approximately HK\$633,134,018). The major terms of the Third Main Contractor Contract are set out as follows:

Date	:	21 June 2014
Parties	:	(i) PRC Project Company 2, as the owner (ii) Second Contractor, as the contractor

LETTER FROM THE BOARD

The principal business activity of the Second Contractor is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Contractor is a sister company to the First Contractor and the Second Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

- Project location : Land Lot A-02 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 63,595.87 sq. m.
- Specifications of the works under the Third Main Contractor Contract : The works cover a gross construction area (i.e. gross floor area) of approximately 254,538 sq. m., including 10,524 sq. m. of gross floor area of underground constructions. The ground buildings comprise 9 residential buildings, shops and garage. The underground buildings comprise residential basement.
- Scope of work : Project management and construction works under the construction drawing of the Third Main Contractor Contract, including but not limited to main structural work, decoration work, electrical installation work, electrical engineering, waterproof work, water supply and drainage work, fire engineering work, etc.
- Project costs : The total project costs are RMB510,591,950 (equivalent to approximately HK\$633,134,018), inclusive of all costs of labour, materials, components, equipment, construction and project management fee in relation to the Tangshan Tiexi Lerthai Project, with adjustment provisions for any variation of work.

LETTER FROM THE BOARD

It will be normal for variation orders to be issued by the PRC Project Company 2 due to minor alteration and adjustment of the scope of work and use of materials under the Third Main Contractor Contract. The project cost shall be adjusted upward or downward in accordance with the scale of variation, volume and price of the materials, machineries and human resources involved. Based on the experience of the management of PRC Project Company 2, it is expected that upward adjustment, if any, would not exceed 15% of the total project cost. Notwithstanding that no cap for the adjustment has been set out in the Third Main Contractor Contract, the Company shall comply with the applicable reporting, announcement and/or shareholders' approval requirements under the Listing Rules as and when appropriate, in the event the upward adjustments exceeds 15% of the total project costs.

- Performance guarantee : The Second Contractor shall provide the PRC Project Company 2 with a performance guarantee to guarantee its performance under the Third Main Contractor Contract by way of a letter of guarantee to be issued by a bank operating in the PRC within 5 days from the date of the Third Main Contractor Contract. The amount of the performance guarantee shall be equivalent to 3% of the total project costs.
- Payment terms : The project costs shall be paid by way of progress payments. The PRC Project Company 2 shall pay the Second Contractor each progress payment in respect of each stage of the construction work under the Third Main Contractor Contract after completion and acceptance of the relevant work done. Details of the payment terms are set out as follows:

LETTER FROM THE BOARD

- (i) The PRC Project Company 2 shall pay the Second Contractor a project progress payment of up to about 70% of the project costs based on the total amount of work completed within 30 working days after inspected and accepted by the PRC Project Company 2 and the Inspection Company. The construction work mainly involves underground works, towers construction and secondary interior refined decoration. Depending on the nature of different construction work, the progress is different. For instance, the progress for the construction of towers shall be inspected for every six completed levels;
- (ii) Within 15 working days after the entering into of a written confirmation by both the PRC Project Company 2 and the Second Contractor confirming the completion of the inspection and the project hand over, the PRC Project Company 2 shall pay the Second Contractor up to 80% of the project costs;
- (iii) Within 15 working days after submission of the inspection completion and acceptance information (竣工驗收資料) by the Second Contractor and the filing of all such information and documents to the relevant PRC Government authorities, including 唐山市城市建設檔案館 (Tangshan Urban Construction Archives[#]), to the satisfaction of the PRC Project Company 2 and the relevant PRC government authorities, the PRC Project Company 2 shall pay the Second Contractor up to 85% of the project costs;
- (iv) Within 15 working days after submission of the account closing statements (結算書) by the Second Contractor and the issue of the written acknowledgement by the PRC Project Company 2, the PRC Project Company 2 shall pay the Second Contractor up to 88% of the project costs;
- (v) Within 60 working days after completion of the final review of the account closing statements (結算書) by the PRC Project Company 2 and the entering into of a written confirmation by both the PRC Project Company 2 and the Second Contractor, the PRC Project Company 2 shall pay the Second Contractor up to 95% of the total value of work certified; and

LETTER FROM THE BOARD

(vi) The amount equal to 5% of the total value of work certified shall be retained by the PRC Project Company 2 as retention monies for post-completion repairs. The PRC Project Company 2 shall pay the Second Contractor 40% and 60% of the retention monies, after deducting repair costs incurred, after 1 year and 2 years from the date of passing of the inspection completion mentioned in stage (ii) of the payment terms above, the completion of the necessary filings of the inspection completion and acceptance information (竣工驗收資料) with the relevant PRC authorities or the project handover (whichever is later) respectively (other than waterproof work which shall be paid after 5 years).

- Variation of scope of work : Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.
- Construction period : 818 days
- Effective date of the Third Main Contractor Contract : The Third Main Contractor Contract shall be effective upon the fulfillment of the following conditions:
- (i) due execution of the Third Main Contractor Contract;
 - (ii) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company to be convened and held for the necessary resolution to approve the Third Main Contractor Contract and the transactions contemplated thereunder; and
 - (iii) filing of the Third Main Contractor Contract with 河北省唐山市住房和建設局 (Housing and Construction Bureau of Tangshan City, Hebei Province in the PRC).
- Scheduled date of commencement of the construction work : The scheduled date of commencement of the construction work is expected to be 31 July 2014. The actual construction work shall commence from the date when the engineering order (工程開工令) is made by PRC Project Company 2, which will be after the fulfillment of the above conditions.

LETTER FROM THE BOARD

- Scheduled date of completion of the construction work : The construction work is scheduled to be completed by 25 October 2016, subject to any variation agreed by the parties of the Third Main Contractor Contract.
- Progress report : The Second Contractor shall provide monthly report to PRC Project Company 2 on the progress of the construction.
- Warranties and warranty period : The Second Contractor shall provide warranty of the quality in respect of different parts of the works covered under the Second Main Contractor Contract, with warranty period equal to the expected useful lives of the buildings (being 40 years for commercial buildings and 70 years for residential buildings) for foundation and main structural work and a range of ranging from two to five years for other construction work.

FUNDING

The total project costs under the Foundation Works Contractor Contracts and the Main Contractor Contracts together with the proposed acquisition in relation to the acquisition of a property in the USA announced by the Company on 15 April 2014 are expected to be funded by a combination of existing bank and cash balances, the expected internally generated funds and other potential facilities from financial and/or banking institutions if considered necessary.

Regarding the funding for the total project costs under the Foundation Works Contractor Contracts and the Main Contractor Contracts, the Company anticipates to obtain facilities from financial and/or banking institutions with amount of facilities not exceeding HK\$1.24 billion (equivalent to approximately RMB1 billion) (the “**Bank Construction Loan**”). As at the Latest Practicable Date, the Company is still in preliminary negotiation with the relevant financial institution(s) in securing the Bank Construction Loan. Subject to the negotiation with the relevant financial institution(s) and the progress of the Tangshan Tiexi Lerthai Project, the Company plans to draw down the Bank Construction Loan by stages, with an approximate amount of RMB300 million (equivalent to approximately HK\$372 million) to be drawn down by the end of 2014 and part of the Bank Construction Loan in an approximate amount of RMB700 million (equivalent to approximately HK\$868 million) to be drawn down by the second quarter of 2015.

