THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in Frasers Property (China) Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptances, the contents of which form part of the terms and conditions of the Offers.

FAMOUS COMMERCIAL LIMITED
輝煌商務有限公司
(Incorporated in Hong Kong with limited liability)

FRASERS PROPERTY 星狮地产

Frasers Property (China) Limited
星獅地產(中國)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 535)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO UNCONDITIONAL MANDATORY CASH OFFERS BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF FAMOUS COMMERCIAL LIMITED FOR ALL THE ISSUED SHARES IN FRASERS PROPERTY (CHINA) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FAMOUS COMMERCIAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY FRASERS PROPERTY (CHINA) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FAMOUS COMMERCIAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) FOR CANCELLATION

Financial adviser to the Offeror

Standard Chartered 渣打銀行

STANDARD CHARTERED BANK (HONG KONG) LIMITED

Independent financial adviser to the Independent Board Committee of Frasers Property (China) Limited

CIMB

CIMB Securities Limited

Capitalised terms used in this cover page have the same meaning as those defined in the section headed “Definitions” in this Composite Document.

A letter from Standard Chartered Bank containing, among other things, the details of the terms of and conditions to the Offers is set out on pages 8 to 17 of this Composite Document.

A letter from the Board is set out on pages 18 to 31 of this Composite Document.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders and the Optionholders is set out on pages 32 to 33 of this Composite Document.

A letter from CIMB containing its opinion on the Offers and its advice to the Independent Board Committee, the Independent Shareholders and the Optionholders is set out on pages 34 to 62 of this Composite Document.

The procedures for acceptance of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Share Offer and the Option Offer should be received by the Registrar no later than 4:00 p.m. on Monday, 19 November 2012 or such other time and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

* *For identification purpose only*

29 October 2012

CONTENTS

The timetable set out below is indicative only and any changes to the timetable will be announced by the Offeror and the Company.

	2012
Offers commence *(Note 1)*	Monday, 29 October
Latest time and date for acceptance of the Offers *(Note 2)*	4:00 p.m. on Monday, 19 November
Closing Date of the Offers (if not revised or extended) *(Note 2)*	Monday, 19 November
Announcement of the results of the Offers or as to whether the Offers have been revised or extended posted on the Stock Exchange's website *(Note 2)*	not later than 7:00 p.m. on Monday, 19 November
Latest date for the posting of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on the Closing Date *(Note 3)*	Wednesday, 28 November
Lapse of unexercised outstanding Share Options *(Note 4)*	Thursday, 29 November

Notes:

1. The Offers are made on 29 October 2012, being the date of posting of this Composite Document, and is capable of acceptance on and from that date. The Offers are unconditional. Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in Rule 19.2 of the Takeovers Code.

2. In accordance with the Takeovers Code, the Offers must be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed on the Closing Date (i.e. Monday, 19 November 2012) unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued by the Offeror and the Company through the Stock Exchange's website by 7:00 p.m. on Monday, 19 November 2012 stating the results of the Offers and whether the Offers have been revised or extended or expired. In the event that the Offeror decides that the Offers will remain open until further notice, at least 14 days' notice in writing will be given, before the Offers are closed, to those Independent Shareholders and Optionholders who have not accepted the Offers. For further details, please refer to the paragraph headed "3. Acceptance Period and Revisions" in Appendix I to this Composite Document.

3. Remittances in respect of cash consideration (after deducting the seller's ad valorem stamp duty, where applicable) payable for the Offer Shares/Share Options tendered under the Offers will be posted by ordinary post to the holders of Offer Shares/Share Options accepting the Offers at their own risk as soon as practicable, but in any event within 7 business days from the date of receipt by the Registrar of all the relevant documents to render the acceptance by such holders under the Offers complete and valid.

4. Pursuant to the rules of the Option Scheme, the Optionholder shall be entitled to exercise the Share Options (to the extent not already exercised) at any time within one month (or such longer period as the Board shall decide) after the Offers become unconditional (which is taken to be one month after Monday, 29 October 2012 in respect of the Offers), and if the Share Options are not exercised within such time specified, the Share Options will lapse.

All time and date references contained in this Composite Document refer to Hong Kong time and date.

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

"2003 Options"	the outstanding Share Options granted on 31 December 2003 with exercise price of HK$0.1580 per Share
"2004 Options"	the outstanding Share Options granted on 31 December 2004 with exercise price of HK$0.1547 per Share
"2005 Options"	the outstanding Share Options granted on 30 December 2005 with exercise price of HK$0.1343 per Share
"2006 Options"	the outstanding Share Options granted on 13 November 2006 with exercise price of HK$0.1670 per Share
"2007 Options"	the outstanding Share Options granted on 9 November 2007 with exercise price of HK$0.3370 per Share
"2008 Options"	the outstanding Share Options granted on 14 November 2008 with exercise price of HK$0.1000 per Share
"2009 Options"	the outstanding Share Options granted on 13 November 2009 with exercise price of HK$0.1550 per Share
"2010 Options"	the outstanding Share Options granted on 12 November 2010 with exercise price of HK$0.2050 per Share
"2011 Options"	the outstanding Share Options granted on 11 November 2011 with exercise price of HK$0.1656 per Share
"Acquisition"	the acquisition of the Sale Shares by the Offeror from the Vendor pursuant to the Sale and Purchase Agreement
"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"Announcement"	the joint announcement dated 25 September 2012 issued by the Company and the Offeror in relation to, among other things, the Offers
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CIMB"	CIMB Securities Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers
"Closing Date"	Monday, 19 November 2012, being the closing date of the Offers which is 21 days after the date on which this Composite Document is posted
"Company"	Frasers Property (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition
"Completion Date"	28 September 2012, being the date of Completion
"Composite Document"	this document jointly issued by the Offeror and the Company to all Shareholders and Optionholders in accordance with the Takeovers Code containing, among other things, the terms of the Offers together with the Forms of Acceptance
"Directors"	directors of the Company from time to time
"Encumbrances"	any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
"Executive"	the executive director of the Corporate Finance Division of the SFC or any delegates of such executive director
"Form(s) of Acceptance"	the WHITE Form of Acceptance and/or the PINK Form of Acceptance

"Gemdale Corporation"	金地(集團)股份有限公司, a company established in the PRC and listed on the Shanghai Stock Exchange
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$" and "cent(s)"	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent board committee of the Board comprising all the non-executive Directors who have no direct or indirect interest in the Offers (being Ms. Chong Siak Ching (whose alternate is Mr. Chia Nam Toon), who is a non-executive Director, and Mr. Kwee Chong Kok, Michael, Mr. Chong Kok Kong, Mr. Hui Chiu Chung, *J.P.* and Ms. Wong Siu Ming, Helen, who are all the independent non-executive Directors) to advise and give recommendation to the Independent Shareholders and the Optionholders in respect of the Offers and as to acceptance
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Last Trading Day"	14 September 2012, being the last trading day on which the Shares were traded on the Stock Exchange prior to the publication of the Announcement
"Latest Practicable Date"	26 October 2012, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

"Offer Period"	the period from the Pre-announcement Date to 4:00 p.m. on the Closing Date, or such other time or date to which the Offeror may decide to extend the Offers in accordance with the Takeovers Code
"Offer Share(s)"	Share(s) not beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offeror"	Famous Commercial Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Gemdale Corporation
"Offers"	collectively, the Share Offer and the Option Offer
"Option Offer"	the unconditional mandatory cash offer made by Standard Chartered Bank for and on behalf of the Offeror for all outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) for cancellation in accordance with Rule 13.5 of the Takeovers Code
"Option Scheme"	the share option scheme of the Company adopted on 20 May 2003
"Optionholder(s)"	holder(s) of the Share Option(s)
"PINK Form of Acceptance"	the pink form of acceptance and cancellation of Share Options in respect of the Option Offer
"PRC"	the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan for the purpose of this Composite Document)
"Pre-announcement Date"	11 September 2012, being the day on which the Vendor and the Company issued a joint announcement after market close regarding a possible disposal of Shares
"Privatisation Circular"	the circular jointly issued by the Vendor, Riverbook Group Limited and the Company dated 5 July 2012 in relation to the attempted privatisation of the Company

"Registrar"	Tricor Standard Limited, the Hong Kong branch share registrar and transfer office of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period beginning six months prior to the Offer Period (which commenced on 11 September 2012) and ending on and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 14 September 2012 entered into between the Offeror (as purchaser) and the Vendor (as vendor) relating to the sale and purchase of the Sale Shares
"Sale Shares"	3,847,509,895 Shares acquired by the Offeror from the Vendor pursuant to the Sale and Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Offer"	the unconditional mandatory cash offer made by Standard Chartered Bank for and on behalf of the Offeror to acquire the Offer Shares in accordance with Rule 26.1 of the Takeovers Code
"Share Offer Price"	the price of HK$0.43 per Offer Share payable in cash by the Offeror on the terms of the Share Offer
"Share Option(s)"	the outstanding options granted to the Optionholders under the Option Scheme, irrespective of whether or not such options have been vested and become exercisable, comprising 2003 Options, 2004 Options, 2005 Options, 2006 Options, 2007 Options, 2008 Options, 2009 Options, 2010 Options and 2011 Options
"Shareholder(s)"	holder(s) of Share(s)

"Standard Chartered Bank"	Standard Chartered Bank (Hong Kong) Limited, the financial advisor to the Offeror. Standard Chartered Bank is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vendor"	FCL (China) Pte. Ltd., a company incorporated in Singapore, which was the controlling Shareholder as at the date of the Announcement and is a wholly-owned subsidiary of Frasers Centrepoint Limited, which in turn is a wholly-owned subsidiary of Fraser and Neave, Limited
"WHITE Form of Acceptance"	the white form of acceptance and transfer of Shares in respect of the Share Offer
"%"	per cent.

All time and date references contained in this Composite Document refer to Hong Kong time and date.

Standard Chartered
渣打銀行

STANDARD CHARTERED BANK (HONG KONG) LIMITED

29 October 2012

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF
FAMOUS COMMERCIAL LIMITED
FOR ALL THE ISSUED SHARES IN
FRASERS PROPERTY (CHINA) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
FAMOUS COMMERCIAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)
AND
FOR ALL OUTSTANDING SHARE OPTIONS
ISSUED BY FRASERS PROPERTY (CHINA) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
FAMOUS COMMERCIAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)
FOR CANCELLATION**

INTRODUCTION

On 25 September 2012, the Offeror and the Company jointly announced that on 14 September 2012, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase the Sale Shares at a consideration of HK$0.43 per Sale Share (total consideration of HK$1,654,429,254.85).

Immediately after Completion which took place on 28 September 2012, the Offeror and parties acting in concert with it were interested in 3,847,509,895 Shares, representing approximately 56.05% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it and to make an appropriate offer for all the outstanding Share Options other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it for cancellation.

This letter sets out, among other things, principal terms of the Offers, together with the information on the Offeror and Offeror's intentions regarding the Group. Further details of the Offers are also set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance. Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from CIMB as contained in this Composite Document.

THE OFFERS

Principal terms of the Offers

Standard Chartered Bank, on behalf of the Offeror, hereby makes the Offers in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . .HK$0.43 in cash

For each Share Option . . . . .HK$0.43 less the exercise price in respect of the relevant Share Option *(Note)*

Note:

The offer price per Share Option under the Option Offer is illustrated in the following table:

Share Option	Period during which Share Options outstanding are exercisable	Exercise price per Share	Number of new Shares issued upon exercise of Share Options by Optionholders	Offer price per Share Option
2003 Options	31/12/2004 – 30/12/2013	HK$0.1580	8,641,737	HK$0.2720
2004 Options	31/12/2005 – 30/12/2014	HK$0.1547	9,716,280	HK$0.2753
2005 Options	30/12/2006 – 29/12/2015	HK$0.1343	9,608,113	HK$0.2957
2006 Options	13/11/2007 – 12/11/2016	HK$0.1670	11,900,000	HK$0.2630
2007 Options	9/11/2008 – 8/11/2017	HK$0.3370	15,550,000	HK$0.0930
2008 Options	14/11/2009 – 13/11/2018	HK$0.1000	9,250,000	HK$0.3300
2009 Options	13/11/2010 – 12/11/2019	HK$0.1550	13,425,000	HK$0.2750
2010 Options	12/11/2011 – 11/11/2020	HK$0.2050	12,150,000	HK$0.2250
2011 Options	11/11/2012 – 10/11/2021	HK$0.1656	17,488,000	HK$0.2644

The Share Offer Price is HK$0.43 for each Offer Share, which is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances and together with all rights which are on the date of despatch of this Composite Document, or may at any time thereafter become, attaching to them including all dividends and distributions declared, paid or made in respect of them on or after the date of despatch of this Composite Document.

The Option Offer is calculated on a "see-through" basis, pursuant to which each Optionholder is entitled to receive a sum for each Share Option equivalent to the amount calculated by deducting the exercise price per Share payable on exercise of the relevant Share Option from the Share Offer Price.

The Offers are unconditional in all respects. The Offeror will not further increase the Share Offer Price or the price for the Option Offer. Shareholders should be aware that, following the making of this statement, the Offeror will not be allowed to further increase the Share Offer Price or the price for Option Offer, save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.

As at the Latest Practicable Date, the Company had 6,864,136,580 Shares in issue and 107,729,130 outstanding Share Options. Save for the aforesaid, the Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Comparisons of value

The Share Offer Price of HK$0.43 per Share represents:

(i) a premium of approximately 1.2% over the closing price of HK$0.425 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 14.7% over the closing price of HK$0.375 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 65.4% over the closing price of HK$0.260 per Share as quoted on the Stock Exchange on the Pre-announcement Date;

(iv) a premium of approximately 73.6% over the average closing price of approximately HK$0.248 *(Note 1)* per Share as quoted on the Stock Exchange for the one week up to and including the Pre-announcement Date;

(v) a premium of approximately 82.7% over the average closing price of approximately HK$0.235 *(Note 1)* per Share as quoted on the Stock Exchange for the one month up to and including the Pre-announcement Date;

(vi) a premium of approximately 85.1% over the average closing price of approximately HK$0.232 *(Note 1)* per Share as quoted on the Stock Exchange for the six months up to and including the Pre-announcement Date;

(vii) a premium of approximately 118.3% over the average closing price of approximately HK$0.197 *(Note 1)* per Share as quoted on the Stock Exchange for the twelve months up to and including the Pre-announcement Date;

(viii) a premium of approximately 23.9% over the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.347 *(Note 2)* (based on the unaudited consolidated accounts of the Company as at 31 March 2012); and

(ix) a discount of approximately 18.7% to the adjusted unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.529 *(Note 2)* as at 31 March 2012.

Notes:

1. In calculating the average closing price for the calendar periods specified above, for days on which the Shares were not traded on the Stock Exchange, the closing Share prices immediately prior to such days were applied.

2. A reconciliation between the unaudited consolidated net asset value attributable to the Shareholders per Share as at 31 March 2012 and the adjusted unaudited consolidated net asset value attributable to the Shareholders per Share as at 31 March 2012 is set out in the section headed "Letter from the Board – Further Information on the Group – (4) Adjusted net asset value" on pages 26 to 28 of this Composite Document.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK$0.450 per Share as quoted on the Stock Exchange on both 3 October 2012 and 5 October 2012 and the lowest closing price of the Shares was HK$0.168 per Share as quoted on the Stock Exchange on both 12 March 2012 and 15 March 2012.

Consideration

On the basis of 6,864,136,580 Shares in issue as at the Latest Practicable Date and based on the Share Offer Price under the Share Offer of HK$0.43 for each Offer Share, the entire issued share capital of the Company is valued at HK$2,951,578,729.40 and the 3,016,626,685 Shares subject to the Share Offer are valued at HK$1,297,149,474.55.

On the basis of 107,729,130 outstanding Share Options as at the Latest Practicable Date and based on the offer price per Share Option under the Option Offer as illustrated above, the consideration payable by the Offeror under the Option Offer for the cancellation of all outstanding Share Options is HK$26,544,365.56.

Accordingly, the Offers are valued at HK$1,323,693,840.11 in aggregate.

Assuming all of the aforesaid outstanding Share Options are exercised by the Optionholders before the Closing Date, 107,729,130 Shares will be issued and based on the Share Offer Price of HK$0.43 per Offer Share, an additional sum of HK$46,323,525.90 will be payable by the Offeror under the Share Offer. Accordingly, the Offers are valued at HK$1,343,473,000.45 in aggregate on a fully-diluted basis.

Financial resources available for the Offers

The Offeror intends to finance the cash required for the Offers from a combination of debt financing provided by Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) and the internal cash resources of the Offeror. Payment of interest, repayment of or security for any liability (contingent or otherwise) of the debt financing provided by Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) will not depend to any significant extent on the business of the Company.

Standard Chartered Bank, being the financial adviser to the Offeror in respect of the Offers, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offers.

Relevant Loans

Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) has signed a loan agreement with the Offeror dated 14 September 2012 the purpose of which is, among other things, to allow the Offeror to use the proceeds of such loan to refinance the Relevant Loans (as defined in the Announcement). The availability period of such loan for such purpose expires four months after the date of the loan agreement. In addition, the Offeror has made certain deposits with Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) which may also be used by the Offeror for the purposes of refinancing the Relevant Loans.

Effect of the Offers

By accepting the Share Offer, Shareholders will sell to the Offeror or its nominee their Offer Shares free from all Encumbrances and together with all rights attaching or accruing to the Offer Shares as at the date of despatch of this Composite Document, including the rights to receive all dividends and distribution declared, made or paid on or after the date of despatch of this Composite Document.

By accepting the Option Offer, Optionholders will agree to the cancellation of their outstanding Share Options, together with all rights attaching thereto.

Qualifying Optionholders who do nothing will continue to hold the Share Options in accordance with the terms of the Option Scheme, which state that the Optionholders shall be entitled to exercise the Share Options (to the extent not already exercised) at any time within one month (or such longer period as the Board shall decide) after the Offers become unconditional (which is taken to be one month after Monday, 29 October 2012 in respect of the Offers), and if the Share Options are not exercised within such time specified, the Share Options shall lapse.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Payment

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 7 business days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Offers and the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, the Company, Standard Chartered Bank, and their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Shareholders and overseas Optionholders

As the Offers to or the acceptance thereof by persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, overseas Shareholders and Optionholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the overseas Shareholders and/or overseas Optionholders who wish to accept the Share Offer and/or the Option Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such overseas Shareholders and/or overseas Optionholders in respect of such jurisdiction).

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company and was incorporated in Hong Kong with limited liability on 23 November 1995 and is a wholly-owned subsidiary of Gemdale Corporation, which is a company established in the PRC with limited liability and listed on the Shanghai Stock Exchange since April 2001.

Gemdale Corporation, the direct holding company of the Offeror, is primarily engaged in real estate development and operation in the PRC. As at the Latest Practicable Date, Gemdale Corporation had successfully entered into 20 cities and developed around a regional expansion layout covering the eastern, southern, northern, central, northeastern, northwestern and southeastern parts of China.

Gemdale Corporation had a market capitalisation of approximately RMB22.45 billion (equivalent to approximately HK$27.85 billion) as at the Latest Practicable Date. Gemdale Corporation recorded audited consolidated profits attributable to shareholders of approximately RMB3.02 billion (equivalent to approximately HK$3.74 billion) for the financial year ended 31 December 2011. Its audited consolidated net asset value as at 31 December 2011 was approximately RMB20.65 billion (equivalent to approximately HK$25.61 billion). For the purpose of this paragraph, the exchange rate of RMB0.8061 to HK$1 is used for illustrative purpose only.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Gemdale Corporation, the direct holding company of the Offeror, is strategically focused on the development of residential property (its traditional business segment) and the development of, and investment in, commercial real estate, either on a stand-alone basis or in conjunction with its residential property projects. Furthermore, Gemdale Corporation will continue to expand its real estate fund management business.

The Offeror is strategically aligned with Gemdale Corporation. In addition, the Offeror focuses on exploring appropriate cooperation and development opportunities in the property business, both in mainland China and overseas. The acquisition of a majority stake in the Company through the Acquisition and the Offers are in line with the Offeror's strategy as it provides the Offeror with a Hong Kong listed platform which is well positioned for international expansion.

The Offeror believes that further development of the Group's existing land bank and projects will contribute to the Offeror's financial performance and its overall strategic objectives.

INTENTIONS OF THE OFFEROR

The Offeror intends to continue carrying on the existing business of the Group, including property investment, development and management of residential, commercial and business park projects in Hong Kong and the PRC. As at the Latest Practicable Date, the Offeror has no intention to redeploy the fixed assets of the Group.

Subject to the business review set out in the below paragraph, the Offeror's intention with respect to the Company's longer-term strategy is to focus on commercial and complex properties development and investment in cities throughout China and overseas, to potentially engage in the development of residential property in a select set of attractive cities in China and overseas.

The Offeror will conduct a review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities for the Company such as acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view to enhance its growth and future development.

The Offeror intends to assist the Company to accelerate its growth and does not exclude the possibility of future assets injections into the Company and/or joint investments in attractive projects. As at the Latest Practicable Date, the Offeror had no plan, and had not engaged in any discussion or negotiation, with respect to any injection of any assets or businesses into the Company by either the Offeror or Gemdale Corporation. The Company and the Offeror have not entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to dispose of the existing business of the Group.

As disclosed in the announcement of the Company dated 12 October 2012:

(i) Mr. Wei Chuanjun has been appointed as an executive Director and the chief financial officer of the Company with effect from the date immediately after the despatch of this Composite Document;

(ii) Mr. Xu Jiajun has been appointed as an executive Director of the Company with effect from the date immediately after the despatch of this Composite Document;

(iii) Mr. Wong Ho Yin has been appointed as the company secretary and an authorised representative of the Company with effect from 12 October 2012; and

(iv) Mr. Yiu Chun Kit has resigned as the company secretary and an authorised representative of the Company with effect from 12 October 2012 and as the chief financial officer of the Company with effect from the date immediately after the despatch of this Composite Document.

It is intended that Mr. Leung Ka Hing, Harry will resign as the chief executive officer of the Company with effect from the date immediately after the despatch of this Composite Document, and Mr. Leung Ka Hing, Harry will resign as executive Director and Mr. Cheong Fook Seng, Anthony, Mr. Hui Choon Kit, Mr. Lim Ee Seng and Mr. Tang Kok Kai, Christopher will resign as non-executive Directors with effect from the earliest time permitted under the Takeovers Code (that is, after the first Closing Date), or such other date as approved by the Executive.

It is intended that Mr. Zhang Xiaofeng will be appointed as the new chief executive officer of the Company with effect from the date immediately after the despatch of this Composite Document.

Biography of the proposed new chief executive officer of the Company is set out below:

Mr. Zhang Xiaofeng, aged 42, is currently the Assistant President of Gemdale Corporation, Chairman and General Manager of North China region of Gemdale Corporation, and General Manager of Gemdale Commercial Real Estate Company. Mr. Zhang has more than 15 years experience in property development, corporate management and strategic planning. Mr. Zhang holds a BA degree from Beijing Normal University and an EMBA from China Europe International Business School.

There may also be other changes of Directors and senior management of the Company after the despatch of this Composite Document or after the close of the Offers as permitted under the Takeovers Code. Further details of the changes of Directors and senior management will be disclosed by way of an announcement in accordance with the Listing Rules.

As at the Latest Practicable Date and save for those disclosed above and other than in the ordinary course of business, the Offeror has no intention to discontinue the employment of the employees of the Group.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Act 1981 of Bermuda to compulsorily acquire any outstanding Offer Shares not acquired under the Share Offer after the close of the Share Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is the intention of the Offeror to maintain the listing status of the Company on the Stock Exchange following the close of the Offers.

If, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares or (b) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange may consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offers, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

The directors of the Offeror will jointly and severally undertake to the Stock Exchange (if so requested) to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

ADDITIONAL INFORMATION

Further terms of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

In making their decision, the Shareholders and Optionholders must rely on their own examination of the terms of the Offers, including the merits and risks involved.

Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of
Standard Chartered Bank (Hong Kong) Limited
Lodewijk Meens
Managing Director
Mergers & Acquisitions

FRASERS PROPERTY
星狮地产

Frasers Property (China) Limited
星獅地產(中國)有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 535)

Executive Director:
Mr. Leung Ka Hing, Harry (*Chief Executive Officer*)

Non-executive Directors:
Mr. Cheong Fook Seng, Anthony
Ms. Chong Siak Ching
(*whose alternate is Mr. Chia Nam Toon*)
Mr. Hui Choon Kit
Mr. Lim Ee Seng
Mr. Tang Kok Kai, Christopher

Independent Non-executive Directors:
Mr. Kwee Chong Kok, Michael (*Chairman*)
Mr. Chong Kok Kong
Mr. Hui Chiu Chung, *J.P.*
Ms. Wong Siu Ming, Helen

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business:
Suite 2806-2810, 28th Floor
Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

29 October 2012

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF FAMOUS COMMERCIAL LIMITED FOR ALL THE ISSUED SHARES IN FRASERS PROPERTY (CHINA) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FAMOUS COMMERCIAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY FRASERS PROPERTY (CHINA) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FAMOUS COMMERCIAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) FOR CANCELLATION

INTRODUCTION

As disclosed in the Announcement, the Board was informed by the Vendor that the Vendor and the Offeror entered into the Sale and Purchase Agreement on 14 September 2012, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, the Sale Shares at a consideration of HK$0.43 per Sale Share (total consideration of HK$1,654,429,254.85).

* *For identification purpose only*

Completion contemplated under the Sale and Purchase Agreement took place on 28 September 2012 as stated in the announcement jointly issued by the Company and the Offeror dated 28 September 2012.

As a result of Completion, as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 3,847,509,895 Shares, representing approximately 56.05% of the issued share capital of the Company. Accordingly, pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to make an appropriate offer for all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) for cancellation. Standard Chartered Bank will, on behalf of the Offeror, make the Offers to the Independent Shareholders and the Optionholders.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Offers, the Offeror and the Group; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders and the Optionholders in relation to the Offers; and (iii) the advice from CIMB to the Independent Board Committee in respect of the Offers. Further details of the terms of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance.

THE OFFERS

Principal terms of the Offers

The Offers are made by Standard Chartered Bank, the financial adviser to the Offeror, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share .... HK$0.43 in cash

For each Share Option ....HK$0.43 less the exercise price in respect of the relevant Share Option *(Note)*

Note:

The offer price per Share Option under the Option Offer is illustrated in the following table:

Share Option	**Period during which Share Options outstanding are exercisable**	**Exercise price per Share**	**Number of new Shares issued upon exercise of Share Options by Optionholders**	**Offer price per Share Option**
2003 Options	31/12/2004 – 30/12/2013	HK$0.1580	8,641,737	HK$0.2720
2004 Options	31/12/2005 – 30/12/2014	HK$0.1547	9,716,280	HK$0.2753
2005 Options	30/12/2006 – 29/12/2015	HK$0.1343	9,608,113	HK$0.2957
2006 Options	13/11/2007 – 12/11/2016	HK$0.1670	11,900,000	HK$0.2630
2007 Options	9/11/2008 – 8/11/2017	HK$0.3370	15,550,000	HK$0.0930
2008 Options	14/11/2009 – 13/11/2018	HK$0.1000	9,250,000	HK$0.3300
2009 Options	13/11/2010 – 12/11/2019	HK$0.1550	13,425,000	HK$0.2750
2010 Options	12/11/2011 – 11/11/2020	HK$0.2050	12,150,000	HK$0.2250
2011 Options	11/11/2012 – 10/11/2021	HK$0.1656	17,488,000	HK$0.2644

As stated in the section headed "Letter from Standard Chartered Bank – The Offers – Principal terms of the Offers" as set out on pages 9 to 10 of this Composite Document, the Share Offer Price is HK$0.43 for each Offer Share, which is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Share Offer will be fully paid and free from any Encumbrances and together with all rights which are on the date of despatch of this Composite Document, or may at any time thereafter become, attaching to them including all dividends and distributions declared, paid or made in respect of them on or after the date of despatch of this Composite Document.

As at the Latest Practicable Date, there were (i) 6,864,136,580 Shares in issue; and (ii) 107,729,130 outstanding Share Options pursuant to which an aggregate of 107,729,130 new Shares may fall to be issued if all outstanding Share Options are exercised by the Optionholders in full. Save for the aforesaid, as at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Option Offer is calculated on a "see-through" basis, pursuant to which each Optionholder is entitled to receive a sum for each Share Option equivalent to the amount calculated by deducting the exercise price per Share payable on exercise of the relevant Share Option from the Share Offer Price.

As at the Latest Practicable Date, the Company had 8,641,737 2003 Options, 9,716,280 2004 Options, 9,608,113 2005 Options, 11,900,000 2006 Options, 15,550,000 2007 Options, 9,250,000 2008 Options, 13,425,000 2009 Options, 12,150,000 2010 Options and 17,488,000 2011 Options.

Comparisons of value

The Share Offer Price of HK$0.43 per Share represents:

(i) a premium of approximately 1.2% over the closing price of HK$0.425 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 14.7% over the closing price of HK$0.375 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 65.4% over the closing price of HK$0.260 per Share as quoted on the Stock Exchange on the Pre-announcement Date;

(iv) a premium of approximately 73.6% over the average closing price of approximately HK$0.248 *(Note 1)* per Share as quoted on the Stock Exchange for the one week up to and including the Pre-announcement Date;

(v) a premium of approximately 82.7% over the average closing price of approximately HK$0.235 *(Note 1)* per Share as quoted on the Stock Exchange for the one month up to and including the Pre-announcement Date;

(vi) a premium of approximately 85.1% over the average closing price of approximately HK$0.232 *(Note 1)* per Share as quoted on the Stock Exchange for the six months up to and including the Pre-announcement Date;

(vii) a premium of approximately 118.3% over the average closing price of approximately HK$0.197 *(Note 1)* per Share as quoted on the Stock Exchange for the twelve months up to and including the Pre-announcement Date;

(viii) a premium of approximately 23.9% over the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.347 *(Note 2)* (based on the unaudited consolidated accounts of the Company as at 31 March 2012); and

(ix) a discount of approximately 18.7% to the adjusted unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.529 *(Note 2)* as at 31 March 2012.

Notes:

1. In calculating the average closing price for the calendar periods specified above, for days on which the Shares were not traded on the Stock Exchange, the closing Share prices immediately prior to such days were applied.

2. A reconciliation between the unaudited consolidated net asset value attributable to the Shareholders per Share as at 31 March 2012 and the adjusted unaudited consolidated net asset value attributable to the Shareholders per Share as at 31 March 2012 is set out in the section headed "Letter from the Board – Further Information on the Group – (4) Adjusted net asset value" on pages 26 to 28 of this Composite Document.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK$0.450 per Share as quoted on the Stock Exchange on both 3 October 2012 and 5 October 2012 and the lowest closing price of the Shares was HK$0.168 per Share as quoted on the Stock Exchange on both 12 March 2012 and 15 March 2012.

Further details of the Offers

The Offers are unconditional in all respects. The Offeror will not further increase the Share Offer Price or the price for the Option Offer.

Further information on the Offers, including the paragraphs headed "Consideration", "Financial resources available for the Offers", "Relevant Loans", "Effect of the Offers", "Stamp duty", "Taxation advice" and "Overseas Shareholders and overseas Optionholders" stated in the section headed "Letter from Standard Chartered Bank" is set out on pages 8 to 17 of this Composite Document.

Your attention is also drawn to the further details regarding the procedures for acceptance and settlement of the Offers as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

INFORMATION ON THE GROUP

The Company is an exempted company incorporated in Bermuda with limited liability, the Shares of which have been listed on the Stock Exchange since October 1989. The Group is principally engaged in property investment, development and management of residential, commercial and business park projects.

FURTHER INFORMATION ON THE GROUP

The Board would like to draw your attention to the following matters:

(1) Loan agreements

As at the Latest Practicable Date, there were banking facilities of the Group granted under two loan agreements (the "**Loan Agreements**"). Pursuant to each of the Loan Agreements if the relevant borrower ceases to be a subsidiary of the Vendor, the relevant lender(s) may, among other things, cancel the facility and declare all outstanding indebtedness under the relevant Loan Agreement (the "**Loans**"), together with accrued interest and all other sums payable thereunder, immediately due and payable. As at the Latest Practicable Date, the aggregate amount of the Loans was approximately HK$995 million. Following Completion which took place on 28 September 2012, the Company has ceased to be a subsidiary of the Vendor. Particulars of the two Loan Agreements are as follows:

(i) a facility agreement (the "**Facility Agreement**") dated 17 June 2005 (including supplemental agreements thereto) in respect of banking facility in the principal amount of US$36,000,000 (the "**Banking Facility**") between DBS Bank Ltd. ("**DBS**") as lender and Shanghai Zhong Jun Real Estate Development Ltd. ("**Shanghai Zhong Jun**"), a subsidiary of the Company, as borrower; and

(ii) a loan agreement (the "**Syndicated Loan Agreement**") dated 22 October 2010 between, among others, Standard Chartered Bank (Hong Kong) Limited as agent for a syndicate of six lenders (including itself) and the Company as borrower in respect of a HK$1,000,000,000 transferable term loan facility (the "**Syndicated Loan**").