The Company anticipates that the total project costs under the Foundation Works Contractor Contracts and the Main Contractor Contracts will be mainly funded by the Bank Construction Loan and internal generated funds, whereas the remaining sum of the total project costs will be funded by the proceeds from the presale of the commercial and/or residential properties in the Tangshan Tiexi Lerthai Project which is expected to commence

LETTER FROM THE BOARD

in or about the end of 2014. In the event the Bank Construction Loan cannot be obtained, the Company anticipates total project costs shall be funded by the internal generated funds and proceeds from the presale of the above properties.

Regarding the acquisition of property in the USA, as disclosed in the announcement of the Company dated 16 July 2014, the purchase and sale agreement dated 14 April 2014 and the supplemental purchase and sale agreements thereto (the “**Purchase and Sale Agreement**”) and entered into between LT Global Investment, Inc., a wholly owned subsidiary of the Company, as purchaser, and SHP Capital, LP as seller in relation to the acquisition (the “**Acquisition**”) of a parcel of land (Assessor Parcel No. 8493-040-180 and 8493-40-179) situated at 1410-1432 South Azusa Avenue, in the City of West Covina, State of California, the USA (the “**US Land**”) which covers a total area of 9.43 acres at the consideration of US\$20,695,000 (equivalent to HK\$161,421,000) was approved by an extraordinary general meeting of the Company held on 15 July 2014. As such, as disclosed in the announcements of the Company dated 15 April 2014, 9 May 2014, 30 May 2014 and 16 June 2014 and the circular of the Company dated 27 June 2014, the Group intends to obtain bank mortgage financing to fund part of the purchase price for the Acquisition.

As at the Latest Practicable Date, the Company is also in the course of negotiation with various financial institutions for banking facilities and/or debts financing, including the possible placing of bonds with an aggregate principal amount of up to HK\$600,000,000 to be issued by the Company, to fund its potential participation in the development of three pieces of land located in Xingtai City and Baoding City of Hebei Province, the PRC, and Nanjing City of Jiangsu Province, the PRC respectively and/or other potential projects. The Company wishes to emphasise that as the negotiation for such banking facilities and/or debts financing and the aforementioned development projects are still ongoing and may or may not proceed. Further announcement in respect of the above will be made by the Company in compliance with the Listing Rules as and when appropriate.

Financial Effect of entering into the Foundation Works Contractor Contracts and the Main Contractor Contracts

The aggregate contract sum of the Foundation Works Contractor Contracts and the Main Contractor Contracts is RMB1,553,705,375 (equivalent to approximately HK\$1,926,594,665), with adjustment provisions for any variation of work.

It is expected that upon the Foundation Works Contractor Contracts and the Main Contractor Contracts becoming effective, the Group’s total assets shall be increased in accordance with the progress of the construction which offset by the construction payments in cash. Those properties to be held for sale shall be accounted for as the Group’s properties for sale under development and be measured at cost. Those properties to be held as investment to earn rental income shall be accounted for as the Group’s investment properties and be measured initially at cost and subsequently at fair value. Changes in fair value of investment properties will be recognized in profit or loss. There will be an increase in the liabilities of the Group to finance the construction payments. The value of the Tangshan Tiexi Lerthai Project will fluctuate during the course of the construction period and the valuation of the work-in-progress will be subject to the inspection and acceptance

LETTER FROM THE BOARD

by the PRC Project Companies and the Inspection Company and the then market value. The Group expects that the development of the Tangshan Tiexi Lerthai Project will generate proceeds for sale of properties and rental income to the Group, and the Group will incur finance costs and expenses.

INFORMATION ABOUT THE PARTIES AND THE INSPECTION COMPANY AND REASONS FOR THE ENTERING INTO OF THE FOUNDATION WORKS CONTRACTOR CONTRACTS AND THE MAIN CONTRACTOR CONTRACTS

The Group is principally engaged in securities investment and finance and property investment and development.

The First Contractor is a company established in the PRC which is principally engaged in building construction who has obtained premium class building project main contractor certificate issued by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC).

The Second Contractor is a company established in the PRC which is principally engaged in building construction who has obtained premium class building project main contractor certificate issued by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC).

Both the First Contractor and the Second Contractor are the subsidiaries of China Railway Construction Corporation Limited, being a company incorporated in the PRC with limited liability whose principal activities mainly consist of the construction of infrastructure, the provision of survey, design and consultancy services, the provision of logistics services, industrial manufacturing and real estate development and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1186). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the First Contractor, the Second Contractor and their ultimate beneficial owners are Independent Third Parties.

The Inspection Company is a company incorporated in the PRC with limited liability, who has obtained 房屋建築工程監理甲級 (First Class Building Construction Project Supervisor Certificate[#]) issued by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Inspection Company and its ultimate beneficial owner(s) are Independent Third Parties.

Under the Foundation Works Contractor Contracts and Main Contractor Contracts, the Inspection Company is responsible for, including but not limited to, the following: (a) approving the project commencement report, organization chart, technology solution, progress plan; (b) reviewing any application by and payment voucher of the First Contractor and the Second Contractor; (c) reviewing any compensation request made by the First Contractor and the Second Contractor for any extension of the construction period; and (d) reviewing on a monthly basis the certificate of the special construction worker and compiling the relevant record.

LETTER FROM THE BOARD

With the prior approval of the PRC Company 1/PRC Company 2 (as the case may be), the Inspection Company is, responsible for, including but not limited to, the following: (a) issuing the engineering order, suspension order and resumption order; (b) approving delay of the construction period, the quantity and price of works completed, and adjustment of the project costs; (c) signing the payment certificate; and (d) inspection and implementation of the safety system.

As disclosed in the announcements of the Company dated 22 January 2014 and 24 January 2014 and the Circular, the Group succeeded in the bid of two pieces of land in Tangshan City, Hebei Province, the PRC, in January 2014. The First Piece of Land and the Second Piece of Land are adjacent to each other. Having obtained the relevant approvals granted by 唐山市路北區發展改革局 (Tangshan Lubei Development and Reform Bureau), the Group plans to develop them together to form a complex residential and commercial project — the Tangshan Tiexi Lerthai Project. In particular, the First Piece of Land is designated for commercial use and the Group plans to develop a commercial complex, including but not limited to shopping malls, shops, office and hotels, on the First Piece of Land as part of the Tangshan Tiexi Lerthai Project. The Second Piece of Land is designated for commercial and residential use and the Group plans to develop residential properties on the Second Piece of Land.

It is estimated that the construction period for the Tangshan Tiexi Lerthai Project will be 818 days. Assuming that the construction work can be commenced on or about 31 July 2014, the key milestones for completion of various stages of construction works are summarised as follows:

Description of construction works	Target date of completion
Completion of underground floors (正負零完成)	in or around November 2014
Completion of construction of retail podium (商業裙房封頂)	in or around May 2015
Completion of main structural work (主體結構封頂)	in or around September 2015
Completion of façade (完成外裝)	in or around March 2016
Completion of interior fitting out (完成內裝)	in or around first to second quarter of 2016
Completion of the construction work and meeting the occupation standard (竣工並達到入伙開業要求)	in or around October 2016

The target dates stated above are based on the assessment of the construction works expected to be involved as at the date of this circular. As such, the target dates may be subject to change depending on, among other matters, the progress of the construction work, any variation or alteration of the scope of work, the availability of materials, machineries and human resources, etc. Any material changes to the target dates for completion of the construction works will be announced by the Company in compliance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

The Foundation Works Contractor Contracts and the Main Contractor Contracts have been awarded to the First Contractor and the Second Contractor by way of public tender. In selecting the contractors of the Tangshan Tiexi Lerthai Project, the Directors had considered various assessment criteria, including but not limited to, the tender price, construction qualifications, relevant construction experience and expertise, human resources and reputation of all the tenderers.