In relation to the Banking Facility and pursuant to a waiver letter dated 28 September 2012 issued by DBS to, among others, Shanghai Zhong Jun, DBS has agreed, among other things, that for the period from 28 September 2012 to and including 28 October 2012, it will not exercise any of its rights under the Facility Agreement arising from, among other things, Shanghai Zhong Jun ceasing to be a subsidiary of the Vendor. Pursuant to a letter from DBS dated 25 October 2012, the above period has been extended to 31 December 2012.

In relation to the Syndicated Loan, the Company has obtained a written consent from the lenders of the Syndicated Loan that for a period of 30 business days commencing from 25 September 2012, the Company's cessation of being a subsidiary of the Vendor shall not constitute an event of default under the Syndicated Loan Agreement and the lenders shall defer their right to (a) accelerate the Syndicated Loan; (b) declare the Syndicated Loan, accrued interest and all other sums payable under the Syndicated Loan Agreement to be immediately due and payable; and (c) declare the facility under the Syndicated Loan Agreement terminated. As at the Latest Practicable Date, the Company was in the process of applying for an extension of the above period to 31 December 2012.

Should, at the expiry of the standstill periods mentioned above, the relevant lenders under the Loan Agreements cancel the facilities granted thereunder and declare all outstanding indebtedness under the Loan Agreements together with accrued interest and all other sums payable thereunder immediately due and payable, as referred to in the section headed "Letter from Standard Chartered Bank – The Offers – Relevant Loans" set out on page 12 of this Composite Document, the Offeror is prepared to use the proceeds from the loan extended to it by Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) and/or the deposits which the Offeror has placed with Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) to refinance such facilities.

(2) Phases 2A and 3 to 5 of Shanghai Shanshui Four Seasons Project

The Group's Phases 3 to 5 of Shanghai Shanshui Four Seasons Project occupies a site of approximately 406,162 sq.m. and is proposed to be developed into high-rise residential apartment buildings, townhouses, villas, underground car parking spaces and other public ancillary facilities. Upon completion, the development is expected to comprise a total gross floor area of approximately 651,724 sq.m. The proposed development is scheduled to be completed in 2017. The property was vacant land and construction of the site has not yet commenced as at 30 September 2012 (the "**Valuation Date**"), being the valuation date of the valuation report (the "**Valuation Report**") prepared by CBRE HK Limited as set out in Appendix III to this Composite Document.

As advised by Guangdong Shenhongfa Law Firm, the legal advisers to the Company as to the PRC laws, the Group should commence construction of the property by 1 June 2012 as required under the Shanghai State-owned Land Use Rights Grant Supplemental Contract dated 28 July 2011. As at the Latest Practicable Date, the Group planned to submit an application to extend the project commencement date to on or before 1 June 2014. Penalties may be imposed on the Group if it fails to extend the project commencement date. As at the Latest Practicable Date, the Group was also in the process of obtaining approval for registration of the project, following which the Group will negotiate with the local government about the additional land-related payment that needs to be paid by the Group before construction commences. As at the Latest Practicable Date, the Company was uncertain as to whether approval for the project registration can be obtained and the amount of the additional land-related payment that the Group needs to pay if such approval is obtained.

Shareholders should note that the valuation of the property as at the Valuation Date of approximately HK$2,856.5 million as appraised by CBRE HK Limited and set out in Appendix III to this Composite Document has not taken into consideration any additional payment described in the previous paragraph. Any amount that needs to be paid by the Group would reduce the market value of the property by the same amount.

The Board notes that due to construction delays, there will be a resultant delay in the pre-sale of the Shanghai Shanshui Four Seasons Project sub-phase 2A (the "**Project**") from 2012 to 2013 and that the circumstances giving rise to that delay are being fully investigated by the Company. Until there has been a full investigation by the Company, the Board is unable to determine what the consequences will be. As with any construction project, there is always the potential for disputes to arise. The Company will continue to work with all relevant parties on the Project.

(3) Phase 3 of Vision Shenzhen Business Park in Shenzhen

The property comprises two parcels of development sites for industrial and commercial and office uses with a total site area of approximately 51,000 sq.m. The larger industrial site with a gross floor area of approximately 208,800 sq.m. (the "**Industrial Land**") is proposed to be developed into science research factory properties for leasing while the smaller commercial and office site with a gross floor area of approximately 31,200 sq.m. (the "**Commercial Land**") is proposed to be developed into business apartments and ancillary commercial properties for sale. The total maximum permitted gross floor area for these two parcels is 240,000 sq.m. The property was vacant land and construction of the site had not yet commenced as at the Valuation Date. The initial phase of the construction is expected to commence in October 2013.

All the costs and expenses of approximately HK$424 million (the "**Initial Cost**") related to the original development of Phase 3 with a site area of approximately 254,000 sq.m. and an original gross floor area of about 408,000 sq.m. were fully provided for and charged to the Group's income statements in the financial year ended 31 December 2003 as it was clear that construction could not be completed by the stipulated deadline of 31 December 2005. Accordingly, the carrying value of the property as at 31 March 2012 was nil.

As disclosed in the announcement issued by the Company on 12 July 2010, on 9 June 2010 the Group entered into a framework agreement with the relevant PRC authority pursuant to which a site with an area of about 51,000 sq.m. was reserved by the Group. Subject to the entering into of the ancillary agreements with, and payment of relevant fees to, the relevant PRC authority, the Group will be granted the land use rights of the aforesaid land site. The Company is of the view that there is a likely chance that the ancillary agreements will be entered into and at that time, the Company will (a) write-back the appropriate portions of the Initial Cost in its financial statements based on gross floor area of the industrial site to be recovered; (b) pay an additional land premium of approximately RMB3,993,120 for the Industrial Land; and (c) pay a premium to be calculated based on the market valuation for the Commercial Land.

An allowance for the outstanding land premium of approximately RMB3,993,120 has been provided for in the valuation of the Industrial Land as set out in Appendix III to this Composite Document. Shareholders should note that the calculation of the aforesaid outstanding land premium for the Industrial Land is based on the information available to the Company as at the Latest Practicable Date which is subject to the final decision of the PRC authority. For the Commercial Land, since the land premium was not ascertainable as at the Valuation Date, no commercial value was attributed to the Commercial Land by CBRE HK Limited in its valuation as set out in Appendix III to this Composite Document.

(4) Adjusted net asset value

Given that the Company is a property company and in light of, among other things, the matters disclosed in paragraphs (2) and (3) above, the Board considers that a comparison of the Share Offer Price to the Company's net asset value is the most relevant benchmark for the Shareholders to assess the fairness of the Share Offer Price. Therefore, the unaudited consolidated net assets value ("**NAV**") of the Group as at 31 March 2012 is adjusted from HK$2,379,410,000 to HK$3,633,367,000 with reference to the latest valuation of the property interests of the Group as shown in the Valuation Report net of the relevant tax liabilities and non-controlling interest. The Shareholders should note that the sole purpose of providing such an adjusted NAV figure to the Shareholders and the Optionholders is to give them further information related to the Group for the purposes of considering the Offers.

As set out in notes 1 to 5 below, such adjusted NAV figure and the adjustments as a whole made to arrive at such figure will not be taken into account in preparing the financial statements of the Company. The Board further wishes to draw the attention of the Shareholders and public investors to the fact that while the valuations from CBRE HK Limited as at the Valuation Date were used to calculate the adjusted NAV, under the Group's accounting policies, investment property under construction and properties under development are stated at cost less any impairment losses and properties held for sale are stated at the lower of cost and net realisable value and no adjustments to market value for these properties would be made in the Group's accounts. Moreover, in calculating the adjusted NAV of investment properties, the Group assumes that the properties are disposed of and therefore withholding tax is crystalized. However, under the Group's accounting policies and for the purpose of preparing the Group's accounts, the Group would not assume the investment properties are disposed of and therefore no withholding tax is crystalized.

Details of the adjustments are as follows:

	Investment properties *HK$'000*	Investment properties under construction *HK$'000*	Properties under development *HK$'000*	Properties held for sale *HK$'000*	Unaudited consolidated net asset value *HK$'000*
Unaudited consolidated NAV of the Group attributable to the Shareholders as at 31 March 2012 *(Note 1)*					2,379,410
NAV per Share as at 31 March 2012 (based on 6,864,136,580 Shares in issue as at the Latest Practicable Date)					HK$0.347
Add: Revaluation surplus arising from the valuation of the property interests held by the Group as at the Valuation Date *(Note 2)*	667,648	360,300	2,662,461	93,002	3,783,411
Less: Deferred taxation arising from the revaluation surplus *(Note 3)*	216,985 *(Note 4)*	117,097	1,597,477	45,805	1,977,364
Less: Revaluation surplus net of deferred taxation attributable to non-controlling interests	57,544	0	480,840	13,706	552,090
Net revaluation surplus attributable to owners of the Company	393,119 *(Note 1)*	243,203	584,144	33,491	1,253,957
Adjusted NAV					3,633,367
Adjusted NAV per Share (based on 6,864,136,580 Shares in issue as at the Latest Practicable Date)					HK$0.529 *(Notes 4, 5 & 6)*

Notes:

1. The valuation of the investment properties has not been adopted for the interim period ended 31 March 2012. Such valuation has been conducted by CBRE HK Limited for the purpose of the Offers as at the Valuation Date. The valuation report as at the Valuation Date as prepared by CBRE HK Limited is set out in Appendix III to this Composite Document. A previous valuation of the investment properties has been conducted by CBRE HK Limited for the purpose of the Proposal (as defined in the Privatisation Circular) as at 10 April 2012. Again, such valuation has not been adopted for the interim period ended 31 March 2012. The valuation report as at 10 April 2012 as prepared by CBRE HK Limited was set out in Appendix II to the Privatisation Circular.

2. Being the capital value of the property interests held by the Group as at the Valuation Date as assessed by CBRE HK Limited less the carrying value of the property interests held by the Group as at 30 September 2012.

3. Being the estimated related taxation, which is calculated based on the estimated land appreciation tax, corporate income tax and withholding tax that would crystalize upon disposal of the properties at the valuation price.

   In relation to properties under development, the deferred tax is estimated based on the budgeted results for the relevant projects and with reference to the historic effective tax rate (including the land appreciation tax ("LAT"), corporate income tax ("CIT") and withholding tax ("WHT") according to the requirements set forth in the relevant PRC laws and regulations) for similar projects. In relation to investment properties and investment properties under construction, the deferred tax is calculated based on CIT at 25% and WHT at 10% while LAT is not applicable. In relation to properties held for sale which are located in the PRC, the deferred tax is calculated based on CIT at 25%, LAT at progressive rate of 30% on the revaluation surplus and WHT at 10%. In relation to properties held for sale which are located in Hong Kong, no deferred tax has been provided since there is no capital gain tax in Hong Kong and there are unutilised tax losses brought forward to offset the taxable income.

4. While the Company intends to dispose of Sohu.com Internet Plaza in Beijing, no land appreciation tax on the surplus on revaluation of this property has been provided for given that the property is continually held as investment property and has not yet been reclassified to properties held for sale. In the event that the property is reclassified to properties held for sale and is disposed of, there will be an additional land appreciation tax to be borne by the Company. If such land appreciation tax and the related amount attributable to non-controlling interests are taken into account, the adjusted NAV would be marginally reduced to approximately HK$0.527 per Share.

5. The Group has yet to obtain various approvals and negotiate with the PRC authorities the additional land-related payment in respect of the land site for Phases 3 to 5 of Shanghai Shanshui Four Seasons Project. However, as at the Latest Practicable Date, the Company was uncertain as to whether approval for the project registration can be obtained and the amount of the additional land-related payment that the Group needs to pay if such approval is obtained. As stated in the valuation report, in valuing this property, CBRE HK Limited has not taken into account such additional land-related payment and any amount that needs to be paid by the Group will reduce the market value of the property by the same amount. For Independent Shareholders' additional reference, the adjusted NAV would be reduced to approximately HK$0.471 per Share if it is assumed that the value of this property remains the same as its book value and there is no appreciation in value.

6. The calculation of the adjusted NAV has not taken into account (i) the unaudited financial results of the Group for the six months ended 30 September 2012; and (ii) any revenue recognized from the sales of property interests and relevant costs/expenses incurred thereof by the Group during the six months ended 30 September 2012. As such, the adjusted NAV may not fully reflect the underlying assets value of the Group as at 30 September 2012. Given that the book value of the sold properties held for sales was approximately HK$1.2 million as at 31 March 2012, representing 0.03% of the total property interests held by the Group as at 31 March 2012 and their sales proceeds were approximately HK$2.9 million, the Company considers the sold properties held for sale were insignificant to the Group and the impact arising from the sales of properties held for sale on the adjusted NAV is immaterial.

7. According to the Group's accounting policies, gains or losses arising from change in the fair value of investment properties would be included in the income statement in the year in which they arise. Investment properties under construction and properties under development are stated at cost less any impairment losses and properties held for sale are stated at the lower of cost and net realisable value.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Letter from Standard Chartered Bank – Information on the Offeror" set out on page 14 of this Composite Document.

OFFEROR'S INTENTIONS ON THE GROUP

Your attention is drawn to the following sub-sections of the section headed "Letter from Standard Chartered Bank" set out in this Composite Document:

(a) "Reasons for and benefits of the transactions" on page 14;

(b) "Intentions of the Offeror" on pages 14 to 16; and

(c) "Compulsory acquisition" on page 16.

The Board has noted the intentions of the Offeror in respect of the Group and its employees as stated in the above sub-sections of the section headed "Letter from Standard Chartered Bank" set out in this Composite Document, which in the Board's view are in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

As stated in the section headed "Letter from Standard Chartered Bank – Maintaining the listing status of the Company" as set out on page 16 of this Composite Document, it is the intention of the Offeror to maintain the listing status of the Company on the Stock Exchange following the close of the Offers.

If, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange may consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offers, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

As stated in the section headed "Letter from Standard Chartered Bank – Maintaining the listing status of the Company" as set out on page 16 of this Composite Document, the directors of the Offeror will jointly and severally undertake to the Stock Exchange (if so requested) to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

INDEPENDENT BOARD COMMITTEE

In connection with the Offers and in accordance with the Takeovers Code, the Company has established the Independent Board Committee comprising Ms. Chong Siak Ching (whose alternate is Mr. Chia Nam Toon), being a non-executive Director, Mr. Kwee Chong Kok, Michael, Mr. Chong Kok Kong, Mr. Hui Chiu Chung, *J.P.* and Ms. Wong Siu Ming, Helen, being all the independent non-executive Directors, to advise the Independent Shareholders and the Optionholders in relation to the terms and conditions of the Offers and as to acceptance.

Each of Mr. Cheong Fook Seng, Anthony, Mr. Hui Choon Kit, Mr. Lim Ee Seng and Mr. Tang Kok Kai, Christopher, all being non-executive Directors, has an indirect interest in the Offers since he holds directorship and/or senior management position at either the Vendor or its holding companies and/or associated companies, as stated below. In this regard, they are not considered independent for the purpose of sitting on the Independent Board Committee.

Non-executive Director	**Position**
Mr. Cheong Fook Seng, Anthony	• director of the Vendor • director of Frasers Centrepoint Limited ("**FCL**") which owns 100% shareholding interest in the Vendor • group company secretary of Fraser and Neave, Limited ("**F&N**") which owns 100% shareholding interest in FCL • director of a number of entities within the group of companies comprising F&N and its subsidiaries, joint ventures and associated entities
Mr. Hui Choon Kit	• group financial controller of F&N • director of a number of entities within the group of companies comprising F&N and its subsidiaries, joint ventures and associated entities
Mr. Lim Ee Seng	• director of the Vendor • chief executive officer and director of FCL • director of a number of entities within the group of companies comprising FCL and its subsidiaries, joint ventures and associated entities

Non-executive Director	Position
Mr. Tang Kok Kai, Christopher	• director of the Vendor • chief executive officer of Frasers Centrepoint Commercial Division of FCL • chief executive officer of FCL Greater China Division of FCL • director of a number of entities within the group of companies comprising FCL and its subsidiaries, joint ventures and associated entities

RECOMMENDATIONS

CIMB has been appointed by the Independent Board Committee to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in connection with the Offers. The text of the letter of advice from CIMB containing its recommendations is set out on pages 60 to 62 of this Composite Document. The Company would advise you to read this letter carefully before you take any action in respect of the Offers.

The Independent Board Committee has considered the terms of the Offers and taken into account the advice of CIMB, in particular the factors, reasons and recommendation as set out in the section headed "Letter from CIMB" on pages 34 to 62 of this Composite Document. The Independent Board Committee's recommendation is set out in the section headed "Letter from the Independent Board Committee" on pages 32 to 33 of this Composite Document.

ADDITIONAL INFORMATION

You are strongly advised to read this Composite Document together with the accompanying Form(s) of Acceptance for information relating to the Offers, taxation and procedures for acceptance and settlement of the Offers.

Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of the Board
FRASERS PROPERTY (CHINA) LIMITED
Mr. Kwee Chong Kok, Michael
Chairman

Frasers Property (China) Limited
星獅地產(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

Executive Director:
Mr. Leung Ka Hing, Harry (*Chief Executive Officer*)

Non-executive Directors:
Mr. Cheong Fook Seng, Anthony
Ms. Chong Siak Ching
(*whose alternate is Mr. Chia Nam Toon*)
Mr. Hui Choon Kit
Mr. Lim Ee Seng
Mr. Tang Kok Kai, Christopher

Independent Non-executive Directors:
Mr. Kwee Chong Kok, Michael (*Chairman*)
Mr. Chong Kok Kong
Mr. Hui Chiu Chung, *J.P.*
Ms. Wong Siu Ming, Helen

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business:
Suite 2806-2810, 28th Floor
Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

29 October 2012

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF FAMOUS COMMERCIAL LIMITED FOR ALL THE ISSUED SHARES IN FRASERS PROPERTY (CHINA) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FAMOUS COMMERCIAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY FRASERS PROPERTY (CHINA) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FAMOUS COMMERCIAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) FOR CANCELLATION

* *For identification purpose only*

We refer to the composite offer and response document (the "**Composite Document**") dated 29 October 2012 jointly issued by the Company and Famous Commercial Limited in relation to the Offers, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Composite Document.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders and the Optionholders in respect of the Offers.

CIMB has been appointed, with our approval, as the independent financial adviser in respect of the Offers.

We wish to draw your attention to (a) the letter from the Board as set out on pages 18 to 31 of the Composite Document; (b) the letter from CIMB as set out on pages 34 to 62 of the Composite Document which sets out the factors and reasons taken into account by CIMB in arriving at its recommendations; and (c) further terms of the Offers as set out on pages 63 to 71 of the Composite Document.

Having considered the terms of the Share Offer and having taken into account the advice of CIMB, in particular the factors, reasons and recommendations as set out in the letter from CIMB, we consider that the terms of the Share Offer are, on balance, fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Share Offer.

Having considered the terms of the Option Offer and having taken into account the advice of CIMB, in particular the factors, reasons and recommendations as set out in the letter from CIMB, we consider that the terms of the Option Offer are, on balance, fair and reasonable as far as the Optionholders are concerned. Accordingly, we recommend the Optionholders to accept the Option Offer.

Yours faithfully,
Independent Board Committee

Ms. Wong Siu Ming, Helen
Chairman of the Independent Board Committee and Independent Non-executive Director

Mr. Chong Kok Kong
Independent Non-executive Director

Mr. Hui Chiu Chung, *J.P.*
Independent Non-executive Director

Mr. Kwee Chong Kok, Michael
Independent Non-executive Director

Ms. Chong Siak Ching
Non-executive Director

CIMB Securities Limited

Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

29 October 2012

To the Independent Board Committee, the Independent Shareholders and the Optionholders of Frasers Property (China) Limited

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF
FAMOUS COMMERCIAL LIMITED
FOR ALL THE ISSUED SHARES IN
FRASERS PROPERTY (CHINA) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
FAMOUS COMMERCIAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)
AND
FOR ALL OUTSTANDING SHARE OPTIONS
ISSUED BY FRASERS PROPERTY (CHINA) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
FAMOUS COMMERCIAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)
FOR CANCELLATION**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in connection with the Offers. Details of the Offers are contained in the composite offer document to the Shareholders and the Optionholders dated 29 October 2012 (the "Composite Document") of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

The Board has established the Independent Board Committee, comprising Ms. Chong Siak Ching (whose alternate is Mr. Chia Nam Toon), being a non-executive Director, Mr. Kwee Chong Kok, Michael, Mr. Chong Kok Kong, Mr. Hui Chiu Chung, *J.P.*, and Ms. Wong Siu Ming, Helen, being all the independent non-executive Directors who have no direct or indirect interest in the Offers, to advise the Independent Shareholders and the Optionholders in respect of the Offers. According to the Company's announcement dated 8 October 2012, the Independent Board Committee has approved our appointment as the independent financial advisor to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in this regard.

We are independent from, and are not connected with the Offeror, the Company or any other party to the Offers or any of their respective associates, connected person or parties acting in concert with any of them, save for (i) certain banking facilities granted by CIMB Bank Berhad ("CIMB Bank", being an associate of CIMB) to Ascendas Citramas Pte Ltd (being a joint venture subsidiary of Ascendas Pte Ltd. (which wholly and beneficially owns Riverbook Group Limited, a company which owned 17.12% of the total issued share capital of the Company as at the Latest Practicable Date)) and Fraser and Neave, Limited (which wholly and beneficially owns FCL (China) Pte Ltd., which in turn owned 56.05% of the total issued share capital of the Company immediately before Completion) and its subsidiaries (collectively, the "F&N Group") (the "Banking Facilities"); (ii) certain listed and unlisted bonds issued by F&N Group held by CIMB Bank, Singapore Branch (the "Bonds"); (iii) the fixed rate notes issued by JTC Corporation (being the holding company of Ascendas Pte Ltd.) held by CIMB Bank (the "Notes"); and (iv) certain brokerage accounts maintained with CIMB Securities (Singapore) Pte Ltd., being an associate of CIMB, by certain connected persons of the Vendor and parties acting in concert with them (the "Brokerage Accounts"). Since the aggregate limit of the Banking Facilities, the Bonds and the Notes represents an insignificant portion of the total asset value of CIMB Group Holdings Berhad, the ultimate holding company of CIMB, as at 30 June 2012 and all the Brokerage Accounts were either dormant with no trading activities in the past 24 months or the commission earnings contributed to CIMB Securities (Singapore) Pte Ltd. were insignificant in the past 24 months, the above business relationships are considered not affecting our independence nor the objectivity of our advice to the Independent Board Committee.

BASIS OF OPINION

In formulating our recommendation, we have relied on the information and facts provided, and the opinions expressed, by the Directors and the management of the Company and contained or referred to in the Composite Document. The Directors have declared in a responsibility statement set out in Appendix V to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information in respect of the Group contained in the Composite Document. We have assumed that the information and representations provided to us by the Directors and the management of the Company or contained or referred to in the Composite Document were true and accurate at the time they were made and as at the date of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Composite Document.

We consider that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the Offeror or any of their respective subsidiaries and associates.

We have not considered the tax implications on the Shareholders and the Optionholders of their acceptances or non-acceptances of the Offers since this is particular to their own individual circumstances. In particular, the Shareholders and the Optionholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offers and, if in doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Background to the Offers

It was announced on 8 May 2012 that FCL (China) Pte. Ltd. and Riverbook Group Limited (the "Privatisation Offerors") requested the Board to put forward a proposal to the holders of Shares in issue other than those beneficially owned by any of the Privatisation Offerors (the "Scheme Shareholders") regarding a proposed privatisation of the Company (the "Privatisation Proposal") by way of a scheme of arrangement under Section 99 of the Companies Act (the "Scheme") involving cancellation of all the Shares attributable to the Scheme (the "Scheme Shares") and allotment and issue of new Shares to the Privatisation Offerors. All the Scheme Shares were proposed to be cancelled in exchange for the payment to each Scheme Shareholder of HK$0.280 in cash for each Scheme Share.

As the Scheme was not approved by the requisite majority and was disapproved by more than 10% of the votes attaching to all the Shares held by the then independent shareholders of the Company at the court meeting on 30 July 2012, the special general meeting had been adjourned indefinitely and the Privatisation Proposal was not implemented. Further details are set out in the Privatisation Circular dated 5 July 2012 jointly issued by the Privatisation Offerors and the Company in relation to the Privatisation Proposal and the announcement dated 30 July 2012 jointly issued by the Privatisation Offerors and the Company in relation to the results of the said court meeting and adjournment of the said special general meeting.

On 14 September 2012, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, the Sale Shares, representing approximately 56.05% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, at a consideration of HK$0.43 per Sale Share (total consideration of HK$1,654,429,254.85).

Immediately after Completion which took place on 28 September 2012 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 3,847,509,895 Shares, representing approximately 56.05% of the issued share capital of the Company. Accordingly, in compliance with Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it and to make an appropriate offer for all the outstanding Share Options other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it for cancellation.

As at the Latest Practicable Date, the Company had 6,864,136,580 Shares in issue and 107,729,130 outstanding Share Options.

The Offers are made by Standard Chartered Bank, the financial adviser to the Offeror, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share . . . . .HK$0.43 in cash

For each Share Option . . . . .HK$0.43 less the exercise price in respect of the relevant Share Option (*Note*)

Note:

The offer price per Share Option under the Option Offer is set out in the following table:

Share Option	**Exercise price per Share**	**Offer price per Share Option**
2003 Options	HK$0.1580	HK$0.2720
2004 Options	HK$0.1547	HK$0.2753
2005 Options	HK$0.1343	HK$0.2957
2006 Options	HK$0.1670	HK$0.2630
2007 Options	HK$0.3370	HK$0.0930
2008 Options	HK$0.1000	HK$0.3300
2009 Options	HK$0.1550	HK$0.2750
2010 Options	HK$0.2050	HK$0.2250
2011 Options	HK$0.1656	HK$0.2644

The Share Offer Price is HK$0.43 for each Offer Share, which is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Option Offer is calculated on a "see-through" basis, pursuant to which each Optionholder is entitled to receive a sum for each Share Option equivalent to the amount calculated by deducting the exercise price per Share payable on exercise of the relevant Share Option from the Share Offer Price.

The Offers are unconditional in all respects. The Offeror will not further increase the Share Offer Price or the price for Option Offer.

Further details of the terms and conditions of the Offers are set out in the Letter from the Standard Chartered Bank as contained in the Composite Document.

2. Financial performance of the Group

The Group is principally engaged in property investment, development and management of residential, commercial and business park projects.

A summary of the audited consolidated results of the Group for the three years ended 30 September 2011 and the unaudited consolidated results of the Group for the six months ended 31 March 2011 and 2012 is set out in Appendix II to the Composite Document.

The following table sets out the financial performance of the Group for the three years ended 30 September 2011 and the six months ended 31 March 2011 and 2012 as extracted from Appendix II:

	For the year ended 30 September			For the six months ended 31 March	For the six months ended 31 March
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Audited)	(Unaudited)	(Unaudited)
Revenue					
Property development	7,417	1,202,199	142,386	101,124	17,004
Business park	123,153	145,421	160,218	76,885	87,217
	130,570	1,347,620	302,604	178,009	104,221
Changes in fair value of investment properties	(14,826)	99,240	226,103	–	–
Profit attributable to owners of the Company	3,169	194,044	205,836	9,582	44,556

For the year ended 30 September 2010 ("FY2009/10"), the Group recorded a turnover of approximately HK$1,347.6 million, representing an increase of approximately 931.9% as compared to the year ended 30 September 2009 ("FY2008/09"). Such substantial increase was mainly contributed by the recognition of revenue from the sale of residential units of Phase 1 of Shanghai Shanshui Four Seasons Project. The Group also recorded a fair value gain of investment properties of approximately HK$99.2 million for FY2009/10 against a fair value loss of investment properties of approximately HK$14.8 million for FY2008/09. As a result, the profit attributable to owners of the Company for FY2009/10 significantly improved to approximately HK$194.0 million from approximately HK$3.2 million for FY2008/09.

For the year ended 30 September 2011 ("FY2010/11"), the Group recorded a turnover of approximately HK$302.6 million, representing a decrease of approximately 77.5% from approximately HK$1,347.6 million recorded in FY2009/10. The decrease in turnover for FY2010/11 was mainly attributable to lower revenue generated from the sale of the remaining units of Phase 1 of Shanghai Shanshui Four Seasons Project given that revenue from over 90% of the units had already been recorded in FY2009/10. Despite the drop in revenue in FY2010/11, the Group's profit attributable to owners of the Company increased by approximately 6.1% to approximately HK$205.8 million for FY2010/11 mainly due to the recognition of a fair value gain of investment properties of approximately HK$226.1 million.

For the six months ended 31 March 2012 ("2011/12 Interim Period") the Group recorded a turnover of approximately HK$104.2 million, representing a decrease of approximately 41.5% from approximately HK$178.0 million for the six months ended 31 March 2011 ("2010/11 Interim Period"). The decrease was primarily due to delayed sales from the last three units of Phase 1 of Shanghai Shanshui Four Seasons Project as Phase 1 was completed with majority of the units being sold and recognized in prior financial years. The decrease was partially offset by the increase in rental income generated from higher rental rates upon the renewal of the leases for some major tenants of Vision Shenzhen Business Park. Despite the drop in revenue in 2011/12 Interim Period, the Group recorded profit attributable to owners of the Company for 2011/12 Interim Period of approximately HK$44.6 million, against profits of approximately HK$9.6 million for 2010/11 Interim Period. The higher profits for 2011/12 Interim Period was mainly because of the recognition of a retention money of approximately HK$41.4 million which was related to the disposal of interest in a Beijing development site, partially offset by a provision for reimbursement of approximately HK$7.0 million made for the same court case (a provision for litigation claims of approximately HK$29.3 million was made for 2010/11 Interim Period).

As illustrated by its financial performance for the past three years, the Group's revenue as well as profitability is significantly affected by the timing of the property sales which in turn largely depends on the progress of the development projects. Apart from property development, the Group also holds two major investment properties, one in Shenzhen and one in Beijing, which have been generating relatively stable rental income for the Group. The investment properties held by the Group are stated at fair value as at the end of the reporting period. Any changes in fair value of the investment properties will have a direct impact on the profit attributable to the Shareholders.

3. Properties of the Group

As a property investment, development and management company, the Group's principal assets are investment properties, properties under development and properties held for sale. Set out below is the breakdown of the Group's total assets as at 31 March 2012 as extracted from the unaudited consolidated results of the Group for the six months ended 31 March 2012 set out in Appendix II to the Composite Document.

	HK$'000	*Approximately %*
Properties		
Investment properties	1,466,567	29.3
Properties under development	2,115,519	42.2
Investment property under construction	–	–
Properties held for sale	82,050	1.6
	3,664,136	73.1
Other assets		
Due from the immediate holding company	63,297	1.3
Prepayments, deposits and other receivables	50,226	1.0
Deposits, bank and cash balances	1,220,288	24.3
Other assets	15,459	0.3
Total assets	5,013,406	100.0

Below sets out the details of the Group's property interests as at 30 September 2012, being the valuation date (the "Valuation Date") adopted by CBRE HK Limited in its valuation report (the "Valuation Report") set out in Appendix III to the Composite Document.

(a) Investment properties

The investment properties held by the Group comprise Phases 1 & 2 of Vision Shenzhen Business Park in Shenzhen and Sohu.com Internet Plaza in Beijing.

Phases 1 & 2 of Vision Shenzhen Business Park in Shenzhen

The investment properties in Shenzhen comprise 9 buildings of Vision Shenzhen Business Park. The 9 buildings were developed in two phases with Phase 1 and Phase 2 for information technology research and development centre, office, ancillary and car parking uses. Phase 1 was completed in 2001 and Phase 2 was completed between 2006 and 2007. As at the Valuation Date, approximately 99.8% of the commercial office spaces have been leased to various tenants for office, research & development uses with a majority of the leases having a term of 2 to 3 years, generating total rent and management fee income of about RMB9.8 million per month.