In particular, the Directors had considered the following factors in selecting the First Contractor and the Second Contractor:

- (a) the First Contractor's and Second Contractor's reasonable tender price;
- (b) each of the First Main Contractor and Second Main Contractor holds premium class building project contractor certificate;
- (c) rich experience of the First Contractor and Second Contractor;
- (d) good reputation of the First Contractor and Second Contractor; and
- (e) adequate human resources of the First Contractor and Second Contractor.

In determining the number of contractors to be appointed for the Tangshan Tiexi Lerthai Project, the Company has mainly considered the scale and complexity of the project. Given the Tangshan Tiexi Lerthai Project is relatively large, which covers an aggregate gross floor area of approximately 680,000 sq. m., the Board considers that the engagement of two contractors (as opposed to one contractor) could reduce the associated risks involved with undue reliance on a single contractor.

As disclosed in the Circular, the First Piece of Land and the Second Piece of Land are adjacent to each other and are respectively owned by two separate subsidiaries of the Company, namely PRC Project Company 1 and PRC Project Company 2. Due to the presence of a road on the First Piece of Land in the development plan which physically divides the First Piece of Land into two parts, the First Piece of Land together with the Second Piece of Land are physically divided into three portions. Thus, for ease of administration purpose, the Company has entered into three Foundation Works Contractor Contracts and three Main Contractor Contracts, each covers a different portion of the Land. While the First Foundation Works Contractor Contract and the First Main Contractor Contract covers the construction work for one portion of the First Piece of Land on one side of the road, the Second Foundation Works Contractor Contract and the Second Main Contractor Contract covers the construction work for the remaining portion of the First Piece of Land on the other side of the road, and the Third Foundation Works Contractor Contract and the Third Main Contractor Contract covers the construction work for the Second Piece of Land.

LETTER FROM THE BOARD

The Directors consider that the entering into of the Foundation Works Contractor Contracts and the Main Contractor Contracts and the development of the Tangshan Tiexi Lerthai Project allows the Group to capture the opportunity to establish its position and engage in the property market in Tangshan City, Hebei Province, the PRC, which is in line with the Company's development strategy.

The project costs under each of the Foundation Works Contractor Contracts and the Main Contractor Contracts are determined after taking into account (i) the qualifications, experience and human resources of the First Contractor and Second Contractor; (ii) prevailing construction cost required for the construction of a residential and commercial complex; and (iii) the scale and complexity of the Tangshan Tiexi Lerthai Project. In particular, the scale and complexity of the Tangshan Tiexi Lerthai Project has direct impact on the extent of construction works, including construction materials, equipment, labour and their respective amount and/or quantities, to be involved and thus is directly relevant to the determination of total project cost.

The Directors consider that terms under each of the Foundation Works Contractor Contracts and the Main Contractor Contracts are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The entering into of the Foundation Works Contractor Contracts and the Main Contractor Contracts constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM which voting shall be taken by poll.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in each of the Foundation Works Contractor Contracts, the Main Contractor Contracts and the transactions contemplated respectively thereunder. Therefore, no Shareholder is required to abstain from voting in relation to the resolution to be proposed for approving each of the Foundation Works Contractor Contracts and the Main Contractor Contracts and the transactions contemplated respectively thereunder at the EGM.

EGM

A notice of EGM to be held at Units 5101-02 & 13, 51st Floor, The Center, 99 Queen's Road Central, Central, Hong Kong on 22 August 2014 at 11 a.m. is set out on pages 55 to 58 of this circular for the purpose of considering and, if thought fit, approving, among others, each of the Foundation Works Contractor Contracts and the Main Contractor Contracts.

The form of proxy for use in the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are required to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's registrar and transfer office, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event

LETTER FROM THE BOARD

not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

RECOMMENDATIONS

Based on the reasons set out in the paragraph headed “information about the parties and the Inspection Company and reasons for entering into the Foundation Works Contractor Contracts and the Main Contractor Contracts” above, the Board considers that each of the Foundation Works Contractor Contracts and the Main Contractor Contracts is in the interest of the Company and Shareholders as a whole and the terms and conditions thereof are on normal commercial terms which are fair and reasonable. Accordingly, the Board recommends all Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve each of the Foundation Works Contractor Contracts and the Main Contractor Contracts and the transactions contemplated respectively thereunder.

ADDITIONAL INFORMATION

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

Your faithfully,
For and on behalf of the Board of
LT Commercial Real Estate Limited
Yang Longfei
Chairman and Chief Executive Officer

FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the year ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the three years ended 31 December 2011, 2012 and 2013 (for the two years ended 31 December 2011 and 2012, under its former name, Chi Cheung Investment Company, Limited and for the year ended 31 December 2013, under its former name, LT Holdings Limited). They can be accessed on the websites of the Company (<http://www.lth.com.hk>) and the Stock Exchange (<http://www.hkexnews.hk>).

INDEBTEDNESS

As at the close of business on 31 May 2014, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had borrowings amounting to HK\$552,721,000, details of which are as follows:

- (i) convertible bonds with principal amount of HK\$550,000,000, which are secured by all the Company's shares held by Mr. Yang Longfei, shares in certain related companies controlled by Mr. Yang Longfei, and guarantees provided by Mr. Yang Longfei and certain related companies controlled by Mr. Yang Longfei; and
- (ii) amounts due to related companies of HK\$2,721,000 which are unsecured.

Save as aforesaid or as otherwise disclosed herein, apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 31 May 2014, the Group did not have other outstanding mortgages, charges, debentures or other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

Borrowings after 31 May 2014

Subsequent to 31 May 2014, pursuant to a loan agreement dated 12 June 2014 and entered into between the Company and a related company controlled by Mr. Yang Longfei, the chairman and chief executive officer of the Company, the Company had obtained a loan in the amount of HK\$504,000,000 (equivalent to approximately RMB400,000,000), which is unsecured, interest bearing at 12% and repayable within 36 months, from the aforesaid related company.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

As stated in the annual report for the financial year ended 31 December 2013, the Group intends to expand its business into property investment and development alongside its existing business of securities investment and finance. Based on this development strategy, the Group's main focus in the future will be to devote further resources for future development of property projects as well as proceed with land and/or property project acquisitions and/or investment if opportunities arise. Although China Lerthai has a long history in developing commercial properties in the PRC, the Group may also tap into

international markets such as the USA and Canada. This should give diversification and a hedge against our future domestic businesses, in order to bring good returns to the Shareholders.

As disclosed in the announcements of the Company dated 15 April 2014, 9 May 2014, 30 May 2014 and 16 June 2014 and the circular of the Company dated 27 June 2014, the Group entered into the Purchase and Sale Agreement with SHP Capital, LP, pursuant to which the Group would acquire the US Land at the consideration of US\$20,695,000 (equivalent to approximately HK\$161,421,000). As disclosed in the announcement of the Company dated 15 July 2014, the Purchase and Sale Agreement was approved by the Shareholders of the Company at the extraordinary general meeting held on 15 July 2014.