Sohu.com Internet Plaza in Beijing

The investment properties in Beijing comprise a 2-level car park basement, a 2-storey retail podium and levels L3 to L6 of office spaces of Sohu.com Internet Plaza. Sohu.com Internet Plaza is a 13-storey composite retail and office development completed in 2004. As at the Valuation Date, approximately 99.3% of the property has been leased to various tenants generating total monthly rent (exclusive of management fee) of approximately RMB2.4 million and approximately 0.7% of the property is used by the Group as office.

(b) Properties under development

Properties under development held by the Group comprise two parcels of land in Shanghai, one currently under construction (being Phase 2 of Shanghai Shanshui Four Seasons Project) and the other currently vacant (being Phases 3 to 5 of Shanghai Shanshui Four Seasons Project).

Phase 2 of Shanghai Shanshui Four Seasons Project

The property occupies Zone A and Zone B (namely Phase 2A and Phase 2B respectively) with site areas of 90,738 sq.m. and 38,673 sq.m., respectively. Phase 2A is being developed into 17 blocks of medium-rise apartment buildings, a kindergarten, a 4-levels clubhouse, underground car park spaces and other public ancillary facilities. Phase 2B is proposed to be developed into 12 blocks of medium-rise residential apartment buildings, underground car park spaces and other public ancillary facilities. The property is currently under construction. Upon completion, the development is expected to comprise a total above-ground gross floor area of approximately 255,985 sq.m. The proposed development is expected to be completed in 2015. As disclosed in the section headed "Letter from the Board", construction of Phases 2A and 2B of the project is progressing and pre-sale of Phase 2A is expected to commence in 2013.

Phases 3 to 5 of Shanghai Shanshui Four Seasons Project

The property occupies a site of approximately 406,162 sq.m. and is proposed to be developed into high-rise residential apartment buildings, townhouses, villas, underground car park spaces and other public ancillary facilities. Upon completion, the development is expected to comprise a total gross floor area of approximately 651,724 sq.m. The proposed development is scheduled to be completed in 2017. The property was vacant land and construction of the site has not yet commenced as at the Valuation Date.

As disclosed in the Valuation Report set out in Appendix III to the Composite Document, the Group had not commenced construction of the property by 1 June 2012 as required under the Shanghai State-owned Land Use Rights Grant Supplemental Contract dated 28 July 2011. As stated in the Letter from the Board, as at the Latest Practicable Date, the Group planned to submit an application to extend the project commencement date to on or before 1 June 2014. Penalties may be imposed on the Group if it fails to extend the project commencement date. As at the Latest Practicable Date, the Group was also in the process of obtaining approval for registration of the project, following which the Group will negotiate with the local government about the additional land-related payment that needs to be paid by the Group before construction commences. As at the Latest Practicable Date, the Company was uncertain as to whether approval for the project registration can be obtained and the amount of the additional land-related payment that the Group needs to pay if such approval is obtained.

It should be highlighted that the valuation of the property as at the Valuation Date of approximately HK$2,856.5 million as appraised by CBRE HK Limited and set out in Appendix III to the Composite Document has not taken into consideration any additional payment described in the previous paragraph. Any amount that needs to be paid by the Group would reduce the market value of the property by the same amount.

(c) Investment property under construction

Phase 3 of Vision Shenzhen Business Park in Shenzhen

The property comprises two parcels of development sites for industrial and commercial & office uses with a total site area of approximately 51,000 sq.m. The larger industrial site with a gross floor area of approximately 208,800 sq.m. (the "Industrial Land") is proposed to be developed into science research factory properties for leasing while the smaller commercial & office site with a gross floor area of approximately 31,200 sq.m. (the "Commercial Land") is proposed to be developed into business apartments and ancillary commercial properties for sale. The total maximum permitted gross floor area for these two parcels is 240,000 sq.m. The property was vacant land and construction of the site had not yet commenced as at the Valuation Date. As disclosed in the section headed "Letter from the Board", the initial phase of the construction is expected to commence in October 2013.

As disclosed in the section headed "Letter from the Board", approximately HK$424 million (the "Initial Cost") related to the original development of Phase 3 with a site area of approximately 254,000 sq.m. and an original gross floor area of about 408,000 sq.m. were fully provided for and charged to the Group's income statements in the financial year ended 31 December 2003 as it was clear that construction could not be completed by the stipulated deadline of 31 December 2005. Accordingly, the carrying value of the property as at 31 March 2012 was nil.

As disclosed in the section headed "Letter from the Board – Further Information on the Group" to the Composite Document, on 9 June 2010, the Group entered into a framework agreement with the relevant PRC authority pursuant to which a site with an area of about 51,000 sq.m. was reserved by the Group. Subject to the entering into of the ancillary agreements with, and payment of relevant fees to, the relevant PRC authority, the Group will be granted the land use rights of the aforesaid land site. The Company is of the view that there is a likely chance that the ancillary agreements will be entered into and at that time, the Company will (a) write-back the appropriate portions of the Initial Cost in its financial statements based on gross floor area of the industrial site to be recovered; (b) pay an additional land premium of approximately RMB3,993,120 for the Industrial Land; and (c) pay a premium to be calculated based on the market valuation for the Commercial Land.

An allowance for the outstanding land premium of approximately RMB3,993,120 has been provided for in the valuation of the Industrial Land as set out in Appendix III to the Composite Document. Shareholders should note that the calculation of the aforesaid outstanding land premium for the Industrial Land is based on the information available to the Company as at the Latest Practicable Date which is subject to the final decision of the PRC authority. For the Commercial Land, since the land premium was not ascertainable as at the Valuation Date, no commercial value was attributed to the Commercial Land by CBRE HK Limited in its valuation as set out in Appendix III to the Composite Document.

(d) Properties held for sale

Properties held for sale include various retail units, clubhouse and ancillary facilities spaces in Shanghai and various car parking spaces in Dalian and Hong Kong with a total market value attributable to the Group of approximately HK$108.8 million as at the Valuation Date as appraised by CBRE HK Limited. Please refer to the Valuation Report set out in Appendix III to the Composite Document.

The following table sets out the details of the Group's properties held for sale as at the Valuation Date:

Properties	Year of completion	Details of occupancy	Capital value attributable to the Group as at the Valuation Date *(HK$' million)*
47 retail units, a 2-level clubhouse, ancillary facilities spaces, underground refuges areas in Phase 1 of Shanshui Four Seasons in Shanghai	Between 2009 and 2010	Part of the clubhouse and the retail units are occupied by the Group as office and the remaining portion was vacant	76.9
61 car parking spaces of the Ninth ZhongShan in Dalian	2004	34 car parks were leased for various terms with the latest term expiry in February 2013	5.6
130 car parking spaces of Greenery Place in Yuen Long, Hong Kong	2001	102 parking spaces have been leased on a monthly basis and the remaining parking spaces are vacant	25.3
5 motorcycle parking spaces of Harbourview Garden in Mongkok, Hong Kong	2000	The parking spaces are all vacant	0.7
2 motorcycle parking spaces of Brilliant Court in Wanchai, Hong Kong	2000	The parking spaces are all vacant	0.3

4. Assets and adjusted net asset value

(i) Assets

The unaudited consolidated balance sheet of the Group as at 31 March 2012 is set out in Appendix II to the Composite Document. Total assets and net assets as at that date of approximately HK$5,013.4 million and approximately HK$2,379.4 million respectively are analysed below.

	HK$'000	*Approximately %*
Properties		
Investment properties	1,466,567	29.3
Properties under development	2,115,519	42.2
Investment property under construction	–	–
Properties held for sale	82,050	1.6
	3,664,136	73.1
Other assets		
Due from the immediate holding company	63,297	1.3
Prepayments, deposits and other receivables	50,226	1.0
Deposits, bank and cash balances	1,220,288	24.3
Other assets	15,459	0.3
Total assets	5,013,406	100.0
Less:		
Current liabilities	996,785	
Non-current liabilities	990,451	
Non-controlling interests	646,760	
Net assets attributable to the Shareholders	2,379,410	

As shown in the table above, properties represented approximately 73.1% of the Group's total assets as at 31 March 2012 while bank and cash balances accounted for another 24.3% of the Group's total assets as at 31 March 2012.

The valuation of the Group's property interests conducted by CBRE HK Limited as at the Valuation Date are set out in the Valuation Report contained in Appendix III to the Composite Document. The table below summarises the capital value of the property interests as extracted from the Valuation Report.

	Capital value of the property interests *HK$'000*	Interest attributable to the Group *%*	Capital value of the property interests attributable to the Group *HK$'000*
Investment properties			
– Phases 1 & 2 of Vision Shenzhen Business Park, Shenzhen	1,581,800	100.00%	1,581,800
– Sohu.com Internet Plaza, Beijing	547,200	60.00%	328,300
	2,129,000		1,910,100
Properties under development			
– Phase 2 of Shanshui Four Seasons, Shanghai	1,910,000	54.85%	1,050,000
– Phases 3 to 5 of Shanshui Four Seasons, Shanghai	2,856,500	54.85%	1,566,800
	4,766,500		2,616,800
Investment property under construction			
– Phase 3 of Vision Shenzhen Business Park, Shenzhen	360,300	100.00%	360,300
Properties held for sale			
– Retail units and clubhouse, Phase 1 of Shanshui Four Seasons, Shanghai	140,200	54.85%	76,900
– Car parking spaces of Scenic Place, Beijing	–	100.00%	–
– Car parking spaces of the Ninth ZhongShan, Dalian	5,600	100.00%	5,600
– Car parking spaces of Greenery Place, Yuen Long, Hong Kong	25,300	100.00%	25,300
– Motorcycle parking spaces of Harbourview Garden, Mongkok, Hong Kong	675	100.00%	675
– Motorcycle parking spaces of Brilliant Court, Wanchai, Hong Kong	288	100.00%	288
	172,063		108,763
Total property interests	7,427,863		4,995,963

The above valuations have been used by the Company to calculate the adjusted unaudited consolidated net asset value of the Group as set out in the Letter from the Board to the Composite Document, against which the Share Offer Price is assessed. Based on our discussion with CBRE HK Limited, we note that in performing the valuation of the Group's property interests, CBRE HK Limited has adopted the market approach by making reference to the comparable transactions in the relevant locality. We have been advised by CBRE HK Limited that given the particulars of the Group's properties, the above valuation methodologies are commonly used in arriving at the property valuation.

(ii) Adjusted net asset value

For the purpose of our advice on the Offers, we have compared the Share Offer Price with the adjusted unaudited consolidated net asset value (the "Adjusted NAV") per Share as at 31 March 2012, which calculation as set out in the "Letter from the Board – Further Information on the Group" in the Composite Document is reproduced below.

	Investment properties *HK$'000*	**Investment properties under construction** *HK$'000*	**Properties under development** *HK$'000*	**Properties held for sale** *HK$'000*	**Unaudited consolidated net asset value** *HK$'000*
Unaudited consolidated NAV of the Group attributable to the Shareholders as at 31 March 2012 *(Note 1)*					2,379,410
NAV per Share as at 31 March 2012 (based on 6,864,136,580 Shares in issue as at the Latest Practicable Date)					HK$0.347
Add: Revaluation surplus arising from the valuation of the property interests held by the Group as at the Valuation Date *(Note 2)*	667,648	360,300	2,662,461	93,002	3,783,411

	Investment properties HK$'000	Investment properties under construction HK$'000	Properties under development HK$'000	Properties held for sale HK$'000	Unaudited consolidated net asset value HK$'000
Less: Deferred taxation arising from the revaluation surplus *(Note 3)*	216,985 *(Note 4)*	117,097	1,597,477	45,805	1,977,364
Less: Revaluation surplus net of deferred taxation attributable to non-controlling interest	57,544	0	480,840	13,706	552,090
Net revaluation surplus attributable to owners of the Company	393,119 *(Note 1)*	243,203	584,144	33,491	1,253,957
Adjusted NAV					3,633,367
Adjusted NAV per Share (based on 6,864,136,580 Shares in issue as at the Latest Practicable Date)					HK$0.529 *(Notes 4 & 5 & 6)*

Notes:

1. The valuation of the investment properties has not been adopted for the interim period ended 31 March 2012. Such valuation has been conducted by CBRE HK Limited for the purpose of the Offers as at the Valuation Date. The valuation report as at the Valuation Date as prepared by CBRE HK Limited is set out in Appendix III to the Composite Document. A previous valuation of the investment properties has been conducted by CBRE HK Limited for the purpose of the Privatisation Proposal as at 10 April 2012. Again, such valuation has not been adopted for the interim period ended 31 March 2012. The valuation report as at 10 April 2012 as prepared by CBRE HK Limited was set out in Appendix II to the Privatisation Circular.

2. Being the capital value of the property interests held by the Group as at the Valuation Date as assessed by CBRE HK Limited less the carrying value of the property interests held by the Group as at 30 September 2012.

3. Being the estimated related taxation, which is calculated based on the estimated land appreciation tax, corporate income tax and withholding tax that would crystalize upon disposal of the properties at the valuation price.

   In relation to properties under development, the deferred tax is estimated based on the budgeted results for the relevant projects and with reference to the historic effective tax rate (including the land appreciation tax ("LAT"), corporate income tax ("CIT") and withholding tax ("WHT") according to the requirements set forth in the relevant PRC laws and regulations) for similar projects. In relation to investment properties and investment properties under construction, the deferred tax is calculated based on CIT at 25% and WHT at 10% while LAT is not applicable. In relation to properties held for sale which are located in the PRC, the deferred tax is calculated based on CIT at 25%, LAT at progressive rate of 30% on the revaluation surplus and WHT at 10%. In relation to properties held for sale which are located in Hong Kong, no deferred tax has been provided since there is no capital gain tax in Hong Kong and there are unutilised tax losses brought forward to offset the taxable income.

4. While the Company intends to dispose of Sohu.com Internet Plaza in Beijing, no land appreciation tax on the surplus on revaluation of this property has been provided for given that the property is continually held as investment property and has not yet been reclassified to properties held for sale. In the event that the property is reclassified to properties held for sale and is disposed of, there will be an additional land appreciation tax to be borne by the Company. If such land appreciation tax and the related amount attributable to the minority shareholders are taken into account, the adjusted NAV would be marginally reduced to approximately HK$0.527 per Share.

5. The Group has yet to obtain various approvals and negotiate with the PRC authorities the additional land-related payment in respect of the land site for Phases 3 to 5 of Shanghai Shanshui Four Seasons Project. However, as at the Latest Practicable Date, the Company was uncertain as to whether approval for the project registration can be obtained and the amount of the additional land-related payment that the Group needs to pay if such approval is obtained. As stated in the Valuation Report, in valuing this property, CBRE HK Limited has not taken into account such additional land-related payment and any amount that needs to be paid by the Group will reduce the market value of the property by the same amount. For Independent Shareholders' additional reference, the adjusted NAV would be reduced to approximately HK$0.471 per Share if it is assumed that the value of this property remains the same as its book value and there is no appreciation in value.

6. The calculation of the Adjusted NAV has not taken into account (i) the unaudited financial results of the Group for the six months ended 30 September 2012; and (ii) any revenue recognized from the sales of property interests and relevant costs/expenses incurred thereof by the Group during the six months ended 30 September 2012. As such, the Adjusted NAV may not fully reflect the underlying assets value of the Group as at 30 September 2012. Given that the book value of the sold properties held for sales was approximately HK$1.2 million as at 31 March 2012, representing 0.03% of the total property interests held by the Group as at 31 March 2012 and their sales proceeds were approximately HK$2.9 million, the Company considers the sold properties held for sale were insignificant to the Group and the impact arising from the sales of properties held for sale on the Adjusted NAV is immaterial.

7. According to the Group's accounting policies, gains or losses arising from change in the fair value of investment properties would be included in the income statement in the year in which they arise. Investment properties under construction and properties under development are stated at cost less any impairment losses and properties held for sale are stated at the lower of cost and net realisable value.

The Share Offer Price of HK$0.43 per Offer Share represents a discount of approximately 18.7% to the Adjusted NAV of HK$0.529 per Share.

5. Background of the Offeror and its intention regarding the Group

(a) Information on the Offeror

As disclosed in the Letter from Standard Chartered Bank, the Offeror is an investment holding company and was incorporated in Hong Kong with limited liability on 23 November 1995 and is a wholly-owned subsidiary of Gemdale Corporation, which is a company established in the PRC with limited liability and listed on the Shanghai Stock Exchange since April 2001.

As further disclosed in the Letter from Standard Chartered Bank, Gemdale Corporation, the direct holding company of the Offeror, is primarily engaged in real estate development and operation in the PRC and has successfully entered into 20 cities covering the eastern, southern, northern, central, northeastern, northwestern and southeastern parts of China. Gemdale Corporation had a market capitalisation of approximately RMB22.45 billion (equivalent to approximately HK$27.85 billion) as at the Latest Practicable Date. Gemdale Corporation recorded audited consolidated profits attributable to shareholders of approximately RMB3.02 billion (equivalent to approximately HK$3.74 billion) for the financial year ended 31 December 2011. Its audited consolidated net asset value as at 31 December 2011 was approximately RMB20.65 billion (equivalent to approximately HK$25.61 billion). For the purpose of this paragraph, the exchange rate of RMB0.8061 to HK$1 is used for illustrative purpose only.

(b) Intention of the Offeror regarding the Group

As disclosed in the Letter from Standard Chartered Bank in the Composite Document, (i) the Offeror intends to continue carrying on the existing business of the Group, including property investment, development and management of residential commercial and business park projects in Hong Kong and the PRC; (ii) the Offeror will conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group; and (iii) subject to the results of the review, the Offeror may explore other business opportunities for the Company such as acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view to enhance its growth and future development.

As stated in the Letter from Standard Chartered Bank in the Composite Document, it is the intention of the Offeror to maintain the listing of the Company on the Stock Exchange following the close of the Offers. The directors of the Offeror will jointly and severally undertake to the Stock Exchange (if so requested) to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

As stated in the Letter from the Board, as at the Latest Practicable Date, the Group was granted certain banking facilities under two agreements (the "Loan Agreements"). Pursuant to each of the Loan Agreements if the relevant borrower ceases to be a subsidiary of the Vendor, the relevant lender(s) may cancel the facility and declare all outstanding indebtedness under the relevant Loan Agreements (the "Loans") immediately due and payable. As at the Latest Practicable Date, the aggregate amount of the Loans was approximately HK$995 million. For details, please refer to the section headed "Letter from the Board – Further Information on the Group" to the Composite Document.

As stated in the Letter from the Board, the Company has ceased to be a subsidiary of the Vendor following Completion which took place on 28 September 2012 and the relevant lenders under the Loan Agreements have agreed to grant certain standstill periods to the Group during which they will not enforce the existing defaults. Should, at the expiry of the standstill periods, the relevant lenders under the Loan Agreements cancel the facilities granted thereunder and declare the Loans immediately due and payable, as stated in the Letter from Standard Chartered Bank, the Offeror is prepared to use the proceeds from the loan extended to it by Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) and/or the deposits which the Offeror has placed with Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) to refinance such facilities.

(c) Proposed change of the Board composition of the Company

The Board is currently made up of ten Directors, comprising one executive Director, five non executive Directors and four independent non-executive Directors. As stated in the Company's announcement dated 12 October 2012. two additional executive Directors have been appointed with effect on the day immediately after despatch of the Composite Document (or such other time as permitted by the Takeovers Code or the Executive). Details of which are set out in the Company's announcement dated 12 October 2012.

As stated in the Letter from Standard Chartered Bank in the Composite Document, immediately after the Closing Date of the Offers (or such other time as permitted by the Takeovers Code or the Executive), it is the Offeror's intention that those Directors affiliated to the Vendor will resign and be replaced by Directors affiliated to the Offeror. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcements will be made accordingly.

6. Analysis of the Share Offer Price against the trading performance of the Shares

(i) Comparison of the Share Offer Price with the historical Share price

The Share Offer Price of HK$0.43 per Offer Share represents:

Premium over/(discount) to the Shares *Approximately %*		**Share price reference**
1.2	–	over the closing price of HK$0.425 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
14.7	–	over the closing price of HK$0.375 per Share as quoted on the Stock Exchange on the Last Trading Day;
65.4	–	over the closing price of HK$0.260 per Share as quoted on the Stock Exchange on the Pre-announcement Date;
73.6	–	over the average closing prices of approximately HK$0.248 *(Note 1)* per Share as quoted on the Stock Exchange for the one week up to and including the Pre-announcement Date;
82.7	–	over the average closing price of approximately HK$0.235 *(Note 1)* per Share as quoted on the Stock Exchange for the one month up to and including the Pre-announcement Date;

Premium over/(discount) to the Shares *Approximately %*		Share price reference
85.1	–	over the average closing price of approximately HK$0.232 *(Note 1)* per Share as quoted on the Stock Exchange for the six month up to and including the Pre-announcement Date;
118.3	–	over the average closing price of approximately HK$0.197 *(Note 1)* per Share as quoted on the Stock Exchange for the twelve months up to and including the Pre-announcement Date;
23.9	–	over the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.347 *(Note 2)* as at 31 March 2012 (based on the unaudited consolidated accounts of the Group for the six months ended 31 March 2012); and
(18.7)	–	to the adjusted unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.529 *(Note 2)* as at 31 March 2012 (calculation of which is set out in the "Letter from the Board – Further Information on the Group" in the Composite Document which has taken into account the valuation of the Group's property interests conducted by CBRE HK Limited as at the Valuation Date which is set out in the Valuation Report contained in Appendix III to the Composite Document).

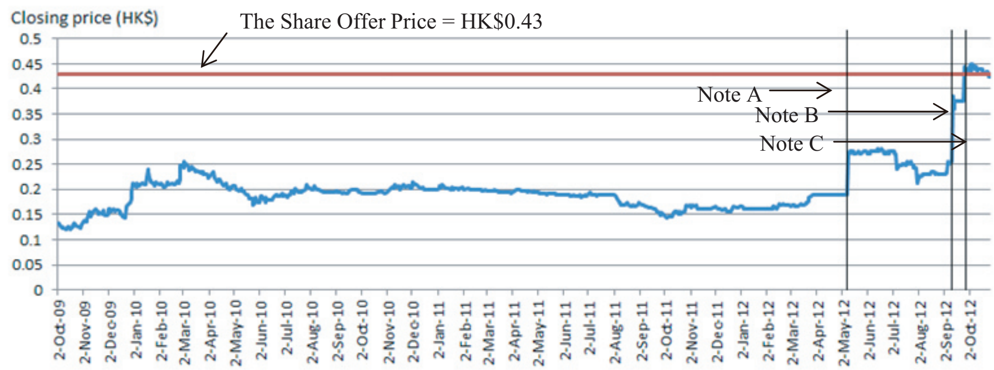
Notes:

1. In calculating the average closing price for the calendar periods specified above, for days on which the Shares were not traded on the Stock Exchange, the closing Share prices immediately prior to such days were applied.

2. A reconciliation between the unaudited consolidated net asset value attributable to the Shareholders per Share as at 31 March 2012 and the adjusted unaudited consolidated net asset value attributable to the Shareholders per Share as at 31 March 2012 is set out in the section headed "Letter from the Board – Further Information on the Group – (4) Adjusted net asset value".

(ii) Historical market price and liquidity

Set out below is the movement of the closing prices of the Shares at the Stock Exchange during the period from 1 October 2009 to the Latest Practicable Date (the "Review Period"):



Note A: 8 May 2012, being the day on which the Privatisation Offerors and the Company issued a joint announcement regarding the Privatisation Proposal (the "Privatisation Announcement")

Note B: 11 September 2012, being the day on which the Vendor and the Company issued a joint announcement regarding a possible disposal of Shares in the Company (the "Possible Disposal Announcement")

Note C: 25 September 2012, being the day on which the Offeror and the Company issued a joint announcement regarding the Offers (the "Announcement")

Source: Bloomberg

As shown in the above chart, prior to the publication of the Privatisation Announcement, the closing prices of the Shares were well below the Share Offer Price throughout the Review Period and the Shares were traded at a range of HK$0.120 per Share (recorded on 16 October 2009) to HK$0.255 per Share (recorded on 3 March 2010).

On the day immediately following the publication of the Privatisation Announcement on 8 May 2012, closing price of the Shares increased substantially by approximately 42.1% from HK$0.190 per Share to HK$0.270 per Share. Following the publication of the Possible Disposal Announcement on 11 September 2012, the closing price of the Shares increased further by approximately 48.1% from HK$0.260 per Share to HK$0.385 per Share on 12 September 2012. Trading in Shares on the Stock Exchange was suspended from 17 September 2012 until the publication of the Announcement on 25 September 2012. On the first trading day after the publication of the Announcement, the closing price of the Shares increased by approximately 18.7% from HK$0.375 per Share to HK$0.445 per Share, which was slightly higher than the share Offer Price. Since then and up to the Latest Practicable Date, the Shares have been trading within a narrow range from HK$0.425 to HK$0.45 closed at HK$0.425 as at the Latest Practicable Date.

As stated in the Letter from the Board, the Share Offer Price represents a premium (i) of approximately 65.4% over the closing price of the Shares on the Pre-Announcement Date; (ii) a premium of approximately 73.6%, 82.7%, 85.1% and 118.3%, respectively, over the average closing price for the last one week, one month, six months, 12 months up to and including the Pre-Announcement Date.

In general, the Share prices had been trading at significant discount to the Share Offer Price of HK$0.43 per Share before the release of the Announcement.

The following table sets out the trading volume of the Shares during the Review Period:

	Total trading volume for the month/ period *(Note 1)*	Average daily trading volume for the month/ period *(Note 2)*	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date *(Note 3)*	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date *(Note 4)*
2009				
October	84,040,230	4,202,012	0.06%	0.23%
November	137,415,230	6,543,582	0.10%	0.36%
December	192,321,332	8,741,879	0.13%	0.47%
2010				
January	166,808,230	8,340,412	0.12%	0.45%
February	87,595,000	4,866,389	0.07%	0.26%
March	75,902,645	3,300,115	0.05%	0.18%
April	41,093,036	2,162,791	0.03%	0.12%
May	29,668,166	1,483,408	0.02%	0.08%
June	31,132,000	1,482,476	0.02%	0.08%
July	24,718,230	1,177,059	0.02%	0.06%
August	24,573,977	1,116,999	0.02%	0.06%
September	86,152,257	4,102,488	0.06%	0.22%
October	76,822,630	3,841,132	0.06%	0.21%
November	74,219,460	3,373,612	0.05%	0.18%
December	29,269,000	1,330,409	0.02%	0.07%
2011				
January	19,895,092	947,385	0.01%	0.05%
February	15,011,500	833,972	0.01%	0.05%
March	19,980,461	868,716	0.01%	0.05%
April	22,511,690	1,250,649	0.02%	0.07%
May	48,155,000	2,407,750	0.04%	0.13%
June	16,889,000	804,238	0.01%	0.04%
July	10,909,803	545,490	0.01%	0.03%
August	19,325,692	840,247	0.01%	0.05%
September	16,053,919	802,696	0.01%	0.04%
October	10,994,138	549,707	0.01%	0.03%
November	3,158,020	143,546	0.00%	0.01%
December	3,926,230	196,312	0.00%	0.01%

	Total trading volume for the month/ period *(Note 1)*	Average daily trading volume for the month/ period *(Note 2)*	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date *(Note 3)*	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date *(Note 4)*
2012				
January	4,631,000	257,278	0.00%	0.01%
February	19,744,651	940,221	0.01%	0.05%
March	28,345,306	1,491,858	0.02%	0.08%
April	0	0	0.00%	0.00%
May	272,530,995	16,031,235	0.23%	0.87%
June	301,022,806	14,334,419	0.21%	0.78%
July	370,898,553	18,544,928	0.27%	1.01%
August	258,040,282	11,219,143	0.16%	0.61%
September	1,568,466,860	120,651,297	1.76%	6.55%
1 October to the Latest Practicable Date	829,327,922	48,783,995	0.71%	2.65%

Notes:

1. Source: Bloomberg

2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

3. Based on 6,864,136,580 Shares in issue.

4. Based on 1,841,458,180 Shares held by public Shareholders as at the Latest Practicable Date.

As shown in the above chart, prior to the publication of the Privatisation Announcement on 8 May 2012, the average daily trading volume of the Shares in each month ranged from 143,546 Shares in November 2011 to 8,741,879 Shares in December 2009, representing less than 0.01% and approximately 0.13%, respectively, of the total number of Shares in issue as at the Latest Practicable Date and less than 0.01% and 0.47% respectively of the total number of Shares held by public Shareholders as at the Latest Practicable Date. The comparatively higher trading volume of the Shares in May 2012 was due to the release of the Privatisation Announcement dated 8 May 2012. We believe the trading volume further increased in September 2012 following the release of the Announcement. The number of Shares traded from 1 October 2012 up to the Latest Practicable Date represented approximately 0.71% of the total number of Shares in issue as at the Latest Practicable Date and approximately 2.65% of the total number of Shares held by public Shareholders as at the Latest Practicable Date. On this basis, we consider the liquidity of the Shares during the Review Period was generally low.

Given the low trading volume of the Shares in the past, the Independent Shareholders may not be able to sell a significant number of their Shares in the market without causing certain downward pressure on the market price of the Shares. The Share Offer therefore provides an opportunity for the Independent Shareholders to realise their entire holdings of the Shares at the Share Offer Price if they so wish.

(iii) Comparison with comparable companies

We consider that price-to-book ratio is the appropriate benchmark for valuing companies engaged in property investment and development whose values lie in the value of their underlying assets rather than their profits which may be affected by the timing of the launch of development projects. Therefore, we consider that the comparison of Share Offer Price to net asset value attributable to the Shareholders is the most important and relevant benchmark for assessing the fairness of the Share Offer Price. Accordingly, we have also conducted an analysis on the trading share price of other property companies compared to their respective underlying net asset value for Independent Shareholders' additional reference. In particular, we have, to our best efforts, reviewed all companies listed in Hong Kong (the "Comparable Companies"), which are principally engaged in property developments and/or investments with property development and/or investments primarily in the PRC as shown in their latest published annual reports, and which have a market capitalisation above HK$1,000 million and below HK$3,000 million as at the Latest Practicable Date. Notwithstanding that the market capitalisation of the Company implied by the Share Offer Price is approximately HK$2,952 million, the market capitalisation of the Company in general was below HK$2,952 million prior to publication of the Possible Disposal Announcement. For illustration purpose, for the period from 1 January 2012 to 11 September 2012 (being the date of the Possible Disposal Announcement), market capitalisation of the Company had ranged from approximately HK$1,096 million to approximately HK$1,918 million with an average of approximately HK$1,475 million. In this regard, we are of the view that the range of market capitalisation we set for selecting the Comparable Companies is appropriate. On this basis, we have identified 13 Comparable Companies and set them out in the table below.

The table below illustrates the level of premium/discount of share prices over/to consolidated net asset values attributable to equity holders of each of the Comparable Companies and the Company.

	Closing share price as at the Latest Practicable Date *HK$* *(Note 1)*	Market capitalisation as at the Latest Practicable Date *HK$' million* *(Note 1)*	Audited/ unaudited consolidated net asset value attributable to equity holders *HK$' million* *(Note 1)*	Premium/ (Discount) of market capitalisation over/to the consolidated net asset value attributable to equity holders *Approximate %*
Madex International (Holdings) Ltd. (stock code: 231)	0.124	1,344.70	1,323.68	1.6%
Hon Kwok Land Investment Co., Ltd. (stock code: 160)	2.86	1,373.62	4,257.74	(67.7)%
Skyfame Realty (Holdings) Ltd. (stock code: 59)	0.7	1,551.57	2,233.89	(30.5)%
Shanghai Zendai Property Ltd. (stock code: 755)	0.128	1,591.98	5,606.82	(71.6)%
SRE Group Ltd. (stock code: 1207)	0.305	1,727.74	10,871.16	(84.1)%
Lippo China Resources Ltd (stock code: 156)	0.195	1,791.00	4,843.65	(63.0)%
Tian Shan Development (Holding) Ltd. (stock code: 2118)	1.81	1,810.00	1,560.70	16.0%

	Closing share price as at the Latest Practicable Date	Market capitalisation as at the Latest Practicable Date	Audited/ unaudited consolidated net asset value attributable to equity holders	Premium/ (Discount) of market capitalisation over/to the consolidated net asset value attributable to equity holders
	HK$	*HK$' million*	*HK$' million*	*Approximate %*
	(Note 1)	*(Note 1)*	*(Note 1)*	
Zhong An Real Estate Ltd. (stock code: 672)	0.8	1,895.87	6,217.39	(69.5)%
SPG Land (Holdings) Ltd. (stock code: 337)	1.99	2,091.75	5,754.93	(63.7)%
Sinolink Worldwide Holdings Ltd. (stock code: 1168)	0.6	2,124.67	7,465.3	(71.5)%
Tomson Group Ltd. (stock code: 258)	1.8	2,584.06	10,619.45	(75.7)%
Lai Fung Holdings Ltd. (stock code: 1125)	0.161	2,591.44	9,060.95	(71.4)%
China Aoyuan Property Group Ltd. (stock code: 3883)	1.05	2,746.27	7,697.05	(64.3)%
Mean				**(55.0)%**
Lowest				**(84.1)%**
Highest				**16.0%**
The Company	**0.43**	**2,951.58**	**2,379.41**	**23.9%**
	(Note 2)	*(Note 3)*	*(Note 4)*	
			3,633.4	**(18.7)**%
			(Note 5)	*(Note 6)*

Notes:

1. The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from the Stock Exchange. The audited/unaudited consolidated net asset value attributable to equity holders are extracted from the latest annual/interim reports/results announcement of the Comparable Companies.