As disclosed in the Announcement, on 18 May 2014 and 11 June 2014, the Company entered into two letters of intent with the PRC Government of Qiaoxi District, Xingtai City, Hebei Province and Nanshi District, Baoding City, Hebei Province, respectively in relation to its potential participation in the development of two pieces of land located in Xingtai City and Baoding City of Hebei Province respectively. On 19 July 2014, the Company also entered into a letter of intent with the Management Committee of Qixia Commercial Region, Nanjing City, Jiangsu Province in relation to its potential participation in the development of a piece of land located in Qixia Commercial Region, Nanjing City, Jiangsu Province. The Board wishes to emphasize that the potential participation of the Company in the three development projects is still in a preliminary negotiation stage and may or may not proceed. Further announcement(s) in respect of any acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

The Directors consider that the development of the Tangshan Tiexi Lerthai Project and the entering into of the Foundation Works Contractor Contracts and the Main Contractor Contracts allow the Group to capture the opportunity to establish its position and engage in the property market in the PRC and in particular, the commercial and residential properties. The Directors believe that completion of the Tangshan Tiexi Lerthai Project will enable the Group to broaden its income base through the stable rental income generated from the leasing of the investment properties and sale revenue generated from the sale of properties in the Tangshan Tiexi Lerthai Project.

WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseen circumstances and taking into account the effect of the entering into of the Foundation Works Contractor Contracts and the Main Contractor Contracts, the Group's existing bank and cash balances and the expected internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least 12 months from the date of this circular.

MATERIAL ADVERSE CHANGE

As disclosed in the announcement of the Company dated 23 July 2014 (the “**Profit Warning Announcement**”), based on the preliminary assessment by the management of the Group on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2014, the Group expects to record a significant increase in net loss for the six months ended 30 June 2014 as compared to that of 2013 and an increase by approximately 170% as compared to the year ended 31 December 2013. The loss for the six months ended 30 June 2014 is mainly attributable to:

1. As disclosed in the 2013 annual report of the Company, an interest-bearing revolving loan to a former fellow subsidiary of HK\$900,000,000 had been fully repaid to the Company on 30 January 2013 and 4 October 2013. Accordingly, no interest income relating to such loan has been recognized by the Group for the six months ended 30 June 2014 as compared to the corresponding period of 2013; and
2. As disclosed in the 2013 annual report of the Company and the Company’s announcements dated 22 January, 15 April and 23 June 2014, the Group has been actively pursuing opportunities in the property development and investment business including the acquisition of First Piece of Land and the Second Piece of Land for the development of the Tangshan Tiexi Lerthai Project and the acquisition of a property in the USA during the first half of 2014. As a result of the expansion in business activities, the Group incurred higher administration expenses during the six months ended 30 June 2014, including increase in rental and staff expenses, to support the Group’s operations in Hong Kong, the PRC and the USA.

As at the Latest Practicable Date, save as disclosed in the Profit Warning Announcement, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Company were made up. As at the Latest Practicable Date, save as disclosed in the Profit Warning Announcement, the Directors were not aware of any information in relation to any material adverse change which is discloseable under Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP**For the year ended 31 December 2013****Business Review and Prospect**

China Lerthai Commercial Real Estate Holdings Limited (“**China Lerthai**”) became the controlling shareholder and has obtained control of the Board since 6 February 2013. After review of the operations of the Company by the executive Directors, the Group intends to expand its business into property investment and development alongside its existing business of securities investment and finance.

The Group succeeded in the bid of two pieces of land in Tangshan in January 2014. The First Piece of Land and the Second Piece of Land are adjacent to each other, and the Group intends to develop them together to form a complex residential and commercial project — the Tangshan Tiexi Lerthai Project. The First Piece of Land is intended to be developed for commercial use and the Second Piece of Land is intended to be developed for commercial and residential use. The development of the First Piece of Land and the Second Piece of Land together is expected to allow the Group to achieve a better overall planning of the Tangshan Tiexi Lerthai Project. Moreover, the commercial properties to be developed on the First Piece of Land and the residential properties to be developed on the Second Piece of Land would supplement each other and promote the value and image of the Tangshan Tiexi Lerthai Project.

The Group succeeded in the bid of the First Piece of Land offered for sale by Tangshan Land Bureau (a local PRC government authority which is in charge of, among other things, the sale of land use rights in Tangshan City, Hebei Province, PRC) at the auction held on 22 January 2014 for approximately RMB198.2 million (equivalent to approximately HK\$253.9 million).

The First Piece of Land is located at junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m. The First Piece of Land is designated for commercial use with a plot ratio of not more than 4.5. The land use right of the First Piece of Land to be granted will be of a term of 40 years. The maximum gross floor area based on plot ratio of the First Piece of Land is approximately 421,678 sq. m., which is planned by the Company to comprise shopping mall, shops, offices and hotels.

The Group then succeeded in the bid of the Second Piece of Land offered for sale by Tangshan Land Bureau at the auction held on 24 January 2014 for approximately RMB190.8 million (equivalent to approximately HK\$244.4 million).

The Second Piece of Land is located at junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 63,595.87 sq. m. The Second Piece of Land is designated for commercial and residential use with a plot ratio of not more than 4.0. The land use right of the Second Piece of Land to be granted will be of a term of 70 years and 40 years for residential use and commercial use respectively. The maximum gross floor area based on plot ratio of the Second Piece of Land is approximately 254,383 sq. m., which is planned by the Company to comprise residential and retail properties.

The capital expenditure in respect of these two pieces of land was then estimated to be approximately RMB515.9 million (equivalent to approximately HK\$569.9 million), comprising approximately RMB389.0 million (equivalent to approximately HK\$498.3 million) as the consideration for the two pieces of land and the remaining as the estimated first phase development costs.

Despite on-going austerity measures, the Directors are of the view that the PRC property sector still has long term prospects in view of the continued PRC economic growth, urbanisation trends, high household savings rates, increasing demand of end-users

and the governmental policy to promote urbanisation. Accordingly, the Group is actively identifying suitable land acquisition opportunities for future development and are planned to engage in property development projects when suitable opportunities arise. Although China Lerthai has a long history in developing commercial properties in PRC, the Group may also tap into international markets such as the US and Canada. This should give diversification and a hedge against future domestic businesses, in order to bring good returns to the Shareholders.

Financial Review

During the year ended 31 December 2013, the revenue of the Group was approximately HK\$10.0 million, representing a decrease of approximately 53.9% compared to approximately HK\$21.6 million to the corresponding year in 2012. Longman Limited (“**Longman**”), a subsidiary of Chinese Estates Holdings Limited (“**Chinese Estates**”), a borrower of an interest-bearing revolving facility of HK\$900 million by the Company on 22 September 2011 (the “**Longman Loan**”), repaid portion of the Longman Loan to the Company with a sum of HK\$490 million on 30 January 2013 which was subsequently substantially distributed as special interim dividend on 19 February 2013, and repaid remaining of the Longman Loan to the Company with a sum of HK\$410 million on 4 October 2013, thereby the interest income recognized by the Group has reduced for the year ended 31 December 2013 when comparing to that of 2012.