2. Being the Share Offer Price of HK$0.43 per Offer Share.

3. We have taken the Share Offer Price for the purpose of determining the market capitalisation of the Company.

4. Being the unaudited consolidated net asset value attributable to the Shareholders as at 31 March 2012.

5. Being the Adjusted NAV which calculation is set out in the section headed "Assets and adjusted net asset value" of this letter.

6. Being the discount of market capitalisation implied by the Share Offer Price to the Adjusted NAV of approximately HK$0.529.

In our opinion, property companies are generally traded at a discount of market capitalisation to their underlying net asset value. As illustrated in the table above, the shares of the 13 Comparable Companies were traded at a range from a discount of 84.1% to a premium of 16% and an average discount of approximately 55%.

The premium of market capitalisation to net asset value attributable to Shareholders of approximately 23.9% represented by the Share Offer Price is attractive to the Independent Shareholders when compared to the mean discount to the net asset value of the Comparable Companies. For Shareholders' additional reference, the discount of the Share Offer Price to the Adjusted NAV per Share of approximately 18.7% is also lower than the mean discount to consolidated net asset value attributable to equity holders of the Comparable Companies. On this basis, we consider the Share Offer Price is attractive to the Independent Shareholders.

RECOMMENDATION

For the Share Offer

Having considered the principal factors discussed above and, in particular the followings:

(i) the Share Offer Price was at all times higher than the closing prices of the Share during the period from 1 October 2009 to the Pre-announcement Date;

(ii) the Share Offer Price represents a premium (i) of approximately 65.4% over the closing price of the Shares on the Pre-Announcement Date; (ii) a premium of approximately 73.6%, 82.7%, 85.1% and 118.3%, respectively, over the average closing price for the last one week, one month, six months, 12 months up to and including the Pre-Announcement Date;

(iii) the Share Offer Price represents a premium of approximately 23.9% over the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK$0.347 as at 31 March 2012;

(iv) the Share Offer Price represents a discount of approximately 18.7% to the Adjusted NAV which is lower than the average discount of the Comparable Companies which are engaged in property investment in the PRC and have similar sizes to the Company; and

(v) the overall liquidity of the Shares was generally low during the Review Period, and the Independent Shareholders who intend to dispose of a large number of the Shares may not be able to do so without exerting a downward pressure on the price of the Shares while the Share Offer will lead to an alternative exit to the Independent Shareholders to realise their investment at the Share Offer Price.

we are of the view that the terms of the Share Offer, in particular the Share Offer Price, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to accept the Share Offer.

Nevertheless, Independent Shareholders should note that, after the publication of the Announcement and up to the day immediately preceeding the Latest Practicable Date, the closing price of the Shares was higher than the Offer Price on average while the closing price of the Shares as at the Latest Practicable Date was HK$0.425, which was slightly below the Share Offer Price. Independent Shareholders who wish to realise all or part of their investment in the Shares should monitor the Share price performance during the Offer Period. In the event that the market price of the Share exceeds the Share Offer Price and the net proceeds from the sale of Shares in the open market after deducting all related costs exceed the amount receivable from the Share Offer, Independent Shareholders should consider selling their Shares in the open market rather than accepting the Share Offer.

For the Option Offer

Given that the sum payable for each Share Option is calculated based on the "see-through" price of the Share Options held as if the relevant Share Options were exercised in full, our analysis and our recommendations set out in the above section for the Offer Shares also apply to the Option Offer. Therefore, in line with our recommendation for the Share Offer, we are of the view that the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned. Accordingly, we advise the Independent Board Committee to recommend to the Optionholders to accept the Option Offer.

Those Optionholders who wish to take this opportunity to realize part or all of their Share Options should have regard to the market price of the Shares before the close of the Option Offer and should consider exercising their Share Options and selling the Shares in the open market rather than accepting the Option Offer if the net proceeds from the sale of Shares in the open market after deducting all related costs (including the exercise price of the Share Options) would be greater than the net amount to be received under the Option Offer. The Optionholders should exercise caution in doing so and monitor the market closely.

Yours faithfully,
For and on behalf of
CIMB Securities Limited

Alex Lau	**Heidi Cheng**
Director	*Director*
Corporate Finance	*Corporate Finance*

1. PROCEDURES FOR ACCEPTANCE

1.1 The Share Offer

(a) To accept the Share Offer, you should complete and sign the accompanying WHITE Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed WHITE Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand to the Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, with "Share Offer" marked on the envelope.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares, you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed WHITE Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed and signed WHITE Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one business day before the last date on which acceptances of the Share Offer must be received by the Registrar as stated in paragraph (f) below). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one business day before the last date on which acceptances of the Share Offer must be received by the Registrar as stated in paragraph (f) below).

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the WHITE Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the WHITE Form of Acceptance and deliver it to the Registrar together with transfer receipt(s) that you have duly signed. Such action will be deemed to be an irrevocable authority to Standard Chartered Bank and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the WHITE Form of Acceptance.

(f) Unless otherwise decided by the Offeror, acceptance of the Share Offer will be treated as valid only if the completed and signed WHITE Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) is/are not in your name, such other documents as are required in order to establish your right to become the registered holder of the relevant Shares;

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) certified by the Registrar or the Stock Exchange.

(g) If the WHITE Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(h) Seller's ad valorem stamp duty for transfers of Shares registered by the Registrar arising in connection with acceptance of the Share Offer will be payable by each accepting Shareholder at the rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(i) No acknowledgement of receipt of any WHITE Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 **The Option Offer**

(a) If you accept the Option Offer, you should complete and sign the accompanying PINK Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.

(b) The completed and signed PINK Form of Acceptance should be forwarded, together with the relevant document(s) of title, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, with "Option Offer" marked on the envelope, as soon as practicable, but in any event so as to reach the Registrar at the aforesaid address by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code).

(c) No stamp duty will be deducted from the amount paid to the Optionholders who accept the Option Offer.

(d) No acknowledgement of receipt of any PINK Form of Acceptance and/or the relevant document(s) of title will be given.

(e) Qualifying Optionholders who do nothing will continue to hold the Share Options in accordance with the terms of the Option Scheme, which state that the Optionholders shall be entitled to exercise the Share Options (to the extent not already exercised) at any time within one month (or such longer period as the Board shall decide) after the Offers become unconditional (which is taken to be one month after Monday, 29 October 2012 in respect of the Offers), and if the Share Options are not exercised within such time specified, the Share Options shall lapse.

1.3 **General**

Subject to the terms of the Takeovers Code, acceptance(s) of the Offers may, at the discretion of the Offeror, be treated as valid even if not entirely in order or not accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), but, in such cases, the consideration due will not be despatched until the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) has/have been received by the Registrar. However, subject to the Executive's consent, such acceptances will not be counted as valid acceptances of the Offers unless Rule 30.2 of the Takeovers Code has been fully complied with.

2. SETTLEMENT

2.1 The Share Offer

Provided that a valid WHITE Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), a cheque for the amount due to each Shareholder less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to the Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 business days of the date of receipt of the completed WHITE Form of Acceptance and all the relevant documents by the Registrar from the Shareholder accepting the Share Offer.

2.2 The Option Offer

Provided that a valid PINK Form of Acceptance and the relevant document(s) of title are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), a cheque for the amount due to each Optionholder in respect of the Share Options surrendered by him/her/it under the Option Offer will be despatched to the Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 business days of the date of receipt of the duly completed PINK Form of Acceptance and all relevant documents by the Registrar from the Optionholder accepting the Option Offer.

2.3 Consideration

Settlement of the consideration to which any Shareholder or Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of setoff, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder, as the case may be.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) The Offeror has the right, subject to the Takeovers Code, to extend the Offers after the despatch of this Composite Document or to revise the terms of the Offers. Any decision to extend the latest time and/or date for acceptances may be made at any time up to, and will be announced no later than, the time on the relevant date stipulated in the sub-section headed "4. Announcements" in this Appendix, or any such later time and date as the Executive may agree.

(b) Unless the Offers are validly extended, all acceptances must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Forms of Acceptance and the Offers will be closed on the Closing Date.

(c) If the Offers are extended, the announcement of such extension will state the next closing date.

(d) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

(e) If in the course of the Offers, the Offeror revises the terms of the Offers, all the Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

(f) The acceptance by or on behalf of a Shareholder of the Share Offer or an Optionholder of the Option Offer in its original and/or any previously revised form shall be treated as an acceptance of the relevant Offer(s) as so revised.

(g) Any acceptance of the relevant revised Offer(s) and/or any election pursuant thereto shall be irrevocable unless and until the accepting Shareholder/Optionholder becomes entitled to withdraw his/her/its acceptance under the paragraph headed "5. Right of Withdrawal" below and duly does so.

4. ANNOUNCEMENTS

(a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the Closing Date, the Offeror will inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offers. The Offeror will publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offers have been revised or extended. The announcement will state the total number of Shares and Share Options and rights over Shares:

(i) for which acceptances of the Offers have been received;

(ii) held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement shall include the details of any relevant securities in the Company which the Offeror or any person acting in concert with the Offeror has borrowed or lent (save for any borrowed Shares which have been on-lent or sold). The announcement will also specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

If the Offeror is unable to comply with any requirements of Rule 19 of the Takeovers Code, the Executive may require that Shareholders and Optionholders who have tendered their Form(s) of Acceptance to accept the Offer(s) be granted a right of withdrawal on terms acceptable to the Executive, until the requirements of Rule 19 of the Takeovers Code can be met.

(b) In computing the total number of Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date (being the latest time and date for acceptance of the Offers) shall be included.

5. RIGHT OF WITHDRAWAL

(a) As the Offers are unconditional in all respects, acceptances by Shareholders or Optionholders shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "4. Announcements" in this Appendix, the Executive may require that Shareholders and Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

6. TAXATION

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, the Company, Standard Chartered Bank, and their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

7. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Independent Shareholders and Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by the accepting overseas Shareholders and/or overseas Optionholders in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror and/or Standard Chartered Bank that the local laws and requirements have been fully complied with and such acceptance shall be valid and binding in accordance with applicable laws. Independent Shareholders and Optionholders should consult their respective professional adviser if in doubt.

8. GENERAL

(a) All communications, notices, Form(s) of Acceptance, certificate(s) of Shares, transfer receipt(s), other documents of title or indemnities and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror, parties acting in concert with it, Standard Chartered Bank, the Company, the Registrar and any of their respective directors or other parties involved in the Offers or any of their respective agents shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.

(c) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offers is made will not invalidate the Offers in any way.

(d) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Standard Chartered Bank or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares and Share Options, in respect of which such person or persons has/have accepted the Offers.

(f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Standard Chartered Bank that the Shares and the Share Options acquired under the Offers are sold by any such person or persons free from all third party rights, liens, claims, charges and encumbrances and together with all rights attaching thereto including without limitation, with respect to the Shares, the right to receive all future dividends and/or other distributions, if any, declared, paid or made on the Shares by reference to a record date on or after the date of despatch of this Composite Document.

(g) The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Offer Shares and/or right over Offer Shares not acquired under the Share Offer after the close of the Share Offer.

(h) References to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.

(i) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Standard Chartered Bank that the number of Shares or Share Options in respect of which it is indicated in the Form(s) of Acceptance is the aggregate number of Shares or Share Options held by such nominee for such beneficial owners who are accepting the Offers.

(j) The English text of this Composite Document and of the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY

The following summary financial information for each of the three financial years ended 30 September 2009, 2010 and 2011 and for the six months ended 31 March 2011 and 2012 is extracted from the audited consolidated financial statements of the Group prepared in accordance with the Hong Kong Financial Reporting Standards and the unaudited interim reports of the Group for the six months ended 31 March 2011 and 2012.

Summary Consolidated Income Statement

(In HK$'000)	**Six-month ended 31 March 2012** (Unaudited)	**Year ended 30 September 2011** (Audited)*	**Six-month ended 31 March 2011** (Unaudited)	**Year ended 30 September 2010** (Audited)*	**Year ended 30 September 2009** (Audited)*
Revenue	104,221	302,604	178,009	1,347,620	130,570
Cost of sales	(8,802)	(67,786)	(51,235)	(984,634)	(1,990)
Gross profit	95,419	234,818	126,774	362,986	128,580
Direct operating expenses	(38,615)	(73,657)	(34,922)	(86,392)	(99,359)
Other income *(Note 1)*	56,457	14,664	7,077	17,543	19,816
Other gain *(Note 2)*	–	42,424	–	–	–
Changes in fair value of investment properties	–	226,103	–	99,240	(14,826)
Gain on disposal of an available-for-sale financial investment	–	–	–	–	1,412
Provision (made)/written back, net *(Note 3)*	(6,996)	(29,271)	(29,271)	69,516	–
Administrative expenses	(15,744)	(29,932)	(12,345)	(28,993)	(25,894)
Finance costs	(15,532)	(30,421)	(15,944)	(43,848)	(24,442)
Profit/(loss) before tax	74,989	354,728	41,369	390,052	(14,713)
Tax (charge)/credit	(30,390)	(131,526)	(18,227)	(142,755)	11,743
Profit/(loss) after tax	44,599	223,202	23,142	247,297	(2,970)

(In HK$'000)	**Six-month ended 31 March 2012** (Unaudited)	**Year ended 30 September 2011** (Audited)*	**Six-month ended 31 March 2011** (Unaudited)	**Year ended 30 September 2010** (Audited)*	**Year ended 30 September 2009** (Audited)*
Profit/(loss) attributable to:					
Owners of the Company	44,556	205,836	9,582	194,044	3,169
Non-controlling interests	43	17,366	13,560	53,253	(6,139)
	44,599	223,202	23,142	247,297	(2,970)
Earnings per share attributable to owners of the Company					
– Basic *(HK$)*	0.0065	0.0301	0.0014	0.0284	0.0005
– Diluted *(HK$)*	0.0065	0.0300	0.0014	0.0283	0.0005

No dividend was declared for the three financial years ended 30 September 2009, 2010 and 2011.

* *Ernst and Young, the auditors of the Group, have expressed an unqualified opinion on those financial statements in their reports dated 6 November 2009, 5 November 2010, 4 November 2011 for the year ended 30 September 2009, year ended 30 September 2010 and year ended 30 September 2011, respectively.*

Notes:

1.

(In HK$'000)	**Six-month ended 31 March 2012** (Unaudited)	**Year ended 30 September 2011** (Audited)	**Six-month ended 31 March 2011** (Unaudited)	**Year ended 30 September 2010** (Audited)	**Year ended 30 September 2009** (Audited)
Other income					
Compensation income#	41,372	–	–	–	–
Interest income	14,061	12,946	6,136	13,564	15,600
Others	1,024	1,718	941	3,979	4,216
	56,457	14,664	7,077	17,543	19,816

\# *For the six months ended 31 March 2012, the compensation income was the retention money recovered relating to disposal of interest in Beijing development site.*

2. For the year ended 30 September 2011, other gain represented the gain on disposal of a subsidiary in Shenyang. Details of such disposal were disclosed in the circular dated 5 August 2011.

3. For the six months ended 31 March 2012, for the year ended 30 September 2011 and for the six months ended 31 March 2011, the amounts represented the provision for litigation claims, while for the year ended 30 September 2010, the amount represented the provision written back upon the receipt of land premium rebate, relating to disposal of interest in Beijing development site.

Save as disclosed in notes 1 to 3 above, there are no other exceptional items because of size, nature or incidence.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

The following financial information is extracted from the audited consolidated financial statements of the Group prepared in accordance with the Hong Kong Financial Reporting Standards for the financial year ended 30 September 2011:

Consolidated Income Statement

For the year ended 30 September 2011

	Notes	**2011** *HK$'000*	**2010** *HK$'000* (Restated)
Revenue	*5*	302,604	1,347,620
Cost of sales		(67,786)	(984,634)
Gross profit		234,818	362,986
Direct operating expenses		(73,657)	(86,392)
Other income	*5*	14,664	17,543
Other gain	*5*	42,424	–
Changes in fair value of investment properties		226,103	99,240
Provision (made)/written back, net	*6*	(29,271)	69,516
Administrative expenses		(29,932)	(28,993)
Finance costs	*7*	(30,421)	(43,848)
Profit before tax	*8*	354,728	390,052
Tax	*9*	(131,526)	(142,755)
Profit for the year		223,202	247,297
Attributable to:			
Owners of the Company	*11*	205,836	194,044
Non-controlling interests		17,366	53,253
		223,202	247,297
Earnings per share attributable to owners of the Company:			
– Basic *(HK$)*	*12*	0.0301	0.0284
– Diluted *(HK$)*	*12*	0.0300	0.0283

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011

	Notes	2011 HK$'000	2010 HK$'000
Profit for the year		223,202	247,297
Other comprehensive income			
Cash flow hedge:			
Effective portion of change in fair value of hedging instrument arising during the year	22	971	–
		971	–
Exchange fluctuation reserves:			
Release on disposal of a subsidiary	31	(31,860)	–
Exchange differences arising on translation of foreign operations		176,848	2,040
		144,988	2,040
Other comprehensive income for the year, net of tax		145,959	2,040
Total comprehensive income for the year		369,161	249,337
Attributable to:			
Owners of the Company		312,061	196,239
Non-controlling interests		57,100	53,098
		369,161	249,337

Consolidated Statement of Financial Position

30 September 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,813	2,090
Investment properties	14	1,456,147	1,149,680
Prepayment for acquisition of land use rights	15	–	442,181
Prepayments, deposits and other receivables	21	1,891	1,814
Available-for-sale financial investment	19	8,822	8,822
Deferred tax assets	30	7,569	–
Total non-current assets		1,476,242	1,604,587
CURRENT ASSETS			
Properties held for sale	16	90,251	149,436
Properties under development	17	1,862,115	1,565,607
Trade receivables	20	1,316	4,692
Prepayments, deposits and other receivables	21	540,014	12,119
Due from the immediate holding company	29	63,385	63,995
Derivative financial instrument	22	971	–
Restricted cash	23	73	399
Deposits, bank and cash balances	23	899,394	767,617
Total current assets		3,457,519	2,563,865
CURRENT LIABILITIES			
Trade payables	26	38,014	3,583
Advanced receipts, accruals and other payables	27	247,390	296,664
Interest-bearing bank and other borrowings	28	485,904	867,577
Due to the immediate holding company	29	81,634	81,634
Due to a fellow subsidiary	29	42	4
Tax payable		80,133	57,230
Total current liabilities		933,117	1,306,692
NET CURRENT ASSETS		2,524,402	1,257,173
TOTAL ASSETS LESS CURRENT LIABILITIES		4,000,644	2,861,760

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	818,799	342,777
Deferred tax liabilities	30	223,696	162,295
Total non-current liabilities		1,042,495	505,072
NET ASSETS		2,958,149	2,356,688
EQUITY			
Equity attributable to owners of the Company			
Issued capital	24	684,940	684,702
Reserves	25	1,630,654	1,317,023
		2,315,594	2,001,725
Non-controlling interests		642,555	354,963
TOTAL EQUITY		2,958,149	2,356,688

Statement of Financial Position
30 September 2011

	Notes	**2011** *HK$'000*	**2010** *HK$'000*
NON-CURRENT ASSETS			
Investments in subsidiaries	*18*	–	–
Total non-current assets		–	–
CURRENT ASSETS			
Due from subsidiaries	*18*	1,823,483	1,765,036
Prepayments, deposits and other receivables	*21*	246	279
Derivative financial instrument	*22*	971	–
Deposits, bank and cash balances	*23*	144,416	19,618
Total current assets		1,969,116	1,784,933
CURRENT LIABILITIES			
Advanced receipts, accruals and other payables	*27*	4,168	2,773
Interest-bearing bank borrowing	*28*	–	500,000
Due to subsidiaries	*18*	34,016	34,015
Total current liabilities		38,184	536,788
NET CURRENT ASSETS		1,930,932	1,248,145
TOTAL ASSETS LESS CURRENT LIABILITIES		1,930,932	1,248,145
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing	*28*	711,420	–
Total non-current liabilities		711,420	–
NET ASSETS		1,219,512	1,248,145
EQUITY			
Issued capital	*24*	684,940	684,702
Reserves	*25*	534,572	563,443
TOTAL EQUITY		1,219,512	1,248,145

Consolidated Statement of Changes in Equity

For the year ended 30 September 2011

	Attributable to owners of the Company											
	Issued capital	Share premium account	Contributed surplus	Capital redemption reserves	Hedging reserve	Exchange fluctuation reserves	Share-based compensation reserves	Other reserves#	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 October 2010	684,702	41,944	642,378	196	–	195,499	10,313	4,171	422,522	2,001,725	354,963	2,356,688
Profit for the year	–	–	–	–	–	–	–	–	205,836	205,836	17,366	223,202
Other comprehensive income for the year:												
Cash flow hedge	–	–	–	–	971	–	–	–	–	971	–	971
Release on disposal of a subsidiary	–	–	–	–	–	(31,860)	–	–	–	(31,860)	–	(31,860)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	137,114	–	–	–	137,114	39,734	176,848
Total comprehensive income for the year	–	–	–	–	971	105,254	–	–	205,836	312,061	57,100	369,161
Issue of new shares on exercise of share options *(Note 24(a))*	238	71	–	–	–	–	–	–	–	309	–	309
Share-based compensation expenses	–	–	–	–	–	–	1,499	–	–	1,499	–	1,499
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	235,982	235,982
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	(5,490)	(5,490)
At 30 September 2011	684,940	42,015*	642,378*	196*	971*	300,753*	11,812*	4,171*	628,358*	2,315,594	642,555	2,958,149
At 1 October 2009	684,337	41,816	642,378	196	–	193,304	8,610	4,171	228,478	1,803,290	314,036	2,117,326
Profit for the year	–	–	–	–	–	–	–	–	194,044	194,044	53,253	247,297
Other comprehensive income for the year:												
Exchange differences arising on translation of foreign operations	–	–	–	–	–	2,195	–	–	–	2,195	(155)	2,040
Total comprehensive income for the year	–	–	–	–	–	2,195	–	–	194,044	196,239	53,098	249,337
Issue of new shares on exercise of share options *(Note 24(a))*	365	128	–	–	–	–	–	–	–	493	–	493
Share-based compensation expenses	–	–	–	–	–	–	1,703	–	–	1,703	–	1,703
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	(12,171)	(12,171)
At 30 September 2010	684,702	41,944*	642,378*	196*	–	195,499*	10,313*	4,171*	422,522*	2,001,725	354,963	2,356,688

Pursuant to the relevant laws and regulations, this portion of the profits of a wholly-owned foreign enterprise had been transferred to reserve funds (i.e., other reserves), which are restricted as to use.

* *These reserve accounts comprised the consolidated reserves of HK$1,630,654,000 (2010: HK$1,317,023,000) in the consolidated statement of financial position.*

Consolidated Statement of Cash Flows
For the year ended 30 September 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		354,728	390,052
Adjustments for:			
Finance costs	7	30,421	43,848
Interest income	5	(12,946)	(13,564)
Loss on disposal of items of property, plant and equipment	8	8	589
Gain on disposal of a subsidiary	5	(42,424)	–
Depreciation	8	551	1,056
Amortisation of land use rights	8	14,733	14,520
Provision made/(written back), net	6	29,271	(69,516)
Changes in fair value of investment properties	8	(226,103)	(99,240)
Share-based compensation expenses	8	1,499	1,703
		149,738	269,448
Decrease/(increase) in properties held for sale		67,661	(115,075)
(Increase)/decrease in properties under development		(227,409)	979,404
(Increase)/decrease in trade receivables, prepayments, deposits and other receivables		(59,051)	140,310
Decrease in restricted cash		325	45,175
Decrease in trade payables, advanced receipts, accruals and other payables		(12,725)	(974,958)
Cash (used in)/generated from operations		(81,461)	344,304
Overseas taxes paid		(62,965)	(34,137)
Net cash (used in)/from operating activities		(144,426)	310,167
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(527)	(974)
Improvements on investment properties		(2,703)	(2,519)
Outflow of cash and cash equivalents in respect of the disposal of a subsidiary	31	(21,448)	–
Proceeds from disposal of items of property, plant and equipment		3	121
Increase in time deposits with original maturity of more than three months when acquired		(172,704)	–
Interest received		11,606	13,281
Net cash (used in)/from investing activities		(185,773)	9,909

	Note	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest and other bank charges paid		(36,996)	(52,855)
Issue of shares on exercise of share options		309	493
Repayment from immediate holding company		610	2,218
Net amount received from/(paid to) a fellow subsidiary		38	(50)
Dividend paid to a non-controlling shareholder		(5,490)	(12,171)
Decrease in an amount due to immediate holding company		–	(9,657)
Capital injected from non-controlling shareholders		235,982	–
New bank and other borrowings		1,044,478	349,256
Repayment of bank and other borrowings		(951,288)	(644,195)
Net cash from/(used in) financing activities		287,643	(366,961)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(42,556)	(46,885)
Cash and cash equivalents at beginning of year		767,617	812,316
Effect of foreign exchange rate changes, net		1,629	2,186
CASH AND CASH EQUIVALENTS AT END OF YEAR		726,690	767,617
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
Cash and bank balances		26,448	19,367
Non-pledged time deposits		872,946	748,250
Deposits, bank and cash balances as stated in the consolidated statement of financial position	*23*	899,394	767,617
Non-pledged time deposits with original maturity of more than three months when acquired		(172,704)	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		726,690	767,617

Notes to the Financial Statements

30 September 2011

1. CORPORATE INFORMATION

Frasers Property (China) Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

During the year, the principal activity of the Company is investment holding while the Group is involved in property development, investment and management of residential, commercial and business park projects.

The immediate holding company of the Company is FCL (China) Pte. Ltd., a company incorporated in Singapore. In the opinion of the directors, the ultimate holding company of the Company is Fraser and Neave, Limited, which is incorporated and listed in Singapore.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and a derivative financial instrument, which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 October 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 October 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interests), prior to 1 October 2010, were accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 October 2010 were not reallocated between non-controlling interest and the Group.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 October 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of amendments to HKAS 7 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

Improvement to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendment most applicable to the Group are as follows:

- HKAS 7 – *Statement of Cash Flows:* Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[2]
HKFRS 9	*Financial Instruments*[5]
HKFRS 10	*Consolidated Financial Statements*[5]
HKFRS 11	*Joint Arrangement*[5]
HKFRS 12	*Disclosure of Interests in Other Entities*[5]
HKFRS 13	*Fair Value Measurement*[5]
HKAS 1 (Revised)	*Presentation of Financial Statements*[4]
HKAS 12 Amendments	Amendment to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[3]
HKAS 19 (2011)	*Employee Benefits*[5]
HKAS 24 (Revised)	*Related Party Disclosures*[1]
HKAS 27 (2011)	*Separate Financial Statements*[5]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[5]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2011

2 Effective for annual periods beginning on or after 1 July 2011

3 Effective for annual periods beginning on or after 1 January 2012

4 Effective for annual periods beginning on or after 1 July 2012

5 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers except for the adoption of HKFRS 9, HKFRS 10, HKFRS 12, HKFRS 13, HKAS 1 (Revised), HKAS 12 Amendments, HKAS 19 (2011) and HKAS 27 (2011), these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations from 1 October 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 September. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 October 2010 but after 1 October 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 October 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties held for sale, deferred tax assets, an available-for-sale financial investment, a derivative financial instrument and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its holding companies;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings in Mainland China	Over the remaining term of lease or 5%, whichever is higher
Leasehold improvements	Over the lease term or 20%, whichever is higher
Office equipment, furniture and fixtures	19.2% to 33.33%
Motor vehicles	12% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the income statement.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and building as a finance lease in property, plant and equipment.

Properties under development

Properties under development are stated at cost less any impairment losses. Cost of properties under development comprises cost of acquisition, land cost, construction costs, development costs, capitalised borrowing costs and other direct costs attributable to the development. The land cost is recognised on the straight-line basis over the lease term. Impairment is assessed by the directors based on prevailing market prices, on an individual property basis.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of total development cost, including capitalised borrowing cost, attributable to the unsold units. Net realisable value is determined on the basis of anticipated sales proceeds, or Management estimated based on the prevailing market conditions, less all estimated costs to completion and selling expenses, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initially recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include deposits, bank and cash balances, restricted cash, trade receivables, prepayments, deposits and other receivables, a derivative financial instrument, an amount due from the immediate holding company, and an available-for-sale financial investment.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and Management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables or available-for-sale financial investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the income statement. The loss arising from impairment is recognised in the income statement.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement as "impairment losses on available-for-sale financial investments" and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial investment whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and Management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade payables, advanced receipts, accruals and other payables, interest-bearing bank and other borrowings and amounts due to the immediate holding company and a fellow subsidiary.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a new basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the income statement in other expenses.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Deposits, bank and cash balances

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, deposits, bank and cash balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) revenue from the sale of properties is recognised when the significant risk and rewards of the properties are passed to the purchasers. When properties under development for sale are pre-sold prior to completion, revenue is recognised upon the signing of sales and purchase agreement, the issue of the relevant building occupation permit by the relevant government authorities or upon the delivery, whichever is the later, and is taken to the point of time when the risks and rewards of the ownership of the property have passed to the buyers. Deposits and instalments received on properties sold prior to this stage are recorded as sales deposits receipts and included in current liabilities;

(b) operating lease rental income is recognised on a time proportion basis over the lease terms;

(c) property management fee income is recognised when the services are rendered;

(d) utility income is recognised when the services are rendered; and

(e) interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial assets.

Employee benefits

(a) Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all eligible employees. Contributions are made based on a percentage of the employees’ salaries, allowances and other benefits and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 18% to 30% of its payroll costs to the central pension scheme. These contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

(b) Employee leave pay and compensation entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of taking leave.

(c) Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 24(b) to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the awards are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employees are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserves. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, Management has made the following judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements:

Litigation related to a wholly-owned subsidiary

As detailed in an announcement released on 13 May 2009, a writ dated 16 April 2009 was served against a wholly-owned subsidiary of the Group, in respect of alleged failure to fulfill certain obligations under the land development construction compensation agreement entered into on 15 December 2006 (the "Agreement"). A decision of the court was received on 11 April 2011 and the court made a judgement based on the facts presented and determined that the liability to compensate the plaintiff to be about RMB24.8 million (approximately of HK$29.3 million). At the end of the reporting period, the Group determined to make full provision accordingly (note 6).

In connection with the Agreement, on the contrary, this subsidiary filed another lawsuit against the plaintiff for its obligation under the Agreement to pay a lump sum amount of RMB35.3 million, representing 5% of sales proceeds pursuant to the Agreement. The court accepted the filing on 9 September 2010. A hearing by the court was conducted on 9 August 2011. At the end of the reporting period, no court judgement had been received.

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value does not exist; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by Management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Deferred tax assets

Deferred tax is provided using the liability method, on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable (i.e., more likely than not) that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amounts of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carried forward tax losses, and that the asset balance will be reduced and charged to the income statement.

Land appreciation tax

Under the Detailed Rules for the Implementation of Provisional Regulations on Land Appreciation Tax ("LAT") of the People's Republic of China (the "PRC") issued on 27 January 1995, all gains arising from the transfer of real estate property in the Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the Mainland China are subject to LAT. However, the implementation of LAT varies amongst Mainland China cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of LAT and related taxes. The ultimate tax determinations are uncertain during the ordinary course of business. The Group recognises these liabilities based on Management's best estimates. When the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the provisions of LAT in the period in which such determinations are made.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Unlisted equity investment

The Group's unlisted equity investment has been stated at cost less impairment because the range of reasonable fair value estimates is so significant that Management is of the opinion that its fair value cannot be measured reliably.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below.