The Group has disposed of the entire issued share capital and certain debts of View Success Investments Limited (“**View Success**”), an indirect wholly-owned subsidiary of the Company which held certain car parking spaces at Gemstar Tower (“**Investment Properties**”), on 23 January 2013 (the “**Disposal**”). Therefore, the corresponding rental income is no longer available, and the return from the proceeds of the Disposal is lower when depositing with banks pending utilization as interest, in addition to the fact that the additional expenses incurred for the Disposal have increased for the year ended 31 December 2013 when comparing to that of 2012. The Group recognized HK\$6,500,000 in fair value gains on Investment Properties for the year ended 31 December 2012, no such gains were recognized in 2013.

During the year ended 31 December 2013, the administrative expenses of the Group increased by 820.0% to approximately HK\$25 million from approximately HK\$2.7 million for the corresponding period in 2012. The increase in administrative expenses for the year ended 31 December 2013 was mainly due to the increase in administrative expenses arising from the increase in rental and staff costs in light of the expansion of operation of the Group, and the exchange loss between Hong Kong dollars and Renminbi (“**RMB**”).

On 17 June 2013, the Company entered into a loan agreement with Mr. Yang Longfei (“**Mr. Yang**”), controlling shareholder of the Company and executive Director, pursuant to which Mr. Yang agreed to provide a loan with principal amount of HK\$300 million to the Company. During the year ended 31 December 2013, interest was paid to Mr. Yang for such loan while no such interest was paid in 2012.

During the year ended 31 December 2013, due to the above reasons, the loss after tax of the Group was approximately HK\$21.0 million (2012: profit of approximately HK\$23.2 million). Basic loss per share was HK6.20 cents (2012: earnings per share of HK6.86 cents).

Net Asset Value

As at 31 December 2013, the Group's net assets attributable to owners of the Company reached approximately HK\$559.7 million as compared to approximately HK\$1,073.1 million in preceding year. The movement in net assets was mainly due to the payment of 2012 special interim dividends of approximately HK\$490.0 million. Net asset value per share attributable to owners of the Company was approximately HK\$1.65 (2012: HK\$3.17).

Liquidity And Financial Resources

The Group maintained a relatively strong liquidity position. As at 31 December 2013, the Group's cash and cash equivalents maintained at approximately HK\$493.9 million (31 December 2012: approximately HK\$33.5 million). The current ratio was 90.9 times as at 31 December 2013 and 184.3 times as at 31 December 2012. As at 31 December 2013, the Group did not have any loans.

On 30 January 2013, Longman, a subsidiary of Chinese Estates and also the borrower of the Longman Loan, partially repaid HK\$490 million of Longman Loan. Majority of the repaid amount was subsequently distributed as special interim dividends on 19 February 2013. The remaining Longman Loan of HK\$410 million was fully repaid to the Company on 4 October 2013, which increased the cash level of the Group.

On 10 January 2014, the Group issued convertible bonds in the principal amount of HK\$550 million with interest of 12% plus three month HIBOR per annum for a term of 3 years. The net proceed from the issue of convertible bonds was approximately HK\$549.1 million, which will be used for financing Tangshan Tiexi Lerthai Project. Details of the convertible bonds are set out in the Company's announcements dated 24 December 2013, 27 December 2013, 3 January 2014 and 10 January 2014.

The convertible bonds are secured by, among others, a first priority share charge of the Company by China Lerthai in respect of all the 254,055,888 Shares held by China Lerthai in the Company, representing approximately 74.99% of the total number of Shares in issue of the Company.

In addition, as disclosed in the Company's announcement dated 24 December 2013, under the subscription agreement of the convertible bonds, Mr. Yang undertakes with the subscriber that, for so long as any of the convertible bonds or the exchangeable bonds remains outstanding, Mr. Yang has and will continue to have and maintain an aggregate direct and/or indirect shareholding interest of 65% or above in the total number of Shares in issue of the Company on an as enlarged, converted and exchanged and fully diluted basis (i.e. assuming that all outstanding convertible bonds, exchangeable bonds and all other securities convertible or exchangeable into shares or other securities of the Company, if any, are converted or exchanged in full) at all times.

Cash Flow Management And Liquidity Risk

Management of the Group's cash flow is the responsibility of the Group's treasury function at the corporate level. Our objective is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, debts and equity securities, where appropriate. We are comfortable with our present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

Foreign Exchange Exposure

The Group's investment, assets and liabilities are mainly denominated in Hong Kong dollars or US dollars and no hedging has been made during the year ended 31 December 2013. The revenue to be generated in the Tangshan Tiexi Lerthai Project under the Group will be denominated in RMB, while the convertible bonds issued in 2014 are denominated in Hong Kong dollars. The Group will continue to monitor closely its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risks when necessary.

Pledge Of Assets

As of 31 December 2013 and 2012, no asset was pledged by the Group to secure any banking facility and the Group did not have any obligation under banking facility documents.

Capital Commitment And Contingent Liabilities

As of 31 December 2013 and 2012, the Group had no material contingent liabilities.

As of 31 December 2013, the Group had HK\$768,000,000 authorised but not contracted capital expenditure commitments (As of 31 December 2012: Nil).

Employee And Remuneration Policy

As at 31 December 2013, the Group had 33 employees (31 December 2012: Nil). The employee costs (other than the directors' emoluments) increased by 198.3% from HK\$1.5 million in 2012 to HK\$4.5 million in the year under review. The annual emoluments payable to Directors were recommended by the remuneration committee of the Company by making reference to their duties and responsibilities with the Company. The remuneration of employees is determined by the Group with reference to the performance and working experience of the employees and the current market conditions. The Group offers competitive wages to the employees and pays bonus pursuant to the performance of our Group and the individual employee. Other benefits include the contributions to the statutory mandatory provident fund scheme for the employees in Hong Kong and to the central pension scheme for the employees in PRC. No share option scheme was adopted during the year ended 31 December 2013.

Property Valuation

As at 31 December 2013, the Group had no investment properties.

For the year ended 31 December 2012**Financial Review***Continuing Operation*

Revenue for the year ended 31 December 2012 increased to approximately HK\$21.6 million (2011 restated: HK\$16.5 million). Profit for the year ended 31 December 2012 from continuing operation attributable to owners of the Company for the year ended 31 December 2012 was approximately HK\$15.3 million compared to approximately HK\$10.4 million as restated in last year. The securities investments and finance segment generated revenue of approximately HK\$21.6 million during the year ended 31 December 2012 (2011: HK\$16.5 million) and the increment was mainly attributable to the interest income on the loan with principal amount of HK\$900 million to a fellow subsidiary which was renewed in last year. On 30 January 2013, the principal amount of HK\$490 million under the said loan was repaid by the fellow subsidiary to the Company.

Discontinued Operation

On 5 December 2012, the Group entered into a sale and purchase agreement with Super Kind Limited, Cosmos Success Limited, Wing Lee Development Limited, indirect wholly-owned subsidiaries of Chinese Estates, and Chinese Estates, a controlling Shareholder, (as guarantor), to dispose the entire issued share capital and certain debts of View Success, an indirect wholly-owned subsidiary of the Company which held certain car parking spaces at Gemstar Tower at a total consideration of approximately HK\$41.5 million. Details of the Disposal were set out in the announcement and circular of the Company dated 18 December 2012 and 5 January 2013.

The Disposal was completed on 23 January 2013. Upon completion, View Success has ceased to be a subsidiary of the Group. As a result, the business segment of property leasing has been classified as discontinued operation for the year ended 31 December 2012 and the assets and liabilities of View Success have been presented as assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively as at 31 December 2012.

Profit Attributable to Owners of the Company

The Group recorded a profit for the year ended 31 December 2012 attributable to owners of the Company of approximately HK\$23.2 million (2011: HK\$16.8 million). Basic and diluted earnings per share are approximately HK6.86 cents (2011: HK4.97 cents).

Major non-cash item included fair value changes of investment properties of HK\$6.5 million from discontinued operation (2011: HK\$5.0 million).

Net Asset Value

As at 31 December 2012, the Group's net assets attributable to owners of the Company amounted to approximately HK\$1,073.1 million as compared to approximately HK\$1,054.4 million in preceding year. The movement in net assets was mainly due to the profit retained for the year ended 31 December 2012 and payments of 2011 final dividends and 2012 interim dividends of approximately HK\$6.8 million. Net asset value per share to owners of the Company was approximately HK\$3.17 (2011: HK\$3.11).

Debt and Gearing

As at 31 December 2012, time deposits and bank balances amounted to approximately HK\$33.5 million (2011: HK\$12.3 million).

The Group did not have any bank borrowings as at 31 December 2012 (2011: Nil). The Group's income for the year ended 31 December 2012 was denominated in Hong Kong dollars and US dollars and no hedging for non-Hong Kong dollars assets or investments has been made during the year ended 31 December 2012.

Foreign Exchange Exposure

The Group's investment, assets and liabilities are mainly denominated in Hong Kong dollars or US dollars and no hedging has been made during the year ended 31 December 2012.

Pledge of Assets

As at 31 December 2012 and 2011, no assets were pledged by the Group to secure any banking facilities and the Group did not have any obligations under banking facility documentation.

Capital Commitments and Contingent Liabilities

The Group did not have any material capital commitments and contingent liabilities as at 31 December 2012 and 2011.

Financial and Interest Income/Expenses

Interest income for the year ended 31 December 2012 increased to approximately HK\$21.6 million (2011: HK\$16.5 million) within which included imputed interest income from fixed and floating rate notes of approximately HK\$0.7 million (2011: HK\$0.6 million) and the interest income on a loan to a fellow subsidiary approximately HK\$16.3 million (2011: HK\$11.5 million).

No interest expenses were recorded for the years ended 31 December 2012 and 2011.

Remuneration Policies and Share Option Scheme

As at 31 December 2012, the Group did not employ any staff (2011: Nil). The total staff cost excluding directors' emoluments for the year ended 31 December 2012 of approximately HK\$1.5 million (2011: HK\$1.3 million) was representing the staff cost recharged by fellow subsidiaries of the Company.

No share option scheme was adopted for the year ended 31 December 2012.

Property Valuation

A property valuation has been carried out by B.I. Appraisals Limited ("B.I. Appraisals"), independent qualified professional valuers, in respect of the Group's investment properties as at 31 December 2012 and it was used in preparing 2012 final results. Property valuation as at 31 December 2011 was also carried out by B.I. Appraisals. The valuation was based on either direct comparison approach assuming the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets, or investment method by taking into account the current passing rents and the reversionary income potential of the properties.

The Group's investment properties were valued at HK\$40.9 million as at 31 December 2012 (2011: HK\$34.4 million), an increase in fair value of HK\$6.5 million (2011: HK\$5.0 million) was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2012.

For the year ended 31 December 2011**Financial Review**

Revenue for the year ended 31 December 2011 decreased to HK\$19.5 million (2010: HK\$84.6 million). Gross profit for the year ended 31 December 2011 recorded at HK\$19.3 million (2010: HK\$67.1 million). Profit attributable to owners of the Company for the year ended 31 December 2011 was HK\$16.8 million compared to HK\$52.9 million with last year. The significant decline was mainly attributable to the sale of all remained godown units in Gemstar Tower, Hung Hom, Kowloon in last year.

The securities investments and finance segment generated a revenue of HK\$16.5 million during the year ended 31 December 2011 (2010: HK\$15.5 million). For property leasing, rental income for the year ended 31 December 2011 amounted to HK\$3.0 million (2010: HK\$2.7 million). No revenue was generated from the property development segment (2010: HK\$66.4 million) during the year ended 31 December 2011. Fair value of investment properties was increased by HK\$5.0 million for the year ended 31 December 2011 whereas there was no change in fair value in last year.

Earnings per share for the year ended 31 December 2011 recorded at HK4.97 cents (2010: HK15.63 cents).

Net Asset Value

At 31 December 2011, the Group's net assets attributable to owners of the Company amounted to HK\$1,054.4 million as compared to HK\$1,049.4 million in preceding year. The movement in net assets was mainly due to the profit retained for the year ended 31 December 2011 and payments of 2010 final dividends and 2011 interim dividends of HK\$10.2 million. Net asset value per share to owners of the Company was HK\$3.11 (2010: HK\$3.10).

Debt and Gearing

At 31 December 2011, time deposits, bank balances and cash amounted to HK\$12.3 million (2010: HK\$28.5 million).

The Group did not have any bank borrowings as at 31 December 2011 (2010: Nil). The Group's income for the year ended 31 December 2011 was denominated in Hong Kong dollars and US dollars and no hedging for non-Hong Kong dollars assets or investments had been made during the year ended 31 December 2011.

Foreign Exchange Exposure

The Group's investment, assets and liabilities are mainly denominated in Hong Kong dollars or US dollars and no hedging has been made during the year ended 31 December 2011.

Pledge of Assets

At 31 December 2011 and 2010, no assets were pledged by the Group to secure any banking facilities and the Group did not have any obligations under banking facility documentation.

Capital Commitments and Contingent Liabilities

The Group did not have any material capital commitments and contingent liabilities as at 31 December 2011 and 2010.

Financial and Interest Income/Expenses

Interest income for the year ended 31 December 2011 increased slightly to HK\$16.6 million (2010: HK\$15.5 million) within which included imputed interest income from floating and fixed rate notes of HK\$0.6 million (2010: HK\$0.6 million).

No interest expenses were recorded for the years ended 31 December 2011 and 2010.

Remuneration Policies and Share Option Scheme

During the year ended 31 December 2011, all the employees under the Group were transferred to fellow subsidiaries and as at 31 December 2011, the Group did not employ any staff (2010: 7 staff). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. During the year ended 31 December 2011, the Group's staff costs excluding directors' emoluments of approximately HK\$1.3 million were recharged by the fellow subsidiaries of the Company.

No share option scheme was adopted for the year ended 31 December 2011.

Property Valuation

A property valuation has been carried out by B.I. Appraisals, independent qualified professional valuers, in respect of the Group's investment properties as at 31 December 2011 and it was used in preparing 2011 final results. Property valuation as at 31 December 2010 was also carried out by B.I. Appraisals. The valuation was based on either direct comparison approach assuming the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets, or investment method by taking into account the current passing rents and the reversionary income potential of the property.

The Group's investment properties were valued at HK\$34.4 million as at 31 December 2011 (2010: HK\$29.4 million), an increase in fair value of HK\$5.0 million (2010: Nil) was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2011.

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.