Estimation of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease terms and other contracts. In the absence of such information, Management has determined the amounts within a range of reasonable fair value estimates. In making its estimation, Management considered information from (i) current prices in an active market for properties of different nature, conditions or locations by reference to available market information; (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices; and (iii) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

The Group's investment properties were revalued on 30 September 2011 by an independent, professionally qualified valuer, DTZ Debenham Tie Leung Limited on an open market, existing use basis.

The principal assumptions for the Group's estimation of the fair value included those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. Particulars of the investment properties held by the Group are set out in note 14 to the financial statements.

Current taxes and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimation and judgement were required in determining the amount of the provision for tax and the timing of payment of the related taxes. There were transactions and calculations for which the ultimate tax determination was uncertain during the ordinary course of business.

As detailed in the Company's accounting policy, deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determinations are made.

Provision

A provision is recognised when a present obligation has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Significant estimation is required in determining the amount of certain obligations. Where the final outcomes of these obligations are different from the amounts that were initially recognised, adjustments will be made according to the latest information available.

Estimation of total budgeted costs and costs to completion for properties under development

Total budgeted costs for properties under development comprised (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development, Management made reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the property development segment – development, investment and management of properties;

(b) the business park segment – development, investment and management of business parks; and

(c) the corporate segment – the Group's corporate management services to the residential, commercial and business park projects.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets and certain deposits, bank and cash balances as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, and amounts due to the immediate holding company and a fellow subsidiary as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

	Year ended 30 September 2011			
	Property development	**Business park**	**Corporate**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:				
Sales to external customers	142,386	160,218	–	302,604
Segment results:	57,055	344,951	(29,803)	372,203
Reconciliation				
Interest income				12,946
Finance costs				(30,421)
Profit before tax				354,728
Segment assets:	3,189,851	1,578,537	10,145	4,778,533
Reconciliation				
Other unallocated assets				155,228
Total assets				4,933,761
Segment liabilities:	210,576	55,507	19,321	285,404
Reconciliation				
Other unallocated liabilities				1,690,208
Total liabilities				1,975,612
Other segment information:				
Changes in fair value of investment properties	–	(226,103)	–	(226,103)
Provision made	29,271	–	–	29,271
Depreciation	269	255	27	551
Amortisation of land use rights	14,733	–	–	14,733
Capital expenditure*	445	2,756	29	3,230

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

	Year ended 30 September 2010			
	Property development *HK$'000*	**Business park** *HK$'000* (Restated)	**Corporate** *HK$'000*	**Total** *HK$'000* (Restated)
Segment revenue:				
Sales to external customers	1,202,199	145,421	–	1,347,620
Segment results:	243,220	206,062	(28,946)	420,336
Reconciliation				
Interest income				13,564
Finance costs				(43,848)
Profit before tax				390,052
Segment assets:	2,581,576	1,223,486	10,156	3,815,218
Reconciliation				
Other unallocated assets				353,234
Total assets				4,168,452
Segment liabilities:	241,252	43,444	15,551	300,247
Reconciliation				
Other unallocated liabilities				1,511,517
Total liabilities				1,811,764
Other segment information:				
Changes in fair value of investment properties	–	(99,240)	–	(99,240)
Provision written back, net	(69,516)	–	–	(69,516)
Depreciation	610	352	94	1,056
Amortisation of land use rights	14,520	–	–	14,520
Capital expenditure*	609	2,851	33	3,493

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

5. REVENUE, OTHER INCOME AND OTHER GAIN

Revenue, which is also the Group's turnover, represents sales of properties, gross rental income and property management fee received and receivable from the principal activities and utility income during the year.

An analysis of revenue, other income and other gain recognised during the year was as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sale of properties	138,992	1,198,301
Gross rental income	104,353	95,216
Property management fee income	50,311	46,248
Utility income	8,948	7,855
	302,604	1,347,620
Other income		
Interest income	12,946	13,564
Others	1,718	3,979
	14,664	17,543
Other gain		
Gain on disposal of a subsidiary	42,424	–

6. PROVISION (MADE)/WRITTEN BACK, NET

	2011	2010
	HK$'000	*HK$'000*
Provision (made)/written back, net:		
Trade receivables	–	(12)
Other receivables *(Note)*	–	69,528
Accrued expense *(Note)*	(29,271)	–
	(29,271)	69,516

Note: Amounts represented the provision for litigation claims (refer to the details of note 3: Judgements – *Litigation related to a wholly-owned subsidiary)* for the current year and the provision written back upon the receipt of land premium rebate for the prior year.

7. FINANCE COSTS

An analysis of finance costs was as follows:

	Note	2011 HK$'000	2010 HK$'000
Interest on bank and other borrowings wholly repayable within five years		26,520	50,512
Other finance costs		8,362	2,198
Total finance costs incurred		34,882	52,710
Less: Interest capitalised to properties under development	*17*	(4,461)	(8,862)
		30,421	43,848

8. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging/(crediting):

	Notes	2011 HK$'000	2010 HK$'000
Depreciation	*13*	803	1,260
Less: Amounts capitalised to properties under development		(252)	(204)
		551	1,056
Gross rental income	*5*	(104,353)	(95,216)
Less: Outgoing expenses	*a*	22,190	24,619
Net rental income	*b*	(82,163)	(70,597)
Loss on disposal of items of property, plant and equipment		8	589
Changes in fair values of investment properties	*14*	(226,103)	(99,240)
Provision made/(written back), net	*6*	29,271	(69,516)
Amortisation of land use rights	*17*	14,733	14,520
Minimum lease payments under operating leases in respect of land and building		3,243	4,146
Employees benefits expenses (including directors' emoluments):	*10*		
Wages and salaries		29,701	29,292
Share-based compensation expenses	*24(b)*	1,499	1,703
Pension schemes contributions		796	726
Less: Forfeited contribution		(51)	(13)
Net pension schemes contributions		745	713
Total employees benefits expenses		31,945	31,708
Auditors' remuneration		1,536	1,667
Foreign exchange gains, net		(5,982)	(1,809)

Notes:

(a) The outgoing expenses for the year were included in "direct operating expenses" on the face of the consolidated income statement.

(b) Rental income on investment properties was included in net rental income.

9. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2010: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the year at the rates of tax prevailing in the jurisdiction in which the Group operates.

The provision of LAT was estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions. During the current year and the prior year, substantial amounts of LAT came from the Shanghai project.

The deferred tax for the year ended 30 September 2011 of HK$56,526,000 (2010: HK$24,810,000) arose mainly from fair value gains of investment properties.

At the end of the reporting period, deferred tax liability of HK$6,108,000 (2010: HK$11,253,000) regarding withholding income tax on the undistributed earnings (future dividend) of PRC subsidiaries has been provided for.

The amount of tax charge in the consolidated income statement represented:

		2011	**2010**
	Note	*HK$'000*	*HK$'000*
Current – Hong Kong		–	–
Current – Mainland China			
Charge for the year		40,058	49,681
Under-provision in prior years		10,770	419
LAT in Mainland China		28,963	38,261
Deferred	*30*	51,735	54,394
		131,526	142,755

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, were as follows:

	2011		**2010**	
	HK$'000	*%*	*HK$'000*	*%*
Profit before tax	354,728		390,052	
Tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	58,530	16.5	64,359	16.5
Effect of different tax rate of specific province or local authority in Mainland China	30,615	8.6	34,302	8.8
Adjustment in respect of current tax of previous period	10,770	3.0	–	–
Income not subject to tax	(28,470)	(8.0)	(33,708)	(8.6)
Expenses not deductible for tax	16,142	4.6	16,313	4.1
Utilisation of previously unrecognised tax losses	(2,197)	(0.6)	(3,969)	(1.0)
Tax losses for which no deferred income tax asset recognised	11,065	3.1	15,525	4.0
LAT in Mainland China	28,963	8.2	38,261	9.8
Others	6,108	1.7	11,672	3.0
Tax charge at the effective rate	131,526	37.1	142,755	36.6

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments for the year ended 30 September 2011, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, was as follows:

Name of directors	Fees	Salaries, allowances, and benefits in kind	Share-based compensation expenses	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director						
Mr. Leung Ka Hing, Harry[1]	–	2,285	–	–	111	2,396
Non-executive directors						
Mr. Cheong Fook Seng, Anthony[2]	49	–	–	–	–	49
Ms. Chong Siak Ching	131	–	210	–	–	341
Mr. Hui Choon Kit	226	–	–	–	–	226
Mr. Lim Ee Seng[3]	212	–	–	–	–	212
Mr. Tang Kok Kai, Christopher[4]	93	–	–	–	–	93
Mr. Chia Khong Shoong[5]	82	–	–	–	–	82
Mr. Hwang Soo Chin[6]	38	–	–	–	–	38
Mr. Chia Nam Toon (alternate to Ms. Chong Siak Ching)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Kwee Chong Kok, Michael[7 & 8]	212	–	–	–	–	212
Mr. Chong Kok Kong	238	–	210	–	–	448
Mr. Hui Chiu Chung, *J.P.*	249	–	210	–	–	459
Ms. Wong Siu Ming, Helen[7]	206	–	–	–	–	206
Mr. Kwong Che Keung, Gordon[9]	83	–	210	–	–	293
Mr. Alan Howard Smith, *J.P.*[10]	83	–	210	–	–	293

1 Appointed as executive director on 1 October 2010

2 Appointed as non-executive director on 16 May 2011

3 Resigned as Chairman of the Board on 16 May 2011

4 Appointed as non-executive director on 14 January 2011

5 Resigned as non-executive director on 16 May 2011

6 Resigned as non-executive director on 14 January 2011

7 Appointed as independent non-executive director on 14 January 2011

8 Appointed as Chairman of the Board on 16 May 2011

9 Resigned as independent non-executive director on 14 January 2011

10 Retired as independent non-executive director on 13 January 2011

Directors' emoluments for the year ended 30 September 2010, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, was as follows:

Name of directors	Fees	Salaries, allowances, and benefits in kind	Share-based compensation expenses	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director						
Mr. Ang Ah Lay[1]	–	5,527[2]	276	1,036	116	6,955
Non-executive directors						
Ms. Chong Siak Ching	125	–	197	–	–	322
Mr. Hui Choon Kit	215	–	–	–	–	215
Mr. Lim Ee Seng	230	–	–	–	–	230
Mr. Chia Khong Shoong	125	–	–	–	–	125
Mr. Hwang Soo Chin	125	–	–	–	–	125
Mr. Chia Nam Toon (alternate to Ms. Chong Siak Ching)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chong Kok Kong	215	–	195	–	–	410
Mr. Hui Chiu Chung, *J.P.*	215	–	197	–	–	412
Mr. Kwong Che Keung, Gordon	275	–	197	–	–	472
Mr. Alan Howard Smith, *J.P.*	275	–	197	–	–	472

1 Resigned as executive director on 1 October 2010

2 Including the compensation fee for loss of office of HK$1,173,000

There was no arrangement under which a director waived or agreed to waive any remuneration during the current and prior years.

(b) Five highest paid employees

The five highest paid employees in the Group for the year included one (2010: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2010: four) non-director, highest paid employees for the year were as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Salaries, allowances, and benefits in kind	4,343	4,571
Share-based compensation expenses	327	394
Employer's contributions to pension schemes	133	126
	4,803	5,091

The number of non-director, highest paid employees whose emoluments fell within the following bands was as follows:

HK$	Number of employees 2011	2010
Nil to 1,000,000	2	1
1,000,001 to 1,500,000	1	1
1,500,001 to 2,000,000	1	2

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 30 September 2011, included a loss of HK$30,441,000 (2010: HK$18,015,000), which has been dealt with in the financial statements of the Company (note 25).

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profit for the year attributable to owners of the Company, and the weighted average of 6,848,629,761 (2010: 6,844,523,996) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share was based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all potentially dilutive ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share were based on:

	2011 *HK$'000*	2010 *HK$'000*
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	205,836	194,044

	Number of shares 2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,848,629,761	6,844,523,996
Effect of dilution – weighted average number of ordinary shares:		
Share options	8,414,365	8,834,286
	6,857,044,126	6,853,358,282

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Notes	Motor vehicles HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 30 September 2011:						
At 1 October 2010						
Cost		2,226	6,703	3,792	1,781	14,502
Accumulated depreciation and impairment		(2,101)	(5,350)	(3,180)	(1,781)	(12,412)
Net carrying amount		125	1,353	612	–	2,090
At 1 October 2010, net of accumulated depreciation and impairment		125	1,353	612	–	2,090
Additions		19	394	114	–	527
Disposals		–	(11)	–	–	(11)
Disposal of a subsidiary	*31*	–	(67)	(39)	–	(106)
Exchange realignment		7	67	42	–	116
Depreciation	*8*	(22)	(528)	(253)	–	(803)
At 30 September 2011, net of accumulated depreciation and impairment		129	1,208	476	–	1,813
At 30 September 2011						
Cost		2,543	6,771	3,604	1,781	14,699
Accumulated depreciation and impairment		(2,414)	(5,563)	(3,128)	(1,781)	(12,886)
Net carrying amount		129	1,208	476	–	1,813

Group

	Note	Motor vehicles HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Total HK$'000
At 30 September 2010:							
At 1 October 2009							
Cost		2,732	7,021	4,155	1,781	1,242	16,931
Accumulated depreciation and impairment		(2,468)	(5,361)	(3,005)	(1,740)	(1,242)	(13,816)
Net carrying amount		264	1,660	1,150	41	–	3,115
At 1 October 2009, net of accumulated depreciation and impairment		264	1,660	1,150	41	–	3,115
Additions		163	474	337	–	–	974
Disposals		(96)	(118)	(496)	–	–	(710)
Exchange realignment		–	(22)	(7)	–	–	(29)
Depreciation	8	(206)	(641)	(372)	(41)	–	(1,260)
At 30 September 2010, net of accumulated depreciation and impairment		125	1,353	612	–	–	2,090
At 30 September 2010							
Cost		2,226	6,703	3,792	1,781	–	14,502
Accumulated depreciation and impairment		(2,101)	(5,350)	(3,180)	(1,781)	–	(12,412)
Net carrying amount		125	1,353	612	–	–	2,090

14. INVESTMENT PROPERTIES

	Note	Group 2011 HK$'000	2010 HK$'000
Net carrying amount at the beginning of the financial year		1,149,680	1,047,561
Improvements		2,703	2,519
Changes in fair values	8	226,103	99,240
Exchange realignment		77,661	360
Net carrying amount at 30 September		1,456,147	1,149,680

The Group's investment properties were revalued on 30 September 2011 by an independent, professionally qualified valuer, DTZ Debenham Tie Leung Limited, at HK$1,456,147,000 on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 34(b)(ii) to the financial statements.

The Group's investment properties are situated outside Hong Kong and are held under the medium-term leases (over 10 to 50 years).

At 30 September 2011 and 30 September 2010, no investment property of the Group was pledged to secure general banking facilities granted to the Group.

At the end of the reporting period, the application for property title deeds of certain investment properties situated in Mainland China held under medium term leases with a carrying amount of HK$901,541,000 (2010: HK$707,672,000) was still in progress.

15. PREPAYMENT FOR ACQUISITION OF LAND USE RIGHTS

The Group sold the entire equity interests in a wholly-owned subsidiary (the "Disposal Transaction") with sole asset being land use rights of a prime commercial development site located at Shenyang's Qingnianda Jie. The Disposal Transaction was completed in September 2011. Details of the Disposal Transaction were disclosed in the circular dated 5 August 2011.

16. PROPERTIES HELD FOR SALE

At 30 September 2011, the properties held for sale of the Group were situated in Hong Kong and the Mainland China and stated at the lower of cost and net realisable value.

17. PROPERTIES UNDER DEVELOPMENT

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Land use rights *(Note)*	976,223	917,087
Development costs	885,892	648,520
Net carrying amount at 30 September	1,862,115	1,565,607

Note: The Group's interests in land use rights represented prepaid operating lease payments. All land are situated in the PRC and held under leases of over 50 years.

The movements of properties under development were as follows:

		Group	
		2011	**2010**
	Note	*HK$'000*	*HK$'000*
Net carrying amount at the beginning of the financial year		1,565,607	2,550,357
Additions		239,540	129,495
Transfer to properties held for sales		–	(129,697)
Transfer to costs of sales		–	(970,198)
Amortisation of land use rights	*8*	(14,733)	(14,520)
Exchange realignment		71,701	170
Net carrying amount at 30 September		1,862,115	1,565,607

Additions to properties under development included interest expense of HK$4,461,000 (2010: HK$8,862,000) (note 7) that was incurred and capitalised during the year.

At 30 September 2011, certain properties under development of the Group with a carrying amount of HK$816,733,000 (2010: Nil) were pledged to secured general banking facilities to the Group (notes 28(b) and 33).

18. INVESTMENTS IN SUBSIDIARIES

	Company 2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	–	–
Add: Due from subsidiaries	3,956,154	3,897,495
Less: Provision for impairment losses	(2,132,671)	(2,132,459)
	1,823,483	1,765,036
Due to subsidiaries	(34,016)	(34,015)
	1,789,467	1,731,021

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$1,823,483,000 (2010: HK$1,765,036,000) and HK$34,016,000 (2010: HK$34,015,000) respectively, are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries were as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued and fully paid up ordinary capital/registered share capital	Percentage of equity interest attributable to the Company 2011 %	2010 %	Principal activities
Directly held by the Company:					
Vision Century Secretaries Limited	Hong Kong	HK$2	100	100	Secretarial and nominee services
Indirectly held by the Company:					
Beijing Gang Lu Real Estate Development Co., Ltd. (i) (ii)	PRC/Mainland China	United States dollars ("US$") 22,500,000	100	100	Property development in Mainland China
Beijing Vision Century Property Management Co., Ltd. (i) (ii)	PRC/Mainland China	US$150,000	100	100	Property management in Mainland China
Limbo Enterprises Limited	British Virgin Islands	US$1	100	100	Property holding
Shanghai Zhong Jun Real Estate Development Co., Ltd. (i) (iii)	PRC/Mainland China	Renminbi ("RMB") 750,000,000 (2010: RMB300,000,000)	54.85	54.85	Property development in Mainland China

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued and fully paid up ordinary capital/registered share capital	Percentage of equity interest attributable to the Company 2011 %	2010 %	Principal activities
Vision Century Administration Limited	Hong Kong	HK$500,000	100	100	Management consultancy services
Vision Century Property Management Limited	Hong Kong	HK$2	100	100	Property management
Vision Century Real Estate Development (Dalian) Co., Ltd. (i) (ii)	PRC/Mainland China	US$10,000,000	100	100	Property development in Mainland China
Vision Property Management (Dalian) Co., Ltd. (i) (ii)	PRC/Mainland China	US$65,000	100	100	Property management in Mainland China
Vision Huaqing (Beijing) Development Co. Ltd. (i) (iii)	PRC/Mainland China	RMB130,000,000	60	60	Business park development and investment in Mainland China
Vision (Shenzhen) Business Park Co., Ltd. (i) (ii)	PRC/Mainland China	RMB170,000,000 (2010: RMB124,000,000)	100	100	Business park development and investment in Mainland China
Vision Property (Shenzhen) Co., Ltd. (i) (ii)	PRC/Mainland China	RMB33,795,844	100	–	Property development in Mainland China

Notes:

(i) Not audited by Ernst & Young Hong Kong, or another member firm of the Ernst & Young global network

(ii) Wholly foreign-owned enterprise

(iii) Sino-foreign equity joint venture enterprise

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. Details of other subsidiaries had not been included as, in the opinion of the directors, they did not have any material impact on the financial statements.

19. AVAILABLE-FOR-SALE FINANCIAL INVESTMENT

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Available-for-sale financial investment represented as follows:		
Unlisted equity investment	8,822	8,822

At 30 September 2011, the Group's unlisted equity investment with a carrying amount of HK$8,822,000 (2010: HK$8,822,000) was stated at cost less impairment.

20. TRADE RECEIVABLES

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Trade receivables	1,329	4,704
Less: Impairment	(13)	(12)
	1,316	4,692

Trade receivables represent consideration in respect of sold properties and rental receivables. Consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipts of billings within an average credit term of one month.

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by Management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and unsecured.

All trade receivables at the end of the reporting period were less than one month past due.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The movements in provision for impairment of trade receivables were as follows:

		Group	
		2011	**2010**
	Note	*HK$'000*	*HK$'000*
At the beginning of the financial year		12	–
Impairment losses recognised	*6*	–	12
Exchange realignment		1	–
At 30 September		13	12

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$13,000 (2010: HK$12,000) with a carrying amount before provision of HK$13,000 (2010: HK$12,000). The individually impaired trade receivables relate to customers that were experiencing delinquency in interest or principal payments. The Group does not hold any collateral or other credit enhancements over these balances.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other receivables *(Note)*	553,735	25,008	–	–
Less: Impairment	(19,901)	(18,585)	–	–
Other receivables, net	533,834	6,423	–	–
Deposits	1,243	1,345	–	–
Prepayments	3,819	4,514	246	189
Prepaid taxes	172	157	–	–
Others	2,837	1,494	–	90
	541,905	13,933	246	279
Non-current portion of prepayments	(1,891)	(1,814)	–	–
Current portion included in prepayments, deposits and other receivables	540,014	12,119	246	279

Note: Of the HK$554 million other receivables, HK$512 million represented the net sale consideration proceeds deposited into a bank's entrusted account in relation to the Disposal Transaction. Details of the Disposal Transaction were disclosed in the circular dated 5 August 2011.

(a) None of the deposits is either past due or impaired. The provision for impairment relates to other receivables. The movements in provision for impairment of other receivables were as follows:

		Group	
		2011	**2010**
	Note	*HK$'000*	*HK$'000*
At the beginning of the financial year		18,585	89,044
Impairment losses recognised	6	–	71
Impairment losses reversed	6	–	(69,599)
Exchange realignment		1,316	(931)
At 30 September		19,901	18,585

The above is a full provision for impairment of a receivable. The Group does not hold any collateral or other credit enhancement over this balance.

(b) The ageing analysis of the other receivables after provision that are not considered to be impaired was as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Less than 1 month past due	516,514	5,529
2 to 3 months past due	410	709
More than 3 months past due	16,910	185
	533,834	6,423

None of the above assets is impaired. The Group does not hold any collateral or other credit enhancements over these balances. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. DERIVATIVE FINANCIAL INSTRUMENT

	Assets	
	2011	**2010**
	HK$'000	*HK$'000*
Group and Company:		
Forward currency contract – current portion	971	–

Forward currency contracts – cash flow hedge

At 30 September 2011, the Group held one forward currency contract designated as a hedge in respect of a highly probable future capital injection to a wholly-owned subsidiary in Mainland China.

The terms of the forward currency contract have been negotiated to match the terms of the capital commitment. The cash flow hedge relating to the expected capital injection to a wholly-owned subsidiary was assessed to be highly effective and a net gain of HK$971,000 was included in the hedging reserve.

23. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	26,521	19,367	3,300	678
Structured deposits	300,391	327,946	–	–
Short term bank deposits	572,555	420,703	141,116	18,940
	899,467	768,016	144,416	19,618
Less: Restricted cash	(73)	(399)	–	–
	899,394	767,617	144,416	19,618

(a) Full principal amounts of structured deposits will be received on the maturity date. Interest income earned is subject to the US London Interbank Offered Rate ("LIBOR") in accordance with the terms of the contracts entered into with certain banks.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(c) At the end of the reporting period, the deposits, bank and cash balances of the Group denominated in RMB amounted to HK$703,039,000 (2010: HK$408,866,000). The RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. ISSUED CAPITAL

(a) Authorised and issued capital

	2011	2010
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2010: 10,000,000,000) ordinary shares of HK$0.1000 each	1,000,000	1,000,000
Issued and fully paid:		
6,849,401,580 (2010: 6,847,015,580) ordinary shares of HK$0.1000 each	684,940	684,702

During the year, the movement in share capital was as follows:

The subscription rights attaching to 2,386,000 (2010: 3,644,000) share options were exercised at the subscription prices of the share option scheme of HK$0.1580, HK$0.1670, HK$0.1000 and HK$0.1550 (2010: HK$0.1547, HK$0.1343, HK$0.1670 and HK$0.1000) per share, resulting in the issue of 2,386,000 (2010: 3,644,000) shares of HK$0.1000 each for a total cash consideration, before expenses, of HK$309,000 (2010: HK$493,000).

A summary of the transactions during the year with reference to the above movement in the Company's issued share capital was as follows:

	Number of shares in issue	Issued capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 October 2010	6,847,015,580	684,702	41,944	726,646
Share options exercised	2,386,000	238	71	309
At 30 September 2011	6,849,401,580	684,940	42,015	726,955
At 1 October 2009	6,843,371,580	684,337	41,816	726,153
Share options exercised	3,644,000	365	128	493
At 30 September 2010	6,847,015,580	684,702	41,944	726,646

(b) Share option scheme

The share option scheme (the "Share Option Scheme") became effective on 20 May 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK$1 per acceptance. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing prices of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2011		2010	
	Weighted average exercise price per share HK$	Number of share options	Weighted average exercise price per share HK$	Number of share options
At the beginning of the financial year	0.1761	98,180,182	0.1788	84,026,154
Granted	0.2050	14,250,000	0.1550	17,800,000
Exercised	0.1299	(2,386,000)	0.1351	(3,644,000)
Lapsed	0.2200	(1,850,000)	0.1580	(1,972)
At 30 September	0.1802	108,194,182	0.1761	98,180,182

At the end of the reporting period, out of the 108,194,182 (2010: 98,180,182) outstanding options, 79,499,182 (2010: 65,185,182) were exercisable.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period were as follows:

		2011		2010	
Date of grant	Exercise period *(Notes)*	Exercise price *HK$*	Number of share options	Exercise price *HK$*	Number of share options
31/12/2003	31/12/2004 – 30/12/2013	0.1580	9,789,359	0.1580	9,875,359
31/12/2004	31/12/2005 – 30/12/2014	0.1547	10,828,103	0.1547	10,828,103
30/12/2005	30/12/2006 – 29/12/2015	0.1343	13,125,983	0.1343	13,125,983
13/11/2006	13/11/2007 – 12/11/2016	0.1670	14,000,737	0.1670	14,250,737
09/11/2007	09/11/2008 – 08/11/2017	0.3370	16,050,000	0.3370	16,550,000
14/11/2008	14/11/2009 – 13/11/2018	0.1000	14,450,000	0.1000	15,750,000
13/11/2009	13/11/2010 – 12/11/2019	0.1550	16,450,000	0.1550	17,800,000
12/11/2010	12/11/2011 – 11/11/2020	0.2050	13,500,000	–	–
			108,194,182		98,180,182

Notes:

Vesting schedule for share options granted on 31 December 2003	Percentage of shares over which a share option is exercisable %
Before the first anniversary of the date of grant	0
On or after the first but before the second anniversary of the date of grant	25
On or after the second but before the third anniversary of the date of grant	25
On or after the third but before the fourth anniversary of the date of grant	25
On or after the fourth anniversary of the date of grant	25

Vesting schedule for share options granted after 31 December 2003	Percentage of shares over which a share option is exercisable %
Before the first anniversary of the date of grant	0
On or after the first but before the second anniversary of the date of grant	40
On or after the second but before the third anniversary of the date of grant	30
On or after the third anniversary of the date of grant	30

In relation to the share options, if the eligible participant, during any of the periods specified above, exercises share options for such number of shares which, in aggregate, represents less than the number of shares for which the eligible participant may exercise in respect of such period, the balance of the shares comprised that the eligible participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of shares which the eligible participant may exercise in the next succeeding period or periods.

The valuation for share options was based on the binomial model, taking into account of the following inputs to the model, including the volatility of the Company's share price of 65% per annum, expected dividend yield of nil, rate of leaving services of 5.0% per annum and the requirements of HKFRS2 where grantees will exercise their options if the share price becomes higher than the exercise price of 195% or above. Share-based compensation expenses of HK$1,499,000 (2010: HK$1,703,000) (note 8) were charged to the consolidated income statement.

25. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 79 of the financial statements.

Pursuant to the relevant laws and regulations for PRC companies, the local Memorandum and Articles of Association and the Company's board resolutions, a portion of the profits of the Group's wholly-owned foreign enterprise which is established or registered in the PRC had been transferred to reserve funds (i.e., other reserves) which are restricted as to use.

Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserves HK$'000	Share-based compensation reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 October 2010		41,944	642,378	196	10,313	(131,388)	563,443
Issue of new shares on exercise of share options		71	–	–	–	–	71
Share-based compensation expenses	*8*	–	–	–	1,499	–	1,499
Loss for the year	*11*	–	–	–	–	(30,441)	(30,441)
At 30 September 2011		42,015	642,378	196	11,812	(161,829)	534,572
At 1 October 2009		41,816	642,378	196	8,610	(113,373)	579,627
Issue of new shares on exercise of share options		128	–	–	–	–	128
Share-based compensation expenses	*8*	–	–	–	1,703	–	1,703
Loss for the year	*11*	–	–	–	–	(18,015)	(18,015)
At 30 September 2010		41,944	642,378	196	10,313	(131,388)	563,443

The Company's contributed surplus represents the excess of the fair value of the shares pursuant to the announcement dated 15 November 2005. Under the amendments to the bye-laws, the Company may make distributions to its members out of the contributed surplus in certain circumstances when the directors consider it appropriate to do so.

26. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, was as follows:

	Group 2011 *HK$'000*	2010 *HK$'000*
Within 3 months	36,605	1,170
3 to 12 months	300	234
Over 1 year	1,109	2,179
	38,014	3,583

Trade payables are non-interest-bearing and are normally settled within an average term of one month.

27. ADVANCED RECEIPTS, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales deposit receipts	1,982	19,972	–	–
Advanced rental receipts	489	418	–	–
Deferred income	29,187	29,945	–	–
Rental deposits received	44,198	32,308	–	–
Accrued expenses	152,596	197,217	3,718	2,435
Other payables	18,938	16,804	450	338
	247,390	296,664	4,168	2,773

Other payables are unsecured, non-interest-bearing and have no fixed terms of repayment.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

		Group					
		2011			2010		
	Notes	**Effective annual interest rate** *(%)*	**Maturity**	**HK$'000**	**Effective annual interest rate** *(%)*	**Maturity**	**HK$'000**
Current							
Bank borrowings:							
– Unsecured		1.40–7.18	2012	348,016	0.88-5.83	2011	621,381
Other borrowing:							
– Unsecured	*a*	6.10	2012	137,888	4.86	2011	246,196
				485,904			867,577
Non-current							
Bank borrowings:							
– Secured	*b*	6.65	2013	107,379	–	–	–
– Unsecured		2.61	2014	711,420	1.75-5.83	2012	342,777
				818,799			342,777
				1,304,703			1,210,354

	Company					
	2011			2010		
	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000
Current						
Bank borrowing:						
– Unsecured	–	–	–	0.88-0.89	2011	500,000
Non-current						
Bank borrowing:						
– Unsecured	2.61	2014	711,420	–	–	–
			711,420			500,000

Notes:

(a) The unsecured other borrowing of the Group as at 30 September 2011 represents a loan arranged by a financial institution in the PRC and entered into with a fellow subsidiary.

(b) The secured bank borrowings of the Group as at 30 September 2011 are secured by certain Group's properties under development situated in the PRC, with an aggregate carrying value as at 30 September 2011 of approximately HK$816,733,000 (notes 17 and 33).

Interest-bearing bank and other borrowings repayable were analysed as follows:

	Group		Company	
	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within the first year or on demand	485,904	867,577	–	500,000
In the second year	107,379	342,777	–	–
In the third to fifth years, inclusive	711,420	–	711,420	–
	1,304,703	1,210,354	711,420	500,000

The carrying amounts of bank and other borrowings were denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollar	711,420	500,000	711,420	500,000
Renminbi	312,455	430,557	–	–
United States dollar	280,828	279,797	–	–
	1,304,703	1,210,354	711,420	500,000

All interest-bearing bank and other borrowings of the Group and the Company are at floating rates.