DISCLOSURE OF INTERESTS**Interest of Directors and chief executive in the Company**

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

Name of Director	Number of Shares (ordinary Shares)	Capacity	Percentage of total number of Shares in issue (approximately)
Mr. Yang Longfei (Note)	254,055,888 (L)	Interest of controlled corporation	75%

(L): Long position

Note: The 254,055,888 Shares were held by China Lerthai Commercial Real Estate Holdings Limited (“**China Lerthai**”), and Mr. Yang Longfei beneficially owns the entire issued share capital of China Lerthai. By virtue of the SFO, Mr. Yang Longfei is deemed to have interest in 254,055,888 Shares held by China Lerthai. As at the Latest Practicable Date, China Lerthai has provided a first priority share charge in respect of the 254,055,888 Shares held by it in favour of Success Victory Holdings Limited, a subsidiary of ICBC International, to secure the payment obligations under the convertible bonds in the principal amount of HK\$550,000,000 issued by the Company. Please refer to the announcements of the Company dated 24 December 2013, 27 December 2013 and 3 January 2014 for further details.

Save that Mr. Yang Longfei is a director of China Lerthai, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) required to be notified to the Company and the Stock Exchange under the Model Code.

Interests of substantial Shareholders in the Company

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, debentures 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 and section 336 of the SFO or, who were or were expected, 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 Company were as follows:

Name	Number of Shares (ordinary Shares) or underlying Shares	Capacity	Percentage of total number of Shares in issue (approximately)
Success Victory Holdings Limited (Note 1)	49,360,815 (L)	Beneficial owner	14.57%
	254,055,888 (L)	Security interest	75%
ICBC International Holdings Limited (Note 2)	49,360,815 (L)	Beneficial Interest held by controlled corporation	14.57%
	254,055,888 (L)	Security interest held by controlled corporation	75%
ICBC International Investment Management Limited (Note 3)	49,360,815 (L)	Beneficial Interest held by controlled corporation	14.57%

Name	Number of Shares (ordinary Shares) or underlying Shares	Capacity	Percentage of total number of Shares in issue (approximately)
	254,055,888 (L)	Security interest held by controlled corporation	75%
Industrial and Commercial Bank of China Limited (Note 4)	49,360,815 (L)	Beneficial Interest held by controlled corporation	14.57%
	254,055,888 (L)	Security interest held by controlled corporation	75%
Central Huijin Investment Ltd. (Note 5)	49,360,815 (L)	Beneficial Interest held by controlled corporation	14.57%
	254,055,888 (L)	Security interest held by controlled corporation	75%
China Lerthai Commercial Real Estate Holdings Limited (Note 6)	254,055,888 (L)	Beneficial owner	75%

Notes:

Note 1: As at the Latest Practicable Date, China Lerthai has provided a first priority share charge in respect of the 254,055,888 Shares held by it in favour of Success Victory Holdings Limited, a subsidiary of ICBC International, to secure the payment obligations under the convertible bonds in the principal amount of HK\$550,000,000 issued by the Company. Success Victory Holdings Limited is the holder of convertible bonds in the principal amount of HK\$ 550,000,000 convertible into 49,360,815 Shares and is the holder of the exchangeable bonds in the principal amount of HK\$250,000,000. Please refer to the announcements of the Company dated 24 December 2013, 27 December 2013 and 3 January 2014 for further details.

Note 2: As at the Latest Practicable Date, Success Victory Holdings Limited is a wholly-owned subsidiary of ICBC International Holdings Limited.

Note 3: As at the Latest Practicable Date, ICBC International Holdings Limited is a wholly-owned subsidiary of ICBC International Investment Management Limited.

Note 4: As at the Latest Practicable Date, ICBC International Investment Management Limited is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited.

Note 5: As at the Latest Practicable Date, Central Huijin Investment Ltd. is interested in 35.5% of the equity interest of Industrial and Commercial Bank of China Limited.

Note 6: As at the Latest Practicable Date, China Lerthai is wholly owned by Mr. Yang Longfei, the chairman, Chief executive officer and executive Director of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person(s) (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures 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 and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

DIRECTORS' 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 is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2013, the date to which the latest published audited consolidated results of the Group were made up.

Interests in contracts

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group except for the deed of non-competition and the loan agreement referred to in paragraphs (ii) and (x), respectively under the section headed "Material Contracts" in this appendix.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group except that Mr. Yang Longfei (through China Lerthai or other associates) has interest in 石家莊勒泰房地產開發有限公司 (Shijiazhuang

Lerthai Property Development Company Limited), the property developer of 石家莊勒泰中心 (Shijiazhuang Lerthai Centre) and 唐山遠洋城房地產開發有限公司 (Tangshan Yuanyang City Property Development Company Limited), the property developer of 唐山遠洋城購物中心 (Tangshan Yuanyang City Mall).

LITIGATION

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

MATERIAL CONTRACTS

Set out below are summary of the principal contents of the material contracts (not being contracts entered into in the ordinary course of business) entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the sale and purchase agreement dated 5 December 2012 entered into between, among others, Super Kind Limited, Cosmos Success Limited and Wing Lee Development Limited (as purchasers), and Jumbo Legend Limited (a wholly-owned subsidiary of the Company) and the Company (under its former name, Chi Cheung Investment, Company Limited) as sellers relating to the disposal of the entire issued share capital of View Success Investments Limited and the assignment of the shareholder's loan and certain debt owing by View Success Investments Limited to the Company for HK\$41,496,779.36, further details of which are set out in the announcement of the Company dated 18 December 2012 and the circular of the Company dated 5 January 2013;
- (ii) a deed of non-competition dated 16 May 2013 entered into among Mr. Yang Longfei, China Lerthai in favour of the Company, details of which are set out in the announcement of the Company dated 16 May 2013;
- (iii) a loan agreement dated 17 June 2013 entered into between the Company as the borrower and Mr. Yang Longfei as the lender in respect of an unsecured loan in the amount of HK\$300 million for a term of 36 months commencing on the date on which the loan is drawn down, details of which are set out in the announcement of the Company dated 18 June 2013;
- (iv) a conditional subscription agreement (the "**CB Subscription Agreement**") entered into among the Company, the guarantors (namely Mr. Yang Longfei, China Lerthai, Greatpro Holdings Limited, Tangshan Pelagic Mall Real Estate Development Limited and Lerthai International Holdings Limited) and Success Victory Holdings Limited as the subscriber on 24 December 2013 in relation to the issue of the convertible bonds in principal amount of HK\$550 million due in 2017 by the Company to the subscriber pursuant to the CB Subscription Agreement, details of which are set out in the announcement of the Company dated 24 December 2013;