The Group has the following undrawn borrowing facilities:

	2011	2010
	HK$'000	*HK$'000*
Floating rate		
– available within one year	883,421	100,000

29. DUE FROM/(TO) THE IMMEDIATE HOLDING COMPANY AND DUE TO A FELLOW SUBSIDIARY

Since FCL (China) Pte. Ltd. ("FCL (China)") acquired an additional equity interest directly in the Company in May 2007, it became the immediate holding company of the Company. At 30 September 2011, the Group had outstanding receivables from and payables to its immediate holding company of HK$63,385,000 and HK$81,634,000 (2010: HK$63,995,000 and HK$81,634,000) respectively. The receivables and payables are unsecured, interest-free and have no fixed terms of receipt or repayment. The carrying amounts of these current accounts approximate to their fair values. The outstanding receivables represented the estimated tax liabilities to be incurred by Supreme Asia Investments Limited ("SAI") in relation to its business activities prior to the Group's completion of the acquisition of interest in SAI in September 2005, which should be compensated to the Company when SAI paid any tax that is limited to the amount of HK$71,443,000. A reimbursement of an indemnified amount of approximately HK$610,000 (2010: HK$2,218,000) was paid by FCL China (note 35(a)(i)) during the year. The payables comprised a debt owing by SAI to FCL (China) existing at the completion of acquisition of interest in SAI in September 2005.

At the end of the reporting period, the amount due to a fellow subsidiary is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the balance approximates to its fair value.

30. DEFERRED TAX

Deferred tax liabilities

The movements of deferred tax liabilities during the year were as follows:

		Group			
	Note	**Revaluation of properties**	**Tax losses**	**Withholding income taxes**	**Total**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 October 2010		156,850	(8,587)	14,032	162,295
Deferred tax charged/(credited) to the income statement	*9*	55,638	(2,693)	6,108	59,053
Exchange realignment		214	977	1,157	2,348
At 30 September 2011		212,702	(10,303)	21,297	223,696
At 1 October 2009		145,614	(26,029)	2,668	122,253
Deferred tax charged to the income statement	*9*	11,212	17,439	11,253	39,904
Exchange realignment		24	3	111	138
At 30 September 2010		156,850	(8,587)	14,032	162,295

Deferred tax assets

The movements of deferred tax assets during the year were as follows:

	Note	Provision for claims *HK$'000*	Group Impairment allowance on receivables *HK$'000*	Total *HK$'000*
At 1 October 2010		–	–	–
Deferred tax credited to the income statement	*9*	7,318	–	7,318
Exchange realignment		251	–	251
At 30 September 2011		7,569	–	7,569
At 1 October 2009		–	15,278	15,278
Deferred tax charged to the income statement	*9*	–	(14,490)	(14,490)
Exchange realignment		–	(788)	(788)
At 30 September 2010		–	–	–

The Group has unrecognised tax losses of HK$1,162,200,000 (2010: HK$1,153,736,000) arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, and tax losses arising in Mainland China of HK$22,700,000 (2010: HK$17,267,000) which will expire within five years from 31 December 2010. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attached to the payment of dividends by the Company to its shareholders. The Company had no deferred tax assets and deferred tax liabilities as at 30 September 2011 (2010: Nil).

31. DISPOSAL OF A SUBSIDIARY

On 15 July 2011, Unique Vast Limited ("Unique Vast"), an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Dalian Friendship Group Co. Ltd. ("Dalian Friendship") in relation to the disposal of the entire equity interests in a wholly-owned subsidiary in the Mainland China by Unique Vast to Dalian Friendship pursuant to the Share Transfer Agreement (the "Disposal Transaction"), for a cash consideration of RMB423 million. The Disposal Transaction was completed in September 2011. Dalian Friendship deposited the net sales proceeds into a bank's entrusted account which is included in "Other Receivables" (note 21). The funds will be remitted to Unique Vast after the relevant clearances by local authorities are completed. Details of the Disposal Transaction were disclosed in the circular dated 5 August 2011.

		2011	**2010**
	Note	*HK$'000*	*HK$'000*
Net assets disposed of:			
Property, plant and equipment		106	–
Cash and bank balances		21,448	–
Prepayment for acquisition of land use rights		469,944	–
Prepayments and other receivables		2,508	–
Accruals and other payables		(4)	–
		494,002	–
Release of exchange fluctuation reserves		(31,860)	–
Gain on disposal	*5*	42,424	–
Net consideration		504,566	–
An analysis of the outflow of cash and cash equivalents in respect of the disposal of a subsidiary was as follows:			
Cash and bank balances disposed of		(21,448)	–

32. CONTINGENT ASSETS AND LIABILITIES

(a) At 30 September 2011, the Company issued guarantees to the extent of HK$195,456,000, (2010: HK$183,216,000) of which HK$67,188,000 (2010: HK$85,883,000) was utilised in respect of bank borrowings granted to its subsidiaries.

Management anticipates that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

(b) As detailed in the announcements released on 9 June 2010 and 12 July 2010, the Group's wholly-owned subsidiary, Vision (Shenzhen) Business Park Co., Ltd. ("VSBP"), and the relevant Shenzhen authorities entered into an agreement on 9 June 2010 ("Agreement"), which became effective on 12 July 2010 upon the receipt of the written approval of the Shenzhen government, in relation to the project located in the south zone of Shenzhen Hi-tech Industrial Park in Nanshan district, Shenzhen, the PRC.

VSBP will retain a land area of approximately 51,000 sqm in the new Phase 3 site which has a developable Gross Floor Area ("GFA") of not more than 240,000 sqm and surrender the remaining land area of approximately 203,000 sqm of the original Phase 3 site to the relevant Shenzhen authorities without compensation. The site to be repossessed will have a maximum of 240,000 sqm GFA, with about 208,800 sqm as industrial land for business park use (to be held by VSBP); and about 31,200 sqm as commercial land for non-business park use and will be developed for sales (to be held by a new wholly-owned subsidiary) subject to payment of certain land premium at the prevailing market rate.

All the costs and expenses in relation to the original Phase 3, with an original GFA of about 408,000 sqm, were fully impaired and charged to the income statements in the financial year ended 31 December 2003 of HK$424 million as it was clear then that its construction could not be completed by the stipulated deadline of 31 December 2005. Currently, the impairment has not been reversed as the recoverability did not meet certainty criteria.

Management estimates the probable amount to be written back upon signing of the ancillary agreements with finalised land planning parameters, will be around HK$217 million. At the end of the reporting period, no asset was recognised in respect of it.

33. PLEDGE OF ASSETS

At 30 September 2011, the Group's certain bank and other borrowings were secured by certain properties under development with a carrying value of HK$816,733,000 (2010: Nil) (notes 17 and 28(b)).

34. COMMITMENTS

(a) Capital commitments

The Group's capital expenditure not yet incurred in respect of properties under development at the end of the reporting period was as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Contracted, but not provided for	102,306	–
Authorised, but not contracted for	7,239,065	6,300,520
	7,341,371	6,300,520

At the end of the reporting period, the Company had no capital commitments (2010: Nil).

(b) Operating lease commitments

(i) As lessee

The Group leases certain properties under operating lease arrangements. Leases for the properties are negotiated for terms of one to two years.

At 30 September 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Within the first year	3,775	3,643
In the second to fifth years, inclusive	1,676	4,910
	5,451	8,553

At the end of the reporting period, the Company had no operating lease arrangement as lessee (2010: Nil).

(ii) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from one to seven years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2011, the Group had total future minimum rental receivables under non-cancellable leases with its tenants falling due as follows:

	2011	2010
	HK$'000	*HK$'000*
Within the first year	163,224	103,638
In the second to fifth years, inclusive	259,666	87,672
Over the fifth year	1,493	1,211
	424,383	192,521

At the end of the reporting period, the Company had no operating lease arrangement as lessor (2010: Nil).

35. RELATED PARTY TRANSACTIONS

The ultimate holding company of the Group is Fraser and Neave, Limited ("F&N"), a company incorporated in Singapore.

The following was a summary of significant related party transactions carried out in the normal course of the Group's business during the year:

(a) Related party transactions

	Notes	2011 *HK$'000* (Income)/ Expenses	2010 *HK$'000* (Income)/ Expenses
Compensation income	*(i)*	(758)	(4,119)
Penalty interest income		–	(564)
Consultancy fee	*(ii)*	–	573
Property management services fee income	*(iii)*	(142)	(137)
Property management fee	*(iv)*	596	568
Marketing and leasing services fee	*(v)*	797	–
Rental income	*(vi)*	(632)	–
Corporate management services fee	*(vii)*	4,302	6,372
Internal audit fee	*(viii)*	179	183
		4,342	2,876

(i) On 14 July 2005, CPL (China) Pte. Ltd. (now known as FCL (China) Pte. Ltd. ("FCL China")), the immediate holding company of the Company, Power Source Holdings Limited ("Power Source"), a wholly owned subsidiary of the Company, and the Company entered into a sale and purchase agreement ("Principal Agreement") in relation to the acquisition of 54.78% interest in the shares of and debt owing by Supreme Asia Investments Limited ("SAI"). Pursuant to the disclosure letter dated 14 July 2005 enclosed to the Principal Agreement, a sum of approximately RMB111.95 million would be payable by Shanghai Zhong Jun Real Estate Development Co., Ltd. ("SZJ"), an indirect non-wholly owned subsidiary of the Company, for the increase in the GFA of the Song Jiang property from 628,246 sqm to 837,291 sqm. The total payment including the land premium and consultancy fee for the increase in the GFA of the Song Jiang property eventually increased to RMB179.69 million. Due to RMB67.74 million in excess of the estimated payment of RMB111.95 million that was a breach of warranty under the Principal Agreement, the Company received a compensation of RMB37.11 million (being the difference of RMB67.74 million at 54.78%) which was recorded as deferred income in the statement of financial position.

During the year, a compensation income of HK$758,139 (2010: HK$4,119,354) was released from the deferred income.

In addition, subject to certain limitations as stated in the Principal Agreement, FCL China undertook to Power Source to indemnify and keep indemnified Power Source from and against any tax liabilities incurred by the SAI Group in relation to the business activities of the SAI Group prior to completion of the sale and purchase of the Sale Shares and the Debt (as defined in the Principal Agreement) ("Tax Warranty"). The Tax Warranty was compensation to Power Source by FCL China for the additional profits tax expenses incurred in the Group due to the higher land cost of Shanghai Song Jiang booked in the Group at fair value against the lower land cost booked in SAI Group at historical cost.

During the year, an indemnified amount of HK$610,542 (2010: HK$2,217,710) was paid by FCL China (note 29).

(ii) On 9 September 2010, Vision (Shenzhen) Business Park Co. Ltd. ("VSBP") and JURONG Consultants Pte Ltd ("JC") entered into a consultancy agreement ("Consultancy Agreement") whereby VSBP appointed JC as a consultant to provide consultancy services for Vision (Shenzhen) Business Park phase 3 development, 5 ha within Shenzhen Hi-tech Industrial Park, Nanshan District, Shenzhen, the PRC for the period from the Commencement Date (as defined in the Consultancy Agreement) to the Completion Date (as defined in the Consultancy Agreement) at a consultancy fee at SG$160,000.

VSBP is an indirect wholly-owned subsidiary of the Company. JC is 100% beneficially owned by Ascendas Pte Ltd, which is a substantial shareholder of the Company. Accordingly, JC is a connected person of the Company under the Listing Rules. The entering into the Consultancy Agreement constituted a connected transaction of the Company.

During the year, no fee (2010: a fee of SG$104,000 (HK$573,402)) was charged to VSBP.

(iii) On 28 September 2010, Vision Huaqing (Beijing) Development Co., Ltd. ("Vision Huaqing") and Beijing Huaqing Yong Sheng Restaurant Management Company Limited ("Huaqing Yong Sheng") entered into a Staff Canteen Management Service Agreement whereby Huaqing Yong Sheng would operate the staff canteen in Sohu.com Internet Plaza ("SIP") during the period from 1 October 2010 to 30 September 2011 and would pay a monthly management fee of RMB10,000 to Vision Huaqing.

Vision Huaqing is 60% owned by the Company. Huaqing Yong Sheng is a wholly-owned subsidiary of Tsinghua Science Park Co., Ltd. ("TSP"), which is a 40% substantial shareholder of Vision Huaqing. Accordingly, Huaqing Yong Sheng is a connected person of the Company under the Listing Rules. The entering into the Staff Canteen Management Service Agreement constituted a continuing connected transaction of the Company.

During the year, a fee of RMB120,000 (HK$142,380) (2010: RMB120,000 (HK$137,071)) was charged to Huaqing Yong Sheng.

(iv) On 28 September 2010, Vision Huaqing and THSP Property Management Corp. ("THSP") entered into a Property Management Contract whereby Vision Huaqing appointed THSP as the property manager to provide property management services for SIP during the period from 1 October 2010 to 30 September 2011 at a fee which was calculated as to 8% of the total monthly gross management fee received from the tenants of the SIP.

Vision Huaqing is 60% owned by the Company. THSP is 80% beneficially owned by TSP, which is a 40% substantial shareholder of Vision Huaqing. Accordingly, THSP is a connected person of the Company under the Listing Rules. The entering into the Property Management Contract constituted a continuing connected transaction of the Company.

During the year, a fee of RMB502,506 (HK$596,256) (2010: RMB497,162 (HK$567,891)) was charged to Vision Huaqing.

(v) On 28 September 2010, Vision Huaqing and TSP entered into an Outsourcing Services Agreement whereby Vision Huaqing appointed TSP as a manager to provide marketing and leasing services for SIP during the period from 1 October 2010 to 30 September 2011 at a fee calculated as to 2.5% of the total rental revenue income received from the tenants of the SIP.

Vision Huaqing is 60% owned by the Company. TSP is a 40% substantial shareholder of Vision Huaqing. Accordingly, TSP is a connected person of the Company under the Listing Rules. The entering into the Outsourcing Services Agreement constituted a continuing connected transaction of the Company.

During the year, a fee of RMB671,970 (HK$797,581) was charged to Vision Huaqing.

(vi) On 28 September 2010, Vision Huaqing and Beijing Qiaobo Ice & Snow World Sports Development Co., Ltd. ("QB") entered into a Tenancy Agreement whereby Vision Huaqing, as Landlord, agreed to lease to QB, as Tenant, in respect of Unit 04-08, Level 4, Building 9, Sohu.com Internet Plaza, No.1 Zhongguancun East Road, Haidian District, Beijing for a term of 3 years commencing from 1 October 2010 to 30 September 2013 at a yearly rental fee of RMB534,782, RMB592,152 and RMB590,533, respectively.

On 12 April 2011, Vision Huaqing and QB entered into a supplemental agreement to the Tenancy Agreement for a slight reduction of the rental area for the year ended 30 September 2011 ("Supplemental Agreement"). As such, the rental fee charged by Vision Huaqing to QB for the year ended 30 September 2011 reduced from RMB534,782 to RMB532,152 accordingly.

Vision Huaqing is 60% owned by the Company. QB is 40% beneficially owned by TSP, which is a 40% substantial shareholder of Vision Huaqing. Accordingly, QB is a connected person of the Company under the Listing Rules. The entering into the Tenancy Agreement constituted a continuing connected transaction of the Company.

During the year, a fee of RMB532,152 (HK$632,159) was charged to QB.

(vii) On 4 October 2010, SZJ and Shanghai Frasers Management Consultancy Co. Ltd. ("SFMC") entered into a Corporate Consultancy and Project Management Services Agreement to, *inter alia*, extend the period for the corporate consultancy services provided by SFMC to SZJ under the Corporate Consultancy Services Agreement dated 3 November 2009 for 12 months from 1 October 2010 to 30 September 2011 for a total consultancy services fee of RMB6,900,000 (equivalent to HK$8,280,000) ("2010 Agreement").

SZJ is a non-wholly-owned subsidiary of the Company. SFMC is 100% beneficially owned by F&N which is a substantial shareholder of the Company. Accordingly, SFMC is a connected person of the Company under the Listing Rules. The entering into the 2010 Agreement constituted a continuing connected transaction of the Company.

Accordingly, the Company set the annual cap for the consideration pursuant to the 2010 Agreement at about HK$8,280,000 for the financial year ending 30 September 2011.

On 6 April 2011, SZJ and SFMC entered into a supplemental agreement to the 2010 Agreement for revision of the scope of services to be rendered by SFMC for the period from 21 January 2011 to 30 September 2011 at a fee of RMB1,557,902 (equivalent to HK$1,869,000) ("Supplemental Agreement").

In this connection, the remuneration paid to SFMC pursuant to the 2010 Agreement before 21 January 2011 was RMB2,095,968 (equivalent to HK$2,515,000) and the remuneration payable pursuant to the Supplemental Agreement is RMB1,557,902 (equivalent to HK$1,869,000). Therefore, the Company set the revised annual cap for the consideration pursuant to the 2010 Agreement and the Supplemental Agreement at about HK$4,400,000 for the financial year ending 30 September 2011.

During the year, a fee for consultancy services of RMB3,653,870 (HK$4,301,813) (2010: RMB5,580,000 (HK$6,371,824)) was charged to the Company.

(viii) During the year, F&N provided internal audit services to the Company. The services rendered were charged by F&N on a cost basis.

F&N is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the services rendered by F&N constitute a continuing connected transaction of the Company.

During the year, a total of internal audit fee of HK$179,000 (2010: HK$183,000) was charged to the Company.

(b) Outstanding balances with related parties:

	2011	**2010**
	HK$'000	*HK$'000*
Due from the immediate holding company	63,385	63,995
Due to the immediate holding company	(81,634)	(81,634)
Due to a fellow subsidiary	(42)	(4)

The balances listed above are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

(c) Compensation of key management personnel of the Group:

	2011	**2010**
	HK$'000	*HK$'000*
Short term employee benefits	11,703	14,153
Post-employment benefits	203	241
Share-based compensation expenses	1,499	1,703
	13,405	16,097

Further details of directors' emoluments are included in note 10 to the financial statements.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Group						
	2011				2010		
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial investment	Total	Loans and receivables	Available-for-sale financial investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale financial investment	–	–	8,822	8,822	–	8,822	8,822
Trade receivables	–	1,316	–	1,316	4,692	–	4,692
Financial assets included in prepayments, deposits and other receivables	–	536,671	–	536,671	7,917	–	7,917
Due from the immediate holding company	–	63,385	–	63,385	63,995	–	63,995
Derivative financial instrument	971	–	–	971	–	–	–
Restricted cash	–	73	–	73	399	–	399
Deposits, bank and cash balances	–	899,394	–	899,394	767,617	–	767,617
	971	1,500,839	8,822	1,510,632	844,620	8,822	853,442

	Company			
	2011			2010
	Financial assets at fair value through profit or loss	Loans and receivables	Total	Loans and receivables
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets included in prepayments, deposits and other receivables	–	–	–	90
Due from subsidiaries	–	1,823,483	1,823,483	1,765,036
Derivative financial instrument	971	–	971	–
Deposits, bank and cash balances	–	144,416	144,416	19,618
	971	1,967,899	1,968,870	1,784,744

Financial liabilities

	Group	
	2011	**2010**
	Financial liabilities at amortised costs	**Financial liabilities at amortised costs**
	HK$'000	*HK$'000*
Trade payables	38,014	3,583
Financial liabilities included in advanced receipts, accruals and other payables	63,136	49,112
Due to the immediate holding company	81,634	81,634
Due to a fellow subsidiary	42	4
Interest-bearing bank and other borrowings	1,304,703	1,210,354
	1,487,529	1,344,687

	Company	
	2011	**2010**
	Financial liabilities at amortised costs	**Financial liabilities at amortised costs**
	HK$'000	*HK$'000*
Financial liabilities included in advanced receipts, accruals and other payables	450	338
Due to subsidiaries	34,016	34,015
Interest-bearing bank borrowing	711,420	500,000
	745,886	534,353

37. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

	Group			
	Carrying amounts		Fair values	
	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Deposits, bank and cash balances	899,394	767,617	899,394	767,617
Restricted cash	73	399	73	399
Due from the immediate holding company	63,385	63,995	63,385	63,995
Trade receivables	1,316	4,692	1,316	4,692
Financial assets included in prepayments, deposits and other receivables	536,671	7,917	536,671	7,917
Available-for-sale financial investment	8,822	8,822	8,822	8,822
Derivative financial instrument	971	–	971	–
	1,510,632	853,442	1,510,632	853,442
Financial liabilities				
Trade payables	38,014	3,583	38,014	3,583
Financial liabilities included in advanced receipts, accruals and other payables	63,136	49,112	63,136	49,112
Interest-bearing bank and other borrowings	1,304,703	1,210,354	1,304,703	1,210,354
Due to the immediate holding company	81,634	81,634	81,634	81,634
Due to a fellow subsidiary	42	4	42	4
	1,487,529	1,344,687	1,487,529	1,344,687

	Company			
	Carrying amounts		Fair values	
	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Deposits, bank and cash balances	144,416	19,618	144,416	19,618
Due from subsidiaries	1,823,483	1,765,036	1,823,483	1,765,036
Financial assets included in prepayments, deposits and other receivables	–	90	–	90
Derivative financial instrument	971	–	971	–
	1,968,870	1,784,744	1,968,870	1,784,744
Financial liabilities				
Financial liabilities included in advanced receipts, accruals and other payables	450	338	450	338
Interest-bearing bank borrowing	711,420	500,000	711,420	500,000
Due to subsidiaries	34,016	34,015	34,016	34,015
	745,886	534,353	745,886	534,353

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Deposits, bank and cash balances, restricted cash, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in advanced receipts, accruals and other payables, amounts due from/to subsidiaries, amounts due from/to the immediate holding company, an amount due to a fellow subsidiary, an available-for-sale financial investment, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group entered into a derivative financial instrument (i.e., forward currency contract) with a creditworthy financial institution with credit rating of P-1. The fair value of the derivative financial instrument is based on quoted price.

As at 30 September 2011, the marked to market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for the derivative designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 September 2011				
Derivative financial instrument	–	971	–	971

	Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 September 2011				
Derivative financial instrument	–	971	–	971

The Group and the Company did not have any financial assets measured at fair value as at 30 September 2010.

Liabilities measured at fair value:

The Group and the Company did not have any financial liabilities measured at fair value as at 30 September 2010 and 30 September 2011.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also entered into a forward currency contract. The purpose is to manage the currency risks arising from the Group's future capital injection. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken, except for disclosed at above.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's policies for managing each of these risks and they are summarised below.

Foreign currency risk

As most of the operating income of the Group's business is denominated in RMB and assets held and certain borrowings of the Group are denominated in RMB, the Group is exposed to foreign currency risk. During the year, RMB appreciated against HK$. With an expected appreciation of the RMB against HK$, the Group arranged a RMB forward contract to fix the exchange rate ahead of a highly probable future capital injection of RMB189.2 million to a wholly-owned subsidiary in Mainland China, thus minimising the foreign currency risk exposure. The Group will continue to consider the suitability and cost efficiency of hedging foreign currency risk exposure in view of recent changes in the global financial environment.

On 30 September 2011, assuming that RMB appreciated by 7% (2010: 1%) against HK$, and all other factors remained unchanged, then equity of the Group would have increased by HK$148,652,000 (2010: HK$13,952,000).

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with a floating interest rate. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 28 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's and the Company's equity.

	Group		Company	
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*	Increase/ (decrease) in basis points	Decrease in equity *HK$'000*
2011				
Hong Kong dollar	200	(11,035)	200	(11,035)
Renminbi	200	(1,982)	–	–
United States dollar	200	(2,454)	–	–
Hong Kong dollar	(200)	–	(200)	–
Renminbi	(200)	1,387	–	–
United States dollar	(200)	–	–	–
2010				
Hong Kong dollar	200	(10,000)	200	(10,000)
Renminbi	200	(10,715)	–	–
United States dollar	200	(4,610)	–	–
Hong Kong dollar	(200)	–	(200)	–
Renminbi	(200)	9,945	–	–
United States dollar	(200)	–	–	–

Credit risk

The Group trades only with recognised and creditworthy third parties except for the sales of properties, for which no credit is given to the customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, an available-for-sale financial investment, an amount due from the immediate holding company and deposits, bank and cash balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets. There is no material liabilities arising from bank and other guarantees which arose in the ordinary course of the business (note 32(a)).

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the Group's trade receivables are widely dispersed in different sectors.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, prepayments, deposits and other receivables are disclosed in notes 20 and 21 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. Through maintaining a reasonable proportion in its assets and liabilities structure, the Group is able to meet its ongoing financial needs. 37% (2010: 72%) of the Group's debts, which mainly comprise interest-bearing bank and other borrowings, would mature in less than one year from 30 September 2011 based on the carrying values of borrowings reflected in the financial statements.

The maturity profiles of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, were as follows:

	Group					
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2011:						
Trade payables	32,247	4,358	300	1,109	–	38,014
Financial liabilities included in advanced receipts, accruals and other payables	13,736	878	11,851	23,521	13,150	63,136
Due to the immediate holding company	–	–	–	81,634	–	81,634
Due to a fellow subsidiary	–	–	–	42	–	42
Interest-bearing bank and other borrowings	–	10,914	509,725	850,764	–	1,371,403
	45,983	16,150	521,876	957,070	13,150	1,554,229
At 30 September 2010:						
Trade payables	404	766	234	2,179	–	3,583
Financial liabilities included in advanced receipts, accruals and other payables	16,100	514	3,552	28,470	476	49,112
Due to the immediate holding company	–	–	–	81,634	–	81,634
Due to a fellow subsidiary	–	–	–	4	–	4
Interest-bearing bank and other borrowings	–	519,954	366,114	350,142	–	1,236,210
	16,504	521,234	369,900	462,429	476	1,370,543

	Note	On demand HK$'000	Less than 3 months HK$'000	Company 3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
At 30 September 2011:						
Financial liabilities included in advanced receipts, accruals and other payables		173	–	–	277	450
Due to subsidiaries		34,016	–	–	–	34,016
Interest-bearing bank borrowing		–	4,736	14,107	739,925	758,768
Guarantees given to banks in connection with bank borrowings granted to subsidiaries	*32(a)*	67,188	–	–	–	67,188
		101,377	4,736	14,107	740,202	860,422
At 30 September 2010:						
Financial liabilities included in advanced receipts, accruals and other payables		61	–	277	–	338
Due to subsidiaries		34,015	–	–	–	34,015
Interest-bearing bank borrowing		–	500,436	–	–	500,436
Guarantees given to banks in connection with bank borrowings granted to subsidiaries	*32(a)*	85,883	–	–	–	85,883
		119,959	500,436	277	–	620,672

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability and financial capabilities to run operations on a going concern basis and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2011 and 30 September 2010.

The Group monitors capital using a gearing ratio, which is short and long term interest-bearing bank and other borrowings divided by total equity. The Group's policy is to maintain the gearing ratio less than 150% and comply with the relevant requirements of bank loan agreements. The gearing ratios as at the end of the reporting periods were as follows:

	Group	
	2011	**2010**
	HK$'000	*HK$'000*
Interest-bearing bank and other borrowings	1,304,703	1,210,354
Total equity	2,958,149	2,356,688
Gearing ratio	44%	51%

39. COMPARATIVE FIGURES

Certain prior year figures of the consolidated income statement have been restated to conform with the presentation of the current year.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of directors on 4 November 2011.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2012

The following financial information is extracted from the interim report of the Group for the six months ended 31 March 2012:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2012

		Six months ended 31 March	
		2012	**2011**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	104,221	178,009
Cost of sales		(8,802)	(51,235)
Gross profit		95,419	126,774
Direct operating expenses		(38,615)	(34,922)
Other income	*5*	56,457	7,077
Provision made	*6*	(6,996)	(29,271)
Administrative expenses		(15,744)	(12,345)
Finance costs	*7*	(15,532)	(15,944)
Profit before tax	*8*	74,989	41,369
Tax charge	*9*	(30,390)	(18,227)
Profit for the period		44,599	23,142
Attributable to:			
Owners of the Company		44,556	9,582
Non-controlling interests		43	13,560
		44,599	23,142
Earnings per share attributable to owners of the Company:			
– Basic (HK$)	*10*	0.0065	0.0014
– Diluted (HK$)	*10*	0.0065	0.0014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March 2012

	Six months ended 31 March	
	2012	**2011**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	44,599	23,142
Other comprehensive income		
Cash flow hedges:		
Effects of changes in fair value of hedging instruments arising during the period	2,449	–
Exchange fluctuation reserves:		
Exchange differences arising on translation of foreign operations	20,305	95,591
Other comprehensive income for the period, net of tax	22,754	95,591
Total comprehensive income for the period	67,353	118,733
Attributable to:		
Owners of the Company	63,148	79,631
Non-controlling interests	4,205	39,102
	67,353	118,733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2012

	Notes	31 March 2012 HK$'000 (Unaudited)	30 September 2011 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	1,781	1,813
Investment properties	*11*	1,466,567	1,456,147
Prepayments, deposits and other receivables	*13*	1,882	1,891
Available-for-sale financial investment	*12*	8,822	8,822
Deferred tax assets		–	7,569
Total non-current assets		1,479,052	1,476,242
CURRENT ASSETS			
Properties held for sale		82,050	90,251
Properties under development		2,115,519	1,862,115
Trade receivables	*13*	4,856	1,316
Prepayments, deposits and other receivables	*13*	48,344	540,014
Due from the immediate holding company		63,297	63,385
Derivative financial instrument		–	971
Restricted cash		74	73
Deposits, bank and cash balances		1,220,214	899,394
Total current assets		3,534,354	3,457,519
CURRENT LIABILITIES			
Derivative financial instrument		222	–
Trade payables	*14*	97,350	38,014
Advanced receipts, accruals and other payables	*14*	200,165	247,390
Interest-bearing bank and other borrowings	*15*	535,175	485,904
Due to the immediate holding company		76,590	81,634
Due to a fellow subsidiary		14	42
Tax payable		87,269	80,133
Total current liabilities		996,785	933,117
NET CURRENT ASSETS		2,537,569	2,524,402
TOTAL ASSETS LESS CURRENT LIABILITIES		4,016,621	4,000,644

	Notes	31 March 2012 HK$'000 (Unaudited)	30 September 2011 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*15*	760,136	818,799
Deferred tax liabilities		230,315	223,696
Total non-current liabilities		990,451	1,042,495
NET ASSETS		3,026,170	2,958,149
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	684,940	684,940
Reserves		1,694,470	1,630,654
		2,379,410	2,315,594
Non-controlling interests		646,760	642,555
TOTAL EQUITY		3,026,170	2,958,149

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2012

	Attributable to owners of the Company											
	Issued capital	**Share premium account**	**Contributed surplus**	**Capital redemption reserves**	**Hedging reserve**	**Exchange fluctuation reserves**	**Share-based compensation reserves**	**Other reserves#**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 October 2011	684,940	42,015	642,378	196	971	300,753	11,812	4,171	628,358	2,315,594	642,555	2,958,149
Profit for the period	–	–	–	–	–	–	–	–	44,556	44,556	43	44,599
Other comprehensive income for the period:												
Cash flow hedges	–	–	–	–	2,449	–	–	–	–	2,449	–	2,449
Exchange differences on translating foreign operations	–	–	–	–	–	16,143	–	–	–	16,143	4,162	20,305
Total comprehensive income for the period	–	–	–	–	2,449	16,143	–	–	44,556	63,148	4,205	67,353
Share-based compensation expenses	–	–	–	–	–	–	668	–	–	668	–	668
At 31 March 2012 (Unaudited)	684,940	42,015*	642,378*	196*	3,420*	316,896*	12,480*	4,171*	672,914*	2,379,410	646,760	3,026,170
At 1 October 2010	684,702	41,944	642,378	196	–	195,499	10,313	4,171	422,522	2,001,725	354,963	2,356,688
Profit for the period	–	–	–	–	–	–	–	–	9,582	9,582	13,560	23,142
Other comprehensive income for the period:												
Exchange differences on translating foreign operations	–	–	–	–	–	70,049	–	–	–	70,049	25,542	95,591
Total comprehensive income for the period	–	–	–	–	–	70,049	–	–	9,582	79,631	39,102	118,733
Issued of new shares on exercise of share options	167	39	–	–	–	–	–	–	–	206	–	206
Share-based compensation expenses	–	–	–	–	–	–	632	–	–	632	–	632
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	235,982	235,982
At 31 March 2011 (Unaudited)	684,869	41,983*	642,378*	196*	–	265,548*	10,945*	4,171*	432,104*	2,082,194	630,047	2,712,241

\# Pursuant to the relevant laws and regulations, this portion of the profits of a wholly-owned foreign enterprise had been transferred to reserve funds (i.e., other reserves), which are restricted as to use.

* These reserve accounts comprised the consolidated reserves of HK$1,694,470,000 (31 March 2011: HK$1,397,325,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2012

	Six months ended 31 March	
	2012	**2011**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	345,383	4,321
Net cash from investing activities	187,100	2,643
Net cash used in financing activities	(39,027)	(67,610)
Net increase/(decrease) in cash and cash equivalents	493,456	(60,646)
Cash and cash equivalents at beginning of the period	726,690	767,617
Effect of foreign exchange rate changes, net	68	8,980
Cash and cash equivalents at end of the period	1,220,214	715,951
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	18,074	113,285
Non-pledged time deposits with original maturity of less than three months when acquired	1,202,140	602,666
Cash and cash equivalents at end of the period	1,220,214	715,951

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Frasers Property (China) Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the period, the Group is involved in property development, investment and management of residential, commercial and business park projects.

The immediate holding company of the Company is FCL (China) Pte. Ltd., a company incorporated in Singapore. In the opinion of the directors, the ultimate holding company of the Company is Fraser and Neave, Limited, which is incorporated and listed in Singapore.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 September 2011.

Significant accounting policies

The accounting policies and methods of computation used in the preparation of this unaudited interim condensed consolidated financial information are consistent with those in the annual financial statements for the year ended 30 September 2011, except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRS", which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial year beginning on or after 1 October 2011.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
Improvement of HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of the above new and revised HKFRSs has had no significant financial effect on these interim financial information and there have been no significant changes to the accounting policies applied in these interim financial information.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements and estimates are currently evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Litigation related to a wholly-owned subsidiary

As detailed in an announcement released on 13 May 2009, a writ dated 16 April 2009 was served against a wholly-owned subsidiary of the Group, in respect of alleged failure to fulfill certain obligations under the land development construction compensation agreement entered into on 15 December 2006 (the "Agreement"). A decision of the court was received on 11 April 2011 and the court made a judgement based on the facts presented and determined that the liability to compensate the plaintiff to be about RMB24.8 million (approximately of HK$29.3 million) (note 6). Accordingly, full provision for litigation claims was recognised in the income statement for the prior period.

This subsidiary counter-claimed against the plaintiff for its obligation under the Agreement to pay a lump sum amount of RMB35.3 million, representing 5% of sales proceeds pursuant to the Agreement. The court judgment was received on 12 January 2012 that the plaintiff had an obligation to pay the retention money of about RMB35.3 million (approximately of HK$43.8 million) and this subsidiary had also an obligation to compensate the plaintiff RMB5.6 million (approximately of HK$7.0 million), resulting in net amounts payable by the plaintiff of RMB29.7 million (approximately of HK$36.8 million). At the end of the reporting period, the Group recorded the retention money as "Other income" of RMB35.3 million (approximately of HK$43.8 million) (note 5) and litigation claim as "Provision made" of RMB5.6 million (approximately of HK$7.0 million) (note 6) accordingly. Final offset payment of about RMB3.6 million for the two court cases was agreed and received from the plaintiff on 7 May 2012.

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value does not exist; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by Management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Land appreciation tax

Under the Detailed Rules for the Implementation of Provisional Regulations on land appreciation tax ("LAT") of the People's Republic of China (the "PRC") issued on 27 January 1995, all gains arising from the transfer of real estate property in the Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in Mainland China are subject to LAT. However, the implementation of LAT varies amongst Mainland China cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of LAT. When the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the provisions of LAT in the period in which such determinations are made.

Current taxes and deferred taxes

Significant estimation and judgement were required in determining the amount of the provision for tax and the timing of payment of the related taxes. When the final tax outcomes are different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determinations are made.

Provision

A provision is recognised when a present obligation (legal and constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Significant estimation is required in determining the amount of certain obligations. When the final outcomes of these obligations are different from the amounts that were initially recognised, adjustments will be made according to the latest information available.

4. SEGMENT INFORMATION

The Group is principally engaged in property development, investment and management of residential, commercial and business park projects. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. The Group's operating businesses are almost exclusively with customers based in Mainland China and almost all of the Group's assets are located in Mainland China. Accordingly, no segment analysis by geographical area of operations is provided.

Operating segments are reported in the manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of assessing the segment information and allocating resources between segments.

An analysis of the Group's revenue and profit before tax by reportable segments for the period under review was as follows:

For the six months ended 31 March 2012

	Property development	**Business park**	**Corporate**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	17,004	87,217	–	104,221
Segment results	22,804	69,400	(15,744)	76,460
Reconciliation				
Interest income				14,061
Finance costs				(15,532)
Profit before tax				74,989

For the six months ended 31 March 2011

	Property development	**Business park**	**Corporate**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	101,124	76,885	–	178,009
Segment results	5,855	57,538	(12,216)	51,177
Reconciliation				
Interest income				6,136
Finance costs				(15,944)
Profit before tax				41,369

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents sales of properties, gross rental income and property management fee received and receivable from the principal activities and sundry income during the period.

An analysis of revenue and other income recognised during the period was as follows:

	Six months ended 31 March	
	2012	**2011**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties	15,206	99,473
Gross rental income	58,772	49,588
Property management fee income	25,838	24,736
Sundry income	4,405	4,212
	104,221	178,009
Other income		
Compensation income *(Note)*	41,372	–
Interest income	14,061	6,136
Others	1,024	941
	56,457	7,077

Note: Amount, net of tax, represented the retention money relating to disposal of interest in Beijing development site (refer to the details of note 3: critical accounting judgements and estimates – Litigation related to a wholly-owned subsidiary).

6. PROVISION MADE

	Six months ended 31 March	
	2012	**2011**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Provision made:		
Accrued expense *(Note)*	6,996	29,271

Note: For the current and prior period, amounts represented the provision for litigation claims (refer to the details of note 3: critical accounting judgements and estimates – Litigation related to a wholly-owned subsidiary).

7. FINANCE COSTS

An analysis of finance costs was as follows:

	Six months ended 31 March 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	22,080	11,843
Other finance costs	3,676	4,101
Total finance costs incurred	25,756	15,944
Less: Interest capitalised to properties under development	(10,224)	–
	15,532	15,944

8. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging/(crediting):

	Six months ended 31 March 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Depreciation	336	562
Less: Amounts capitalised to properties under development	(125)	(282)
	211	280
Gross rental income	(58,772)	(49,588)
Less: Outgoing expenses	9,860	9,999
Net rental income	(48,912)	(39,589)
Provision made	6,996	29,271
Amortisation of land use rights	7,609	7,264
Minimum lease payments under operating leases in respect of land and building	1,496	1,420
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	16,997	12,890
Share-based compensation expenses	668	633
Pension schemes contributions	530	367
Less: Forfeited contributions	(176)	–
Net pension schemes contributions	354	367
Total employees benefits expenses	18,019	13,890
Auditors' remuneration		
– current year	1,492	836
– under-provision in prior year	67	–
	1,559	836
Foreign exchange losses/(gains), net	813	(5,975)

9. TAX CHARGE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits in Hong Kong during the period. Taxation on Mainland China profits was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdiction regions in which the Group operates.

The amount of tax charged/(credited) to the interim condensed consolidated income statement represented:

		Six months ended 31 March	
		2012	**2011**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
Corporate income tax in Mainland China		16,424	22,080
LAT in Mainland China		13	2,005
Deferred	*(a) & (b)*	13,953	(5,858)
		30,390	18,227

Notes:

(a) For the current period, the amounts substantially represented the deferred tax arising on retention money relating to disposal of interest in Beijing development site of HK$7,690,000. For the prior period, the amounts substantially represented the deferred tax assets arising on provision for litigation claims of HK$7,357,000.

(b) Deferred tax liability of HK$7,307,000 (2011: HK$3,469,000) regarding withholding income tax on the undistributed earnings (future dividend) of PRC subsidiaries had been charged to the interim condensed consolidated income statement for the current period.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profit for the period attributable to owners of the Company of approximately HK$44,556,000 (2011: HK$9,582,000) and the weighted average of 6,849,401,580 (2011: 6,848,015,855) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share was based on the profit for the period attributable to owners of the Company of HK$44,556,000 (2011: HK$9,582,000). The weighted average number of 6,856,063,950 (2011: 6,861,012,897) ordinary shares used in the calculation was the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 6,662,370 (2011: 12,997,042) ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all potentially dilutive ordinary shares into ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment *HK$'000*	Investment properties *HK$'000*
Period ended 31 March 2012:		
Opening net book amount at 1 October 2011	1,813	1,456,147
Additions/improvements	354	49
Disposals	(57)	–
Exchange realignment	7	10,371
Depreciation	(336)	–
Closing net book amount at 31 March 2012 (Unaudited)	1,781	1,466,567
Period ended 31 March 2011:		
Opening net book amount at 1 October 2010	2,090	1,149,680
Additions/improvements	363	2,254
Exchange realignment	67	42,469
Depreciation	(562)	–
Closing net book amount at 31 March 2011 (Unaudited)	1,958	1,194,403
Additions/improvements	164	449
Disposals	(11)	–
Disposal of a subsidiary	(106)	–
Exchange realignment	49	35,192
Depreciation	(241)	–
Changes in fair values	–	226,103
Closing net book amount at 30 September 2011 (Audited)	1,813	1,456,147

12. AVAILABLE-FOR-SALE FINANCIAL INVESTMENT

	31 March 2012 *HK$'000* (Unaudited)	30 September 2011 *HK$'000* (Audited)
Unlisted equity investment	8,822	8,822

At 31 March 2012, the Group's unlisted equity investment with a carrying amount of HK$8,822,000 (30 September 2011: HK$8,822,000) was stated at cost less impairment.

13. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 March 2012 HK$'000 (Unaudited)	30 September 2011 HK$'000 (Audited)
Trade receivables	4,856	1,316
Prepayments, deposits and other receivables		
Other receivables *(Note)*	40,836	553,735
Less: Impairment allowances	–	(19,901)
Other receivables, net	40,836	533,834
Deposits	1,247	1,243
Prepayments	5,583	3,819
Prepaid taxes	195	172
Others	2,365	2,837
	50,226	541,905
Non-current portion of prepayments	(1,882)	(1,891)
Current portion included in prepayments, deposits and other receivables	48,344	540,014

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and unsecured.

Trade receivables represent consideration in respect of sold properties and rental receivables. Consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipts of billings within an average credit terms of one month.

All trade receivables at the end of the reporting period were less than one month past due.

Note: At the end of the reporting period, the Group had received the net proceeds of HK$512 million for the Disposal Transaction in the prior year. Details of the Disposal Transaction were disclosed in the circular dated 5 August 2011.

14. TRADE PAYABLES, ADVANCED RECEIPTS, ACCRUALS AND OTHER PAYABLES

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	97,350	38,014
Advanced receipts, accruals and other payables		
Sales deposit receipts	–	1,982
Advanced rental receipts	701	489
Deferred income	28,931	29,187
Rental deposits received	46,824	44,198
Accrued expenses	102,503	152,596
Other payables	21,206	18,938
	200,165	247,390

At the reporting date, the ageing analysis of the trade payables, based on the invoice date, was as follows:

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 month	96,209	36,605
3 to 12 months	202	300
Over 1 year	939	1,109
	97,350	38,014

Trade payables are non-interest-bearing and are normally settled within an average term of one month.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective annual interest rate (%)	Maturity (year)	31 March 2012 HK$'000 (Unaudited)	30 September 2011 HK$'000 (Audited)
Current				
Bank borrowings:				
– Secured	6.65	2012	61,515	–
– Unsecured	1.80-7.18	2012	334,790	348,016
Other borrowing:				
– Unsecured	6.10	2012	138,870	137,888
			535,175	485,904
Non-current				
Bank borrowings:				
– Secured	6.65	2013	46,628	107,379
– Unsecured	2.70	2013	713,508	711,420
			760,136	818,799
			1,295,311	1,304,703

The repayment profiles of bank and other borrowings were summarised as follows:

	31 March 2012 HK$'000 (Unaudited)	30 September 2011 HK$'000 (Audited)
Within the first year or on demand	535,175	485,904
In the second year	760,136	107,379
In the third to fifth years, inclusive	–	711,420
	1,295,311	1,304,703

The carrying amounts of bank and other borrowings were denominated in the following currencies:

	31 March 2012 HK$'000 (Unaudited)	30 September 2011 HK$'000 (Audited)
Hong Kong dollars	713,508	711,420
Renminbi	302,377	312,455
United States dollars	279,426	280,828
	1,295,311	1,304,703

All interest-bearing bank and other borrowings are at floating rates. The carrying amounts of current and non-current interest-bearing borrowings approximated to their fair values.

The Group had the following undrawn borrowing facilities:

	31 March 2012 *HK$'000* (Unaudited)	30 September 2011 *HK$'000* (Audited)
Floating rate		
– available within one year	887,006	883,421

16. ISSUED CAPITAL

(a) Authorised and issued capital

	31 March 2012 *HK$'000* (Unaudited)	30 September 2011 *HK$'000* (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	1,000,000	1,000,000
Issued and fully paid:		
6,849,401,580 (2011: 6,849,401,580) ordinary shares of HK$0.10 each	684,940	684,940

(b) Share option scheme

The share option scheme (the "Share Option Scheme") became effective on 20 May 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK$1 per acceptance. The exercise period of the share options granted is determinable by the board of directors of the Company (the "Board"), and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing prices of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 March 2012		30 September 2011	
	Weighted average exercise price per share *HK$*	Number of share options	Weighed average exercise price per share *HK$*	Number of share options
At the beginning of the period/year	0.1802	108,194,182	0.1761	98,180,182
Granted	0.1656	17,488,000	0.2050	14,250,000
Exercised	–	–	0.1299	(2,386,000)
Lapsed	0.1878	(3,147,888)	0.2200	(1,850,000)
At end of the period/year	0.1779	122,534,294	0.1802	108,194,182

At the end of the reporting period, out of the 122,534,294 (30 September 2011: 108,194,182) outstanding options, 92,581,294 (30 September 2011: 79,499,182) were exercisable.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

		31 March 2012		30 September 2011	
Date of grant	Exercise period *(Note)*	Exercise price per share *HK$*	Number of share options	Exercise price per share *HK$*	Number of share options
31/12/2003	31/12/2004 – 30/12/2013	0.1580	9,789,359	0.1580	9,789,359
31/12/2004	31/12/2005 – 30/12/2014	0.1547	10,795,719	0.1547	10,828,103
30/12/2005	30/12/2006 – 29/12/2015	0.1343	13,061,216	0.1343	13,125,983
13/11/2006	13/11/2007 – 12/11/2016	0.1670	13,700,000	0.1670	14,000,737
09/11/2007	09/11/2008 – 08/11/2017	0.3370	15,550,000	0.3370	16,050,000
14/11/2008	14/11/2009 – 13/11/2018	0.1000	13,950,000	0.1000	14,450,000
13/11/2009	13/11/2010 – 12/11/2019	0.1550	15,450,000	0.1550	16,450,000
12/11/2010	12/11/2011 – 11/11/2020	0.2050	12,750,000	0.2050	13,500,000
11/11/2011	11/11/2012 – 10/11/2021	0.1656	17,488,000	–	–
			122,534,294		108,194,182

Note:

Vesting schedule for share options granted on 31 December 2003	Percentage of shares over which a share option is exercisable %
Before the first anniversary of the date of grant	0
On or after the first but before the second anniversary of the date of grant	25
On or after the second but before the third anniversary of the date of grant	25
On or after the third but before the fourth anniversary of the date of grant	25
On or after the fourth anniversary of the date of grant	25

Vesting schedule for share options granted after 31 December 2003	Percentage of shares over which a share option is exercisable %
Before the first anniversary of the date of grant	0
On or after the first but before the second anniversary of the date of grant	40
On or after the second but before the third anniversary of the date of grant	30
On or after the third anniversary of the date of grant	30

In relation to the share options, if the eligible participant, during any of the periods specified above, exercises share options for such number of shares which, in aggregate, represents less than the number of shares for which the eligible participant may exercise in respect of such period, the balance of the shares comprised that the eligible participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of shares which the eligible participant may exercise in the next succeeding period or periods.

17. CONTINGENT ASSETS AND LIABILITIES

(a) At 31 March 2012, the Company issued guarantees to the extent of HK$196,848,000 (30 September 2011: HK$195,456,000) of which HK$55,364,000 (30 September 2011: HK$67,188,000) was utilised in respect of bank borrowings granted to its subsidiaries.

Management anticipates that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

(b) As detailed in the announcements released on 9 June 2010 and 12 July 2010, the Group's wholly-owned subsidiary, Vision (Shenzhen) Business Park Co., Ltd. ("VSBP"), and the relevant Shenzhen authorities entered into an agreement on 9 June 2010 ("Agreement"), which became effective on 12 July 2010 upon the receipt of the written approval of the Shenzhen government, in relation to the project located in the south zone of Shenzhen Hi-tech Industrial Park in Nanshan district, Shenzhen, the PRC.

VSBP will retain a land area of approximately 51,000 sqm in the new Phase 3 site which has a developable Gross Floor Area ("GFA") of not more than 240,000 sqm and surrender the remaining land area of approximately 203,000 sqm of the original Phase 3 site to the relevant Shenzhen authorities without compensation. The site to be retained will have a maximum of 240,000 sqm GFA, of which about 208,800 sqm will be industrial land for business park use (to be held by VSBP); and about 31,200 sqm will be developed for commercial usages for sale (to be held by a new wholly-owned subsidiary) subject to payment of certain land premium at the then prevailing market rate.

All the costs and expenses in relation to the original Phase 3, with an original GFA of about 408,000 sqm, were fully impaired in the financial year ended 31 December 2003 of HK$424 million as the construction could not be completed by the stipulated deadline of 31 December 2005. Currently, the impairment has not been reversed as the recoverability did not meet certainty criteria.

Management estimates the probable amount to be written back upon signing of the ancillary agreements with finalised land planning parameters, will be around HK$227 million. At the end of the reporting period, no asset was recognised in respect of it.

18. PLEDGE OF ASSETS

At 31 March 2012, certain bank borrowings were secured by certain properties under development with a carrying value of HK$1,066,071,000 (30 September 2011: HK$816,733,000).

19. COMMITMENTS

(a) Capital commitments

Capital expenditure not yet incurred in respect of properties under development at the end of the reporting date was as follows:

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for	481,404	102,306
Authorised, but not contracted for	6,652,060	7,239,065
	7,133,464	7,341,371

(b) Operating lease commitments

(i) As lessee

The Group leases certain properties under operating lease arrangements. Leases for the properties are negotiated for terms of one year.

The Group's future aggregate minimum lease payments under non-cancellable operating leases on land and buildings falling due were as follows:

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	3,465	3,775
In the second to fifth years, inclusive	–	1,676
	3,465	5,451

(ii) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to seven years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

The Group's future minimum rental receivables under non-cancellable leases with its tenants in respect of land and buildings falling due were as follows:

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	164,641	163,224
In the second to fifth years, inclusive	206,669	259,666
Over five years	1,054	1,493
	372,364	424,383

20. RELATED PARTY TRANSACTIONS

The ultimate holding company of the Group is Fraser and Neave, Limited ("F&N"), a company incorporated in Singapore.

The following was a summary of significant related party transactions carried out in the normal course of the Group's business during the period:

(a) Related party transactions

		Six months ended 31 March 2012	2011
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
	Notes	(Income)/Expenses	
Compensation income	*(i)*	(256)	(460)
Consultancy fee	*(ii)*	340	–
Property management services fee income	*(iii)*	(74)	(70)
Property management fee	*(iv)*	252	293
Marketing and leasing services fee	*(v)*	415	387
Rental income	*(vi)*	(252)	(245)
Corporate management services fee	*(vii)*	1,371	2,946
Internal audit fee	*(viii)*	118	48
		1,914	2,899

(i) On 14 July 2005, CPL (China) Pte. Ltd. (now known as FCL (China) Pte. Ltd. ("FCL China")), the immediate holding company of the Company, Power Source Holdings Limited ("Power Source"), a wholly owned subsidiary of the Company, and the Company entered into a sale and purchase agreement ("Principal Agreement") in relation to the acquisition of 54.78% interest in the shares of and debt owing by Supreme Asia Investments Limited ("SAI"). Pursuant to the disclosure letter from FCL China to Power Source and the Company dated 14 July 2005 referred to in the Principal Agreement, there was a sum of approximately RMB111.95 million payable by Shanghai Zhong Jun Real Estate Development Co., Ltd. ("SZJ"), an indirect non-wholly owned subsidiary of the Company, for the increase in the GFA of the Song Jiang property from 628,246 square meters to 837,291 square meters. The total payment including the land premium and consultancy fee for the increase in the GFA of the Song Jiang property eventually increased to RMB179.69 million. Due to RMB67.74 million in excess of the estimated payment of RMB111.95 million that was a breach of warranty under the Principal Agreement, the Company received a compensation of RMB37.11 million (being the difference of RMB67.74 million at 54.78%) which was recorded as deferred income in the statement of financial position.

During the period, a compensation income of HK$256,317 (2011: HK$460,137) was released from the deferred income.

In addition, subject to certain limitations as stated in the Principal Agreement, FCL China undertook to Power Source to indemnify and keep indemnified Power Source from and against any tax liabilities incurred by the SAI Group in relation to the business activities of the SAI Group prior to completion of the sale and purchase of the Sale Shares and the Debt (as defined in the Principal Agreement) ("Tax Warranty"). The Tax Warranty was compensation to Power Source by FCL China for the additional profits tax expenses incurred in the Group due to the higher land cost of Shanghai Song Jiang booked in the Group at fair value against the lower land cost booked in SAI Group at historical cost.

During the period, an indemnified amount of HK$87,462 (2011: HK$523,724) was paid by FCL China.

(ii) On 9 September 2010, Vision (Shenzhen) Business Park Co. Ltd. ("VSBP") and Jurong Consultants Pte Ltd ("JC") entered into a consultancy agreement ("Consultancy Agreement") whereby VSBP appointed JC as a consultant to provide consultancy services for Vision (Shenzhen) Business Park phase 3 development, 5 ha within Shenzhen Hi-tech Industrial Park, Nanshan District, Shenzhen, the PRC at a consultancy fee at SG$160,000.

VSBP is an indirect wholly-owned subsidiary of the Company. JC is a subsidiary of Jurong Town Corporation, which is the holding company of Ascendas Pte Ltd, which is a substantial shareholder of the Company. Accordingly, JC is a connected person of the Company under the Listing Rules. The entering into the Consultancy Agreement constituted a connected transaction of the Company.

During the period, a fee for consultancy services of SG$56,000 (HK$340,266) (2011: SG$Nil (HK$Nil)) was charged to VSBP.

(iii) On 10 October 2011, Vision Huaqing (Beijing) Development Co., Ltd. ("Vision Huaqing") and Beijing Huaqing Yong Sheng Restaurant Management Company Limited (北京華清永生餐飲管理有限責任公司) ("Huaqing Yong Sheng") entered into a Supplemental Agreement to the Staff Canteen Management Service Agreement dated 20 February 2008 (as subsequently amended and supplemented by the supplemental agreements dated 24 December 2008, 2 September 2009 and 28 September 2010) whereby Huaqing Yong Sheng would operate the staff canteen in Sohu.com Internet Plaza ("SIP") during the period from 1 October 2011 to 30 September 2012 and would pay a monthly management fee of RMB10,000 to Vision Huaqing ("2011 Supplemental Agreement").

Vision Huaqing is 60% owned by the Company. Huaqing Yong Sheng is a wholly-owned subsidiary of Tsinghua Science Park Co., Ltd. ("TSP"), which is a 40% substantial shareholder of Vision Huaqing. Accordingly, Huaqing Yong Sheng is a connected person of the Company under the Listing Rules. The entering into the 2011 Supplemental Agreement constituted a continuing connected transaction of the Company.

During the period, a fee for property management services of RMB60,000 (HK$73,511) (2011: RMB60,000 (HK$70,192)) was charged to Huaqing Yong Sheng.

(iv) On 10 October 2011, Vision Huaqing and THSP Property Management Corp. (北京華清物業管理有限責任公司) ("THSP") entered into a Property Management Contract whereby Vision Huaqing appointed THSP as the property manager to provide property management services for SIP during the period from 1 October 2011 to 30 September 2012 at a fee calculated as to 8% of the total monthly gross management fee received from the tenants of the SIP ("Property Management Contract").

Vision Huaqing is 60% owned by the Company. THSP is 80% beneficially owned by TSP, which is a 40% substantial shareholder of Vision Huaqing. Accordingly, THSP is a connected person of the Company under the Listing Rules. The entering into the Property Management Contract constituted a continuing connected transaction of the Company.

During the period, a fee for property management of RMB205,405 (HK$251,687) (2011: RMB250,230 (HK$292,721)) was charged to Vision Huaqing.

(v) On 10 October 2011, Vision Huaqing and TSP entered into an Outsourcing Services Agreement whereby Vision Huaqing appointed TSP as a manager to provide marketing and leasing services for SIP during the period from 1 October 2011 to 30 September 2012 at a fee calculated as to 2.5% of the total rental revenue income received from the tenants of the SIP ("Outsourcing Services Agreement").

Vision Huaqing is 60% owned by the Company. TSP is a 40% substantial shareholder of Vision Huaqing. Accordingly, TSP is a connected person of the Company under the Listing Rules. The entering into the Outsourcing Services Agreement constituted a continuing connected transaction of the Company.

During the period, a fee for marketing and leasing services of RMB338,306 (HK$414,607) (2011: RMB330,531 (HK$386,758)) was charged to Vision Huaqing.

(vi) On 28 September 2010, Vision Huaqing and Beijing Qiaobo Ice & Snow World Sports Development Co., Ltd. (喬波冰雪世界體育發展有限公司) ("QB") entered into a Tenancy Agreement whereby Vision Huaqing, as Landlord, agreed to lease to QB, as Tenant, in respect of Unit 04-08, Level 4, Building 9, Sohu.com Internet Plaza, No.1 Zhongguancun East Road, Haidian District, Beijing for a term of 3 years commencing from 1 October 2010 to 30 September 2013 at a yearly rental fee of RMB534,782, RMB592,152 and RMB590,533, respectively ("Tenancy Agreement").

On 12 April 2011, Vision Huaqing and QB entered into a supplemental agreement to the Tenancy Agreement for a slight reduction of the rental area for the year ended 30 September 2011 ("Supplemental Agreement"). As such, the rental fee charged by Vision Huaqing to QB for the year ended 30 September 2011 reduced from RMB534,782 to RMB532,152 accordingly.

On 28 February 2012, Vision Huaqing and QB entered into a termination agreement to the Tenancy Agreement whereby QB would terminate the lease term on 29 February 2012 (inclusive).

Vision Huaqing is 60% owned by the Company. QB is 40% beneficially owned by TSP, which is a 40% substantial shareholder of Vision Huaqing. Accordingly, QB is a connected person of the Company under the Listing Rules. The entering into the Tenancy Agreement constituted a continuing connected transaction of the Company.

During the period, a rental fee of RMB205,948 (HK$251,663) (2011: RMB209,606 (HK$245,185)) was charged to QB.

(vii) On 19 October 2011, SZJ and Shanghai Frasers Management Consultancy Co. Ltd. ("SFMC") entered into a Second Supplemental Agreement to the Corporate Consultancy and Project Management Services Agreement ("2010 Agreement") and as subsequently amended and supplemented by the First Supplemental Agreement dated 6 April 2011 ("1st Supplemental Agreement") to, *inter alia*, extend the period for the corporate consultancy services provided by SFMC to SZJ under the 2010 Agreement for 12 months from 1 October 2011 to 30 September 2012 for a total consultancy services fee of RMB2,237,604 (equivalent to HK$2,685,125) ("2nd Supplemental Agreement").

SZJ is a non-wholly-owned subsidiary of the Company. SFMC is 100% beneficially owned by F&N which is a substantial shareholder of the Company. Accordingly, SFMC is a connected person of the Company under the Listing Rules. The entering into the 2nd Supplemental Agreement constituted a continuing connected transaction of the Company.

Accordingly, the Company set the annual cap for the services fee pursuant to the 2nd Supplemental Agreement at about HK$2,900,000 for the financial year ending 30 September 2012.

During the period, a fee for corporate consultancy services of RMB1,118,802 (HK$1,370,738) (2011: RMB2,527,008 (HK$2,945,986)) was charged to the Company.

(viii) During the period, F&N provided internal audit services to the Company. The services rendered were charged by F&N on a cost basis.

F&N is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the services rendered by F&N constitute a continuing connected transaction of the Company.

During the period, a total of internal audit fee of HK$117,900 (2011: HK$48,000) was charged to the Company.

(b) Outstanding balances with related parties:

	31 March 2012	**30 September 2011**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Due from the immediate holding company	63,297	63,385
Due to the immediate holding company	(76,590)	(81,634)
Due to a fellow subsidiary	(14)	(42)

The balances listed above are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

(c) Compensation of key management personnel of the Group:

	Six months ended 31 March	
	2012	**2011**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	9,050	6,280
Post-employment benefits	26	27
Share-based compensation expenses	349	583
	9,425	6,890

4. INDEBTEDNESS STATEMENT

As at 30 September 2012, being the latest practicable date of this indebtedness statement prior to the printing of this Composite Document, the Group had total outstanding borrowings of approximately HK$1,515.2 million comprising secured unguaranteed bank borrowings of approximately HK$443.7 million, unsecured guaranteed bank borrowings of approximately HK$279.3 million, unsecured unguaranteed bank borrowings of HK$715.6 million and unsecured unguaranteed amount due to FCL (China) Pte. Ltd. of approximately HK$76.6 million.

As at 30 September 2012, the banking facilities of the Group amounting to approximately HK$443.7 million was secured by property under development including land use rights and construction-in-progress of a subsidiary, approximately HK$279.3 million was guaranteed by Frasers Centrepoint Limited, the direct holding company of the Vendor, and approximately HK$715.6 million was unsecured and unguaranteed. The unsecured unguaranteed amount due to FCL (China) Pte. Ltd., the Vendor, of approximately HK$76.6 million was unsecured, interest-free with no fixed terms of repayment.

The unsecured guaranteed bank borrowings of approximately HK$279.3 million were drawn under a facility agreement (the "Facility Agreement") dated 17 June 2005 (including supplementary agreements thereto) between DBS Bank Ltd. ("DBS") as lender and Shanghai Zhong Jun Real Estate Development Ltd. ("Shanghai Zhong Jun"), a subsidiary of the Company, as borrower. The unsecured unguaranteed bank borrowings of HK$715.6 million were drawn under a loan agreement (the "Syndicated Loan Agreement") dated 22 October 2010 between, among others, Standard Chartered Bank (Hong Kong) Limited as agent for a syndicate of six lenders (including itself) (the "Syndicated Lenders") and the Company as borrower.

Pursuant to the Facility Agreement and the Syndicated Loan Agreement (the "Loan Agreements") if the relevant borrower ceases to be a subsidiary of the Vendor, the relevant lender(s) may, among other things, cancel the facility and declare all outstanding indebtedness under the relevant Loan Agreement, together with accrued interest and all other sums payable thereunder, immediately due and payable. Following Completion which took place on 28 September 2012, the Company has ceased to be a subsidiary of the Vendor.

In relation to the unsecured guaranteed bank borrowings and pursuant to a waiver letter dated 28 September 2012 issued by DBS to, among others, Shanghai Zhong Jun, DBS has agreed, among other things, that for the period from 28 September 2012 to and including 28 October 2012, it will not exercise any of its rights under the Facility Agreement arising from, among other things, Shanghai Zhong Jun ceasing to be a subsidiary of the Vendor. Pursuant to a letter from DBS dated 25 October 2012, the above period has been extended to 31 December 2012.

In relation to the unsecured unguaranteed bank borrowings, the Company has obtained a written consent from the Syndicated Lenders that for a period of 30 business days commencing from 25 September 2012, the Company's cessation of being a subsidiary of the Vendor shall not constitute an event of default under the Syndicated Loan Agreement and the Syndicated Lenders shall defer their rights to (a) accelerate the unsecured unguaranteed bank borrowings; (b) declare the unsecured unguaranteed bank borrowings, accrued interest and all other sums payable under the Syndicated Loan Agreement to be immediately due and payable; and (c) declare the facility under the Syndicated Loan Agreement terminated. As at the Latest Practicable Date, the Company was in the process of applying for an extension of the above period to 31 December 2012.

Should, at the expiry of the standstill periods mentioned above, the relevant lenders under the Loan Agreements cancel the facilities granted thereunder and declare all outstanding indebtedness under the Loan Agreements together with accrued interest and all other sums payable thereunder immediately due and payable, as referred to in the section headed "Letter from Standard Chartered Bank – The Offers – Relevant Loans" set out on page 12 of this Composite Document, the Offeror is prepared to use the proceeds from the loan extended to it by Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) and/or the deposits which the Offeror has placed with Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) to refinance such facilities.

Save as aforesaid, as at 30 September 2012, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debenture, mortgages, loans, or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, guarantees or material contingent liabilities.