- (v) the auction confirmation notice (the “**First Auction Confirmation**”) dated 22 January 2014 issued by Tangshan Land Bureau to LT Commercial Limited confirming the successful bidding of the land lot A-01 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 sq. m. at the public auction held by Tangshan Land Bureau on 22 January 2014, details of which are set out in the announcement of the Company dated 22 January 2014 and the circular of the Company dated 31 March 2014;
- (vi) the auction confirmation notice (the “**Second Auction Confirmation**”) dated 24 January 2014 issued by Tangshan Land Bureau to LT Commercial Limited confirming the successful bidding of the land lot A-02 located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 63,595.87 sq. m. at the public auction held by Tangshan Land Bureau on 24 January 2014, details of which are set out in the announcement of the Company dated 22 January 2014 and the circular of the Company dated 31 March 2014;
- (vii) the land use rights grant contract entered into between Tangshan Land Bureau and Tangshan LT Shopping Mall Company Limited on 4 March 2014 pursuant to the First Auction Confirmation, details of which are set out in the circular of the Company dated 31 March 2014;
- (viii) the land use rights grant contract entered into between Tangshan Land Bureau and Tangshan LT Real Estate Development Company Limited on 4 March 2014 pursuant to the Second Auction Confirmation, details of which are set out in the circular of the Company dated 31 March 2014;
- (ix) the Purchase and Sale Agreement, details of which are set out in the announcements of the Company dated 15 April 2014, 9 May 2014, 30 May 2014 and 16 June 2014 and the circular of the Company dated 27 June 2014;
- (x) a loan agreement dated 12 June 2014 entered into between LT Commercial Holdings Limited, a wholly-owned subsidiary of the Company, as the borrower and Global Elite Global Investments Limited, a company controlled by Mr. Yang Longfei, as the lender in respect of an unsecured loan in the amount of HK\$504 million, for a term of 36 months commencing on the date on which the loan is drawn down;
- (xi) the Foundation Works Contractor Contracts; and
- (xii) the Main Contractor Contracts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 6:00 p.m., Monday to Friday (except public holidays) at the principal office of the Company at Units 5101-02 & 13, 51st Floor, The Center, 99 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the articles of association of the Company;
- (ii) the annual reports of the Company for each of the two years ended 31 December 2012 and 2013;
- (iii) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (iv) the circular of the Company dated 27 June 2014; and
- (v) a copy of this circular.

MISCELLANEOUS

- (i) The registered office and principal place of business of the Company is located at Units 5101-02 & 13, 51st Floor, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (ii) The company secretary of the Company is Ms. Lui Mei Ka who is a member of the Hong Kong Institute of Certified Public Accountants.
- (iii) The Company's share registrar and transfer office of the Company is Tricor Secretaries Limited located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The English texts of this circular shall prevail over the Chinese texts.



LT COMMERCIAL REAL ESTATE LIMITED

勒泰商業地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 112)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of LT Commercial Real Estate Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Units 5101–02 & 13, 51st Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong on 22 August 2014 at 11 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“THAT

- (a) the foundation works contractor contract dated 21 June 2014 (the “**First Foundation Works Contractor Contract**”) and entered into between 唐山勒泰購物廣場有限公司 (Tangshan LT Shopping Mall Company Limited)(the “**PRC Project Company 1**”), an indirect wholly-owned subsidiary of the Company, and 中鐵城建有限公司 (CRCC Urban Engineering Co., Ltd.)(the “**First Contractor**”) in relation to the earthwork, foundation pit support and piling work of a commercial and residential property development project in Tangshan City, Hebei Province, the People’s Republic of China (the “**PRC**”) (the “**Tangshan Tiexi Lerthai Project**”) on the land (Land Lot A-01) located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 93,706.33 square meters (the “**First Piece of Land**”) with the total project costs of RMB38,766,228 (equivalent to HK\$48,070,123) (a copy of the First Foundation Works Contractor Contract having been produced to the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the foundation works contractor contract dated 21 June 2014 (the “**Second Foundation Works Contractor Contract**”) and entered into between PRC Project Company 1, and 中鐵建設集團有限公司 (China Railway Construction Group Ltd.)(the “**Second Contractor**”) in relation to the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the First Piece of Land with the total project costs of RMB14,770,599 (equivalent to HK\$18,315,543) (a copy of the Second Foundation Works Contractor Contract

NOTICE OF EGM

having been produced to the EGM and marked “B” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

- (c) the foundation works contractor contract dated 21 June 2014 (the “**Third Foundation Works Contractor Contract**”, together with the First Foundation Works Contractor Contract and Second Foundation Works Contractor Contract, the “**Foundation Works Contractor Contracts**”) and entered into between 唐山勒泰房地產開發有限公司 (Tangshan LT Real Estate Development Company Limited)(the “**PRC Project Company 2**”), and the Second Contractor in relation to the earthwork, foundation pit support and piling work of the Tangshan Tiexi Lerthai Project on the land (Land Lot A-02) located at the junction of Beixin West Road and Xihuan Road, Lubei District, Tangshan City, Hebei Province, the PRC with a site area of approximately 63,595.87 square meters (the “**Second Piece of Land**”) with the total project costs of RMB22,155,899 (equivalent to HK\$27,473,315) (a copy of the Third Foundation Works Contractor Contract having been produced to the EGM and marked “C” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (d) the main contractor contract (the “**First Main Contractor Contract**”) dated 21 June 2014 and entered into between PRC Project Company 1 and the First Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project on the First Piece of Land with the total project costs of RMB641,224,381 (equivalent to HK\$795,118,232) (a copy of the First Main Contractor Contract having been produced to the EGM and marked “D” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (e) the main contractor contract (the “**Second Main Contractor Contract**”) dated 21 June 2014 and entered into between PRC Project Company 1 and the Second Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project on the First Piece of Land with the total project costs of RMB326,196,318 (equivalent to HK\$404,483,434) (a copy of the Second Main Contractor Contract having been produced to the EGM and marked “E” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (f) the main contractor contract (the “**Third Main Contractor Contract**”, together with the First Main Contractor Contract and Second Main Contractor Contract, the “**Main Contractor Contracts**”) dated 21 June 2014 and entered into between PRC Project Company 2 and the Second Contractor in relation to the construction of the Tangshan Tiexi Lerthai Project on the Second Piece of Land with the total project costs of RMB510,591,950 (equivalent to HK\$633,134,018) (a copy of the Third Main Contractor Contract having been

NOTICE OF EGM

produced to the EGM and marked “F” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

- (g) any one or more of the directors (the “**Directors**”) of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to each of the Foundation Works Contractor Contracts and the Main Contractor Contracts and the transactions contemplated respectively thereunder, including the issue of variation orders (if any) to the First Contractor and/or the Second Contractor (as the case may be), and to agree to such variation, amendments or waiver or matters relating to the Foundation Works Contractor Contracts and the Main Contractor Contracts (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Foundation Works Contractor Contracts and the Main Contractor Contracts) as are, in the opinion of the Directors or the duly authorised committee, in the interest of the Company and its shareholders as a whole.”

By order of the Board
LT Commercial Real Estate Limited
Yang, Longfei
Chairman and Chief Executive Officer

Hong Kong, 28 July 2014

Registered office:

Units 5101-02 & 13
51st Floor, The Center
99 Queen’s Road Central
Central
Hong Kong

Notes:

1. The register of members will be closed from 21 August 2014 to 22 August 2014, both days inclusive. For the purpose of ascertaining the members’ entitlement to the attendance of the EGM, all share transfer accompanied by the relevant share certificates must be lodged with the Company’s registrar and transfer office, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 20 August 2014.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

NOTICE OF EGM

3. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
4. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is duly signed, or a notarially certified copy of such power of attorney or authority must be deposited at the Company's registrar and transfer office, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holder be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
6. Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the voting on the resolution at the EGM will be conducted by way of poll.
7. As at the date hereof, the board of directors of the Company comprises executive directors, namely, Mr. Yang, Longfei (Chairman and Chief Executive Officer), Ms. Dai, Hui, Mr. Chan, Tik Sang (Deputy Chief Executive Officer) and Mr. Yang, Shao Xing Max, the non-executive directors, namely, Mr. Lee, Vincent Marshall Kwan Ho and Mr. Lam, Kwong Wai and independent non-executive directors, namely, Mr. Fan, Ren Da Anthony, Mr. Fan, Chun Wah Andrew and Mr. Lau, Yu Fung Wilson.