5. MATERIAL CHANGES

Except for:

(i) the delay of pre-sale of Shanghai Shanshui Four Seasons Project phase 2A from 2012 to 2013 which may lead to changes in the timing of the cash receipts and hence the cash flow projections of the project (further details of which are set out in the section headed "Letter from the Board – Further Information on the Group – (2) Phases 2A and 3 to 5 of Shanghai Shanshui Four Seasons Project" on page 24 of this Composite Document);

(ii) the recognition of a retention money of approximately HK$41.4 million which relates to the disposal of interest in a Beijing development site, partially offset by a provision for reimbursement of approximately HK$7.0 million made for the same court case, during the six months ended 31 March 2012, the recognition of which is considered by the Board to have a material impact on the financial results of the Group (further details are disclosed in the Company's interim report for the six months ended 31 March 2012);

(iii) the failure of the Group to commence construction of Phases 3 to 5 of Shanghai Shanshui Four Seasons Project by the stipulated deadline of 1 June 2012, which may result in a penalty being imposed on the Group, and the uncertainty of the Group in obtaining approval for registration for the project, which may affect the timetable and the estimated costs of the development of the project (further details are set out in the section headed "Letter from the Board – Further Information on the Group – (2) Phases 2A and 3 to 5 of Shanghai Shanshui Four Seasons Project" on page 24 of this Composite Document);

(iv) the possible write-back (the "**Write-back**") of the appropriate portions of the initial costs and expenses in relation to Phase 3 of Vision Shenzhen Business Park in Shenzhen which may arise when the Group enters into the land use rights supplemental agreement with the relevant PRC authority (the management of the Company estimated the probable amount to be written back will be around HK$227 million which amount in the opinion of the Board will have a material impact on the financial results of the Group should the Write-back materialise) (further details are set out in the announcement of the Company dated 12 July 2010, the Company's annual report for the year ended 30 September 2011, the Company's interim report for the six months ended 31 March 2012 and the section headed "Letter from the Board – Further Information on the Group – (3) Phase 3 of Vision Shenzhen Business Park in Shenzhen" on page 25 of this Composite Document);

(v) the net revaluation surplus arising from the valuation of the property interests attributable to the Group as valued by CBRE HK Limited, the independent property valuer appointed by the Company, as at 30 September 2012 (further details are set out in the section headed "Letter from the Board – Further Information on the Group – (4) Adjusted net asset value" on pages 26 to 28 of this Composite Document);

(vi) the possible provision to be made for the amount receivable from Pan China Construction Group Co. Ltd., being one of the contractors for Shanghai Shanshui Four Seasons Project; and

(vii) the possible occurrence of an event of default pursuant to the terms of banking facilities (the aggregate amount of bank borrowings drawn under such banking facilities was approximately HK$995 million as at the Latest Practicable Date) as a result of Completion on 28 September 2012 which may lead to cancellation of the facilities granted thereunder and demand for immediate repayment of all outstanding indebtedness under the relevant loan agreements at the expiry of the standstill periods. The standstill periods expire at the end of a 30 business day period commencing from 25 September 2012 (an extension of such standstill period to 31 December 2012 being applied for), and on 31 December 2012, respectively. The Offeror is prepared to use the proceeds from the loan extended to it by Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) and/or the deposits which the Offeror has placed with Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) to refinance such facilities (further details are set out in the section headed "Letter from the Board – Further Information on the Group – (1) Loan agreements" on pages 22 to 23 of this Composite Document),

the Directors confirm that there has been no material changes in the financial or trading position or outlook of the Group from 30 September 2011, being the date to which the last published audited consolidated financial statements of the Group were made up, to the Latest Practicable Date.

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this Composite Document received from CBRE HK Limited, an independent valuer, in connection with their valuations as at 30 September 2012 of our property interests.

CBRE

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地產代理（公司）牌照號碼
Estate Agent's Licence (Co.) No.C-004065

29 October 2012

The Board of Directors
Frasers Property (China) Limited
Suite 2806-2810, Tower Two
Times Square, 1 Matheson Street
Causeway Bay
Hong Kong

Dear Sirs,

In accordance with the instruction for us to value the property interests held by **Frasers Property (China) Limited** (the "Company") and its subsidiaries (hereinafter together known as the "Group") in the People's Republic of China (the "PRC") as well as the Hong Kong Special Administrative Region ("HK"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of property interests as at 30 September 2012 (the "date of valuation").

Our valuation is our opinion of Market Value which is defined by the HKIS Valuation Standards on Properties to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Unless otherwise stated, our valuation is prepared in accordance with the "First Edition of The HKIS Valuation Standards on Properties" published by The Hong Kong Institute of Surveyors (the "HKIS") and the Royal Institution of Chartered Surveyors (RICS) Valuation Standards. We have also complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Rule 11.3 of the Code on Takeovers and Mergers.

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

Unless otherwise stated, all the property interests are valued by the direct comparison method on the assumption that each property can be sold with the benefit of vacant possession or with attached leases. Comparison is based on prices realized on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analyzed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

For the property interests in Group I, which are held by the Group under development, we have valued the property interests on the basis that each of these properties will be developed and completed in accordance with the Group's latest development schemes shown to us. We have assumed that approvals for such schemes by the relevant authorities have been obtained. In arriving at our opinions we have adopted the direct comparison method by making reference to comparable land sale evidences as available in the relevant markets and have also taken into account of the development costs spent.

In valuing the property interests in Group II, which are held by the Group for future development, we have valued the property interests on the basis that the property can be developed into a development(s) of which the permitted usage and scale are based on the information provided to us. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable land sales evidence as available in the relevant markets.

For the property interests in Group III, which are held by the Group for investment, we have valued each of those property interests by the direct comparison approach assuming sales of each of these property interests in its existing state subject to the tenancies. References have been made to comparable sale transactions as available in the relevant markets.

In valuing of the property interests in Group IV, which are held by the Group for sale and occupation, we have valued each of these property interests by the direct comparison approach assuming sale of each of these property interests in its existing state with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant markets.

For the property interests in Group V which are rented by the Group, we have attributed no commercial value to the property interests due to the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

In the course of our valuation for the property interests in the PRC, we have relied on the legal opinion provided by the Group's PRC legal advisor, Guangdong Shenhongfa Law Firm (廣東深弘法律師事務所). We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the records of unsold units, planning approvals, development schemes, outstanding development costs, statutory notices, easements, tenancies, income and gross floor areas. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations.

We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the properties to such extent as for the purpose of this valuation. We advise that we have not inspected unexposed or inaccessible portions of the buildings and structures. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the sites to determine the suitability of the ground conditions and the services etc. for any future development.

The site inspections were carried out between 14 and 21 September 2012 by Ms Meg Zhang, Ms Ella Du, Ms Crystal Song, Mr Alex Jin and Ms Monique Mok. Ms Crystal Song is a China Real Estate Appraiser whereas Ms Meg Zheng is a Registered Land Valuer.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the properties included profit tax, which levies on the profit from the sale of the properties (16.5% for properties in Hong Kong; 25% for properties in the PRC), as well as land appreciation tax, which levies on the gains from appreciation of property value in the PRC at a progressive rates ranging from 30% to 60% basing on the land value appreciation amount.

Unless otherwise stated, all monetary amounts are stated in Hong Kong Dollars ("HK$"). The prevailing exchange rate as at the date of valuation was Renminbi ("RMB") 1 = HK$1.2215 as sourced from Thomson Reuters.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CBRE HK Limited

Alex P W Leung
MRICS MHKIS RPS (GP)
Senior Director
Valuation & Advisory Services
Greater China
Enc.

Note: Mr Leung is a member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 16 year's valuation experience in the PRC and Hong Kong.

SUMMARY OF VALUES

	Property interests	Capital value as at 30 September 2012	Interests attributable to the Group	Capital value attributable to the Group as at 30 September 2012
Group I: Property Under Development				
1.	Phase 2, Shanshui Four Seasons, No. 2 Sichen Road, Sijing Town, Songjiang District, Shanghai, the PRC	HK$1,910,000,000	54.85%	HK$1,050,000,000
	Group I Sub-total:			**HK$1,050,000,000**
Group II: Property Held For Future Development				
2.	Phases 3 to 5, Shanshui Four Seasons, No. 1 Gu Lang Road, Sijing Town, Songjiang District, Shanghai, the PRC	HK$2,856,500,000	54.85%	HK$1,566,800,000
3.	Phase 3, Vision Shenzhen Business Park, Shenzhen High-tech Industrial Park, South Zone, Nanshan District, Shenzhen, Guangdong Province, the PRC	HK$360,300,000	100%	HK$360,300,000
	Group II Sub-total:			**HK$1,927,100,000**

	Property interests	Capital value as at 30 September 2012	Interests attributable to the Group	Capital value attributable to the Group as at 30 September 2012
	Group III: Property Held For Investment			
4.	Phases 1, 2A, 2B(1) & 2B(2), Vision Shenzhen Business Park, Shenzhen High-tech Industrial Park, South Zone, Nanshan District, Shenzhen, Guangdong Province, the PRC	HK$1,581,800,000	100%	HK$1,581,800,000
5.	B2 to L6, Sohu.com Internet Plaza, Tsinghua Science Park, Zhongguancun East Road, Haidian District, Beijing, the PRC	HK$547,200,000	60%	HK$328,300,000
	Group III Sub-total:			**HK$1,910,100,000**
	Group IV: Completed Properties Held For Sale			
6.	Various Commercial Units and Clubhouse, Phase 1, Shanshui Four Seasons, Lane 1888 Sichen Road, Sijing Town, Songjiang District, Shanghai, the PRC	HK$140,200,000	54.85%	HK$76,900,000

	Property interests	Capital value as at 30 September 2012	Interests attributable to the Group	Capital value attributable to the Group as at 30 September 2012
7.	61 Unsold Car Parking Spaces, the Ninth ZhongShan, 2 Xinglin Street, Zhongshan District, Dalian, the PRC	HK$5,600,000	100%	HK$5,600,000
8.	130 Unsold Car Parking Spaces, Greenery Place, 1 Town Park Road South, Yuen Long, New Territories, HK	HK$25,300,000	100%	HK$25,300,000
9.	5 Unsold Motorcycle Parking Spaces, Harbourview Garden, 339 Prince Edward Road West, Mongkok, Kowloon, HK	HK$675,000	100%	HK$675,000
10.	2 Unsold Motorcycle Parking Spaces, Brilliant Court, 8 Kennedy Street, Wanchai, HK	HK$288,000	100%	HK$288,000
	Group IV Sub-total:			**HK$108,763,000**

Property interests	Capital value as at 30 September 2012	Interests attributable to the Group	Capital value attributable to the Group as at 30 September 2012
Group V: Property Held For Owner Occupation			
11. Units 2806-2810, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, HK			No Commercial Value
12. Bicycle and Non-flammable Good Storage Areas in B1 and B2 of Building No. 5 and No. 7 and B1 of Building No. 8 and Meter Room in B1 of Building No. 8, Scenic Place, 305 Guang An Men Wai Avenue, Xuanwu District, Beijing, the PRC			No Commercial Value
Group V Sub-total:			**No Commercial Value**
Grand Total:	**HK$7,427,863,000**		**HK$4,995,963,000**

VALUATION CERTIFICATE

GROUP I: PROPERTY UNDER DEVELOPMENT

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
1.	Phase 2, Shanshui Four Seasons, No.2 Sichen Road, Sijing Town, Songjiang District, Shanghai, the PRC The property is located in the west of Shanghai, where it can be easily accessed by Metro Line No. 9.	The property occupies Zone A and Zone B (namely Phase 2A and Phase 2B) with site areas of 90,738 sq.m. and 38,673 sq.m. respectively. Upon completion, the property will comprise a total gross floor area of approximately 327,901.22 sq.m.. Zone A will be developed into 17 blocks of medium-rise apartment buildings, a kindergarten, a 4-level clubhouse, underground car parking spaces and other public ancillary facilities with a total gross floor area of approximately 197,461.04 sq.m. with the following breakdown:	As advised by the Group, the property is currently under construction.	HK$1,910,000,000 54.85% interest attributable to the Group: HK$1,050,000,000

Property	GFA *(sq.m.)*
Apartment	133,409.61
Kindergarten	5,456.52
Clubhouse	7,296.91
Guard Houses	76.33
Other Ancillary Facilities	940.16
Above ground Sub-total	**147,179.53**
Underground Car Parking Spaces	36,573.39
Other Underground Ancillary Facilities	13,708.12
Total:	**197,461.04**

Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
	Zone B will be developed into 12 blocks of medium-rise residential apartment buildings, underground car parking spaces and other public ancillary facilities with a total gross floor area of approximately 130,440.18 sq.m. with the following breakdown:		

Property	GFA *(sq.m.)*
Apartment	108,308.00
Other Ancillary Facilities	497.42
Above ground Sub-total	**108,805.42**
Underground Car Parking Spaces	21,634.76
Total:	**130,440.18**

As advised by the Group, the estimated outstanding construction costs to completion for the property as at the date of valuation is approximately RMB1,300,000,000 (excluding marketing, finance, and other indirect costs), and incurred construction cost is approximately RMB203,000,000.

The development is expected to be completed in 2015.

The property is held under two Shanghai Certificates of Real Estate Ownership with a land use term expiring on 5 December 2073 for residential use.

Notes:

(a) Pursuant to the following Shanghai State-owned Land Use Rights Grant Contract, the land use rights of the site, with a site area of approximately 304,939 sq.m., of which the property located therein, have been contracted to be granted to Shanghai Zhong Jun Real Estate Development Co., Ltd. (上海仲駿房地產開發有限公司). Shanghai Zhong Jun Real Estate Development Co., Ltd. is a subsidiary of the Company. The Company indirectly holds 54.85% of equity interest of Shanghai Zhong Jun Real Estate Development Co., Ltd.:

State-owned Land Use Rights Grant Contract Number	Date of Contract	Site Area *(sq.m.)*
Hu Song Fang Di (2003) Chu Rang He Tong 187	29 September 2003	304,939
	Total:	**304,939**

(b) Pursuant to the Shanghai State-owned Land Use Rights Grant Supplemental Contract No. Hu Song Fang Di (2005) Chu Rang He Tong Bu Zi 50 dated 29 December 2005 which is supplemental to the abovementioned contract, certain main amendments are listed as below:

i. The permitted gross floor area is 356,779 sq.m.;

ii. Construction work should be completed before 31 December 2008; and

iii. An extra land premium of RMB12,709,717 is charged for the additional permitted gross floor area.

(c) Pursuant to the Shanghai State-owned Land Use Rights Grant Supplemental Contract No. Hu Song Fang Di (2011) Chu Rang He Tong Bu Zi 12 dated 3 March 2011, the main amendment is that construction work should be completed before 30 April 2014;

(d) Pursuant to the following Shanghai Certificates of Real Estate Ownership, the land use rights which contain the subject site is held by Shanghai Zhong Jun Real Estate Development Co., Ltd. (上海仲駿房地產開發有限公司) for residential use for a land use term expiring on 5 December 2073.

Real Estate Title Certificates Number	Site Area *(sq.m.)*	Date of Issuance	Building Use
Hu Fang Di Song Zi (2004) 019096	102,304	19 August 2004	Residential
Hu Fang Di Song Zi (2004) 019093	101,705	19 August 2004	Residential
Total:	**204,009**		

(e) We are of the opinion that the gross development value of the proposed development, assuming it were just completed as at the date of valuation, was RMB4,180,000,000.

(f) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	Shanghai Certificate of Real Estate Ownership	Yes
iii.	Construction Land Use Planning Permit	Yes
iv.	Construction Works Planning Permit	Yes
v.	Construction Works Commencement Permit	Yes
vi.	Pre-sale Permit	N/A
vii.	Construction Works Completion Certified Report	N/A

(g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. Shanghai Zhong Jun Real Estate Development Co., Ltd. legally owns the land use rights and the buildings in construction of Shanshui Four Seasons Phase 2(2A) with a total site area of 27,072 sq.m. of Plot 2B, Sichen Road, located in the northern side of Plot 92, Block 8, Sijing Town, Songjiang District, Shanghai City and Shanshui Four Seasons Phase 2(2A and 2B) with a total site area of 102,304 sq.m. of Plot 2A, Sichen Road, located in the land of Plot 76 Block 8 Sijing Town, Songjiang District, Shanghai City and is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights in compliance with the relevant PRC laws and regulations.

ii. The land located in Plot 2A Sichen Road, Songjiang District, Shanghai City with a total site area of 102,304 sq.m. is mortgaged to Pudong Branch of Shanghai Bank with a mortgaged value of RMB87,900,000. The registration to mortgage is completed and is free from seizure.

iii. The portion currently under construction of Shanshui Four Seasons Phase 2A located in north Plot 2B Sichen Road, Songjiang District, Shanghai City with a total site area of 27,072 sq.m., a total gross floor area of 54,242.39 sq.m. and the portion currently under construction of Shanshui Four Seasons Phase 2A located in Plot 2A with a total gross floor area of 138,389.71 sq.m. are mortgaged to Pudong Branch of Shanghai Bank with a mortgaged value of RMB300,000,000. The registration to mortgage is completed and is free from seizure.

VALUATION CERTIFICATE

GROUP II: PROPERTY HELD FOR FUTURE DEVELOPMENT

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
2.	Phases 3 to 5, Shanshui Four Seasons, No.1 Gu Lang Road, Sijing Town, Songjiang District, Shanghai, the PRC The property is located in the west of Shanghai, where it can be easily accessed by Metro Line No. 9.	The property occupies a site with an area of approximately 406,162 sq.m.. Upon completion, the property will comprise high-rise residential apartment buildings, townhouses, villas, underground car parking spaces and other public ancillary facilities with a total gross floor area of approximately 651,724.38 sq.m.. The GFA breakdown is shown as below:	As advised by the Group, the property is currently vacant.	HK$2,856,500,000 54.85% interest attributable to the Group: HK$1,566,800,000

Property	GFA *(sq.m.)*
Apartment	361,657.67
Townhouse	55,511.31
Villa	14,885.52
Middle School	18,611.85*
Kindergarten	7,618.50*
Clubhouse	4,940.12
Office Area	11,774.00
Other Ancillary Facilities	13,995.88
Above ground Sub-total	**488,994.85**
Underground Car Parking Spaces	162,729.53
Total:	**651,724.38**

*As advised by the Group, middle school and kindergarten would be taken over by government authorities upon completion.

The property is expected to be completed in 2017.

The property is held under three Shanghai Certificates of Real Estate Ownership with a term expiring on 5 December 2073 for residential use.

Notes:

(a) Pursuant to the following Shanghai State-owned Land Use Rights Grant Contract, the land use rights of with a site area of approximately 406,162 sq.m., of which the property located therein, have been contracted to be granted to Shanghai Zhong Jun Real Estate Development Co., Ltd. (上海仲駿房地產開發有限公司). Shanghai Zhong Jun Real Estate Development Co., Ltd. is a subsidiary of the Company. The Company indirectly holds 54.85% of equity interest of Shanghai Zhong Jun Real Estate Development Co., Ltd.:

State-owned Land Use Rights Grant Contract Number	**Date of Contract**	**Site Area** *(sq.m.)*
Hu Song Fang Di (2003) Chu Rang He Tong 186	29 September 2003	406,162
	Total:	**406,162**

(b) Pursuant to the Shanghai State-owned Land Use Rights Grant Supplemental Contract Hu Song Fang Di (2005) Chu Rang He Tong Bu Zi 49 dated 29 December 2005 which is supplemental to the abovementioned contract, certain main amendments are listed as below:

i. The permitted gross floor area is 475,210 sq.m;

ii. Construction work should be completed before 31 December 2008;

iii. An extra land premium of RMB16,931,483 is charged for the additional permitted gross floor area.

(c) Pursuant to the Shanghai State-owned Land Use Rights Grant Supplemental Contract Hu Song Fang Di (2011) Chu Rang He Tong Bu Zi 65 dated 28 July 2011 which is supplemental to the original contract Hu Song Fang Di (2003) Chu Rang He Tong 186, the main amendment is that construction work should be completed before 31 May 2015. Shanghai Zhong Jun Real Estate Development Co., Ltd. has applied for postponing the construction completion date to 31 May 2017, but the application is in progress and yet to be permitted.

(d) Pursuant to the following Shanghai Certificates of Real Estate Ownership, the land use rights of the subject site with a total site area of approximately 406,162 sq.m. are held by Shanghai Zhong Jun Real Estate Development Co., Ltd. (上海仲駿房地產開發有限公司) for residential use for a land use term to be expired on 5 December 2073.

Real Estate Title Certificates Number	**Site Area** *(sq.m.)*	**Date of Issuance**	**Building Use**
Hu Fang Di Song Zi (2004) 019097	101,509	19 March 2004	Residential
Hu Fang Di Song Zi (2004) 019092	251,990	19 March 2004	Residential
Hu Fang Di Song Zi (2004) 019094	52,663	19 March 2004	Residential
Total:	**406,162**		

(e) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	Shanghai Certificate of Real Estate Ownership	Yes
iii.	Construction Land Use Planning Permit	N/A
iv.	Construction Works Planning Permit	N/A
v.	Construction Works Commencement Permit	N/A
vi.	Pre-sale Permit	N/A
vii.	Construction Works Completion Certified Report	N/A

(f) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. Shanghai Zhong Jun Real Estate Development Co., Ltd. legally owns the land use rights of a site with a site area of 406,162 sq.m. including Land A No. 1 Gu Lang Road (Land No. is Plot 40 Block 9 Sijing Town, Songjiang District), Land B (Land No. is Plot 38 Block 9 Sijing Town, Songjiang District) and Land C (Land No. is Plot 74 Block 7 Sijing Town, Songjiang District) and is entitled to occupy, use, lease, mortgage and transfer or otherwise dispose of the land use rights and develop, construct and operate real estate project in compliance with the relevant PRC laws and regulations. The property and the land use rights of the property have not been mortgaged and are free from seizure;

ii. As at 30 September 2012, Sijing Town local government has not completed the site formation operation of the land, namely No. 1 Land of Gu Lang Road. The Group could pay the outstanding site formation fee of RMB43,865,940 after the completion of site formation work and the granting of Zeng Di Certificate. Therefore although the group has not fully settled the outstanding fee and not been granted the Zeng Di Certificate, this would not affect the right to use the land by the Group; and

iii. As the Shanghai Zhong Jun Real Estate Development Co. Ltd is not able to commence construction work before 1 June 2012 as agreed in the State-owned Land Use Right Grant Contract No. 186 and its supplemental contracts, the Group has to apply for permission to extend the development period. Should the application of extension not approved by the related authority, the Group have to commence the construction work as soon as possible. The Group would have to pay a penalty of 20% of total land value as the land premium if there is no construction development on the transacted vacant land for more than 1 year but less than 2 years, or the land use rights and land title registration would be revoked if there is no construction development on the transacted vacant land for more than 2 years. Furthermore, according to the regulation of Guo Fa [2008] No.3 issued on 6 January 2008, the State-owned Land Resource Department is working on the detail regulations of collecting premium from transacted vacant land without any construction. As of 30 September 2012, the Shanghai government and relevant authorities have yet to impose any rules or regulations on transacted vacant land. However, the Group may face the risk of having to pay the premium in the future when the rules are imposed. Thus, if the Group seeks approval on the delay of construction work commencement, the Group may avoid the risk of having to pay a premium, possibility of land use and land title registration being revoked.

(g) The capital value as at 30 September 2012 has not taken into consideration any potential payment described under note (f) above. In the event where the Group is required to pay any of such potential payment, it would reduce the market value of the property by the same amount.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
3.	Phase 3, Vision Shenzhen Business Park, Shenzhen High-tech Industrial Park, South Zone, Nanshan District, Shenzhen, Guangdong Province, the PRC The property is situated in Shenzhen High-tech Industrial Park, South Zone, which lies north to Gaoxin South Circular Road, and east to Technique South Road.	The property includes two parcels of development sites for industrial and commercial & office uses respectively with a total site area of approximately 51,000 sq.m.. The total maximum permitted gross floor area for these two parcels of sites is 240,000 sq.m.. As advised, the industrial site will be developed into science research factory whilst the commercial & office site will be developed into business apartment and ancillary commercial property. The industrial use land is with a land use term expiring on 28 June 2057 and the commercial & office use land is with a land use term expiring on 28 August 2054.	The property is currently vacant.	HK$360,300,000 100% interest attributable to the Group: HK$360,300,000

Notes:

(a) Pursuant to the State-owned Land Use Rights Grant Contract No. Shen Di He Zi (1999) 0096 dated 29 December 1999, the land use rights of a site of approximately 254,087.2 sq.m. for high-tech industrial park uses has been granted to Shenzhen CyberCity International Co., Ltd. (深圳賽博韋爾軟件產業園有限公司). According to the Notice of Change for Foreign Investment Company No. Qi He Yue Shen Zong Zi Di 108479, Shenzhen CyberCity International Co., Ltd. has been approved to change its name to Vision (Shenzhen) Business Park Co., Ltd., which is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd. (深圳威新軟件科技園有限公司). The major terms and conditions are set out as follows:

Lot No	:	T205-0030
Site Area	:	254,087.2 sq.m.
Land Use	:	Industrial
Land Use Term	:	50 years from 29 December 1999 to 28 December 2049
Building Density	:	Not more than 30%
Plot Ratio	:	Not more than 1.61
Gross Floor Area	:	Not more than 408,180 sq.m.
Special Remarks	:	This land is of Hi-tech use and is only permitted to operate high-tech industrial project.

(b) Pursuant to an Agreement on Settling Vision Park Land Problem (關於解決威新軟件科技園土地問題的協議) dated 9 June 2010, about 203,000 sq.m. of area of Lot No. T205-0030 in the State-owned Land Use Rights Grant Contract No. Shen Di He Zi (1999) 0096 have been resumed by Shenzhen government without compensation, whereas the residual site with a area of about 51,000 sq.m. was reserved by Vision (Shenzhen) Business Park Co., Ltd.. The residual site will divided into two parcels for industrial and commercial & office uses. The major terms and conditions referring to the residual site are set out as follow:

	Industrial Use Land	**Commercial & Office Uses Land**
Site Area:	44,000 sq.m. (Approximately)	6,633 sq.m. (Approximately)
Permitted GFA:	208,800 sq.m. (Approximately)	31,200 sq.m. (Approximately)
Nature of Main Buildings:	Research, produce & supporting	Business apartment & ancillary commercial property
Land Use Term:	29 June 2007 to 28 June 2057	29 August 2004 to 28 August 2054
Additional Land Premium and remarks:	Land premium for extending land use term is RMB600 per sq.m. basing on site area (non-commodity housing).	Land premium for 85% of the GFA should be settled according to land market value of commercial uses. Land premium for the remaining 15% should be settled according to the standard land price of the government. This portion will be repurchased by government at the price of construction cost plus a 20% profit.

(c) Pursuant to the Shenzhen Construction Land Use Planning Permit No. Shen Gui Tu Xu ZG-2011-0035 dated 1 July 2011, the Construction Land Use Planning permit for the commercial & office uses land has been granted to Vision Property (Shenzhen) Co. Ltd. (威新地產(深圳)有限公司). Vision Property (Shenzhen) Co., Ltd. is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Vision Property (Shenzhen) Co., Ltd.. The major terms and conditions are set out as follows:

Lot No	:	2011-003-0077
Site Area	:	6,632.78 sq.m.
Land Use	:	Commercial & office
Building Density	:	Not more than 40%
Plot Ratio	:	Not more than 5.01
Building Height	:	Not more than 200 metres
Gross Floor Area	:	31,200 sq.m. (including apartment GFA of 21,800 sq.m., commercial GFA of 9,300 sq.m. and property management rooms of 100 sq.m.).

(d) Pursuant to the Shenzhen Construction Land Use Planning Permit No. Shen Gui Tu Xu ZG-2011-0036 dated 1 July 2011, the Construction Land Use Planning permit for the industrial use land has been granted to Vision (Shenzhen) Business Park Co., Ltd.. (深圳威新軟件科技園有限公司). Vision (Shenzhen) Business Park Co., Ltd. is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd.. The major terms and conditions are set out as follows:

Lot No	:	2011-003-0078
Site Area	:	44,368.11 sq.m.
Land Use	:	Industrial
Building Density	:	Not more than 40%
Plot Ratio	:	Not more than 4.87
Building Height	:	Not more than 200 meters
Gross Floor Area	:	208,800 sq.m. (including research & development GFA of 193,800 sq.m., and commercial GFA of 15,000 sq.m.).

(e) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	State-owned Land Use Rights Certificate	No
iii.	Construction Land Use Planning Permit	Yes
iv.	Construction Works Planning Permit	N/A
v.	Construction Works Commencement Permit	N/A
vi.	Pre-sale Permit	N/A
vii.	Construction Works Completion Certified Report	N/A

(f) Pursuant to the Agreement on Settling Vision Park Land Problem (關於解決威新軟件科技園土地問題的協議) dated 9 June 2010, there is an outstanding land premium for the industrial use land for extending the land use term to 28 June 2057.

(g) As advised by the Group, the land premium for the commercial & office uses land has not been ascertained and paid.

(h) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. The land use rights of site T205-0109 with a site area of 44,368.11 sq.m. is sub-divided from site T205-0030 and is reserved for use by Vision (Shenzhen) Business Park Co., Ltd.;

ii. Vision (Shenzhen) Business Park Co., Ltd. although occupies the site T205-0109 with a site area of 44,368.11 sq.m. and paid the land premium of RMB91,471,392 which transfers the Land Contract No. 96 to the land T205-0109, the Group should settle the land premium for the extension of land use term, sign the land use rights supplementary agreement, and acquire the land use rights certificate before it legally owns the land use rights of site T205-0109. The site as well as buildings erected thereon are not permitted to transfer, whilst mortgage and lease the property is subject to relevant regulations;

iii. As at the date of the issue of the legal opinion, Vision (Shenzhen) Business Park Co., Ltd. has no right to use the site T205-0109 as it has not settled the land premium for the extension of land use term; has not signed the land use rights supplementary agreement, and has not acquired the land use rights certificate of the site T205-0109;

iv. The statutory plan 07-01&02&03&04&05&06&07 of High-tech Industrial Zone of Nanshan District, Shenzhen which the site T205-0109 situates is under review. After the review procedure is finished, the Group should re-register the land use plan, land appended drawings and land use planning permit and proceed with the settlement of the land premium for the extension of land use term and the registration of the land use rights, according to the revised statutory plan. As the site area and land use requirement may be adjusted after revision of the statutory plan, the Group should therefore adopt the site area and land use requirement for site T205-0109 as stated in the final real estate ownership certificate, land use rights grant contract, land use plan figure, land appended drawings and land use planning permit finally confirmed by The Second Direct Affiliate Administration Bureau of the Urban Planning, Land and Resources Bureau of Shenzhen Municipality;

v. The land use rights of site T205-0108 with a site area of 6,585.03 sq.m. is sub-divided from site T205-0030. The land use of the land is changed from Industrial use to Commercial use;

vi. Vision Property (Shenzhen) Co., Ltd. although occupies the site T205-0108 with a site area of 6,585.03 sq.m., the Group should settle the land premium, sign the land use rights supplementary agreement, and acquire the land use rights certificate before it legally owns the land use rights of site T205-0108;

vii. As at the date of the issue of the legal opinion, Vision Property (Shenzhen) Co., Ltd. has no right to use the site T205-0108 as it has not settled the land premium; has not signed the land use rights supplementary agreement, and has not acquired the land use rights certificate of the site T205-0108; and

viii. The statutory plan 07-01&02&03&04&05&06&07 of High-tech Industrial Zone of Nanshan District, Shenzhen which the site T205-0108 situates is under review. After the review procedure is finished, the Group should re-register the land use plan, land appended drawings and land use planning permit and proceed with the settlement of the land premium and the registration of the land use rights, according to the revised statutory plan. As the site area and land use requirement may be adjusted after revision of the statutory plan, the Group should therefore adopt the site area and land use requirement for site T205-0108 as stated in the final real estate ownership certificate, land use rights grant contract, land use plan figure, land appended drawings and land use planning permit finally confirmed by The Second Direct Affiliate Administration Bureau of the Urban Planning, Land and Resources Bureau of Shenzhen Municipality.

(i) In our valuation, we have made the following assumptions and basis:

i. We have attributed no commercial value for the commercial & office use land as the relevant land premium was yet to be assessed by the government;

ii. We have made allowance in our valuation for the outstanding land premium of about RMB3,993,120 for the industrial use land for extending the land use term to 28 June 2057;

iii. We have assumed the industrial use land was freely transferrable in the open market; and

iv. We have also assumed the revision works of statutory plan had been completed, the property can be developed in according to proposed gross floor area as mentioned above.

(j) The Property is currently not under development nor with immediate development potential as there is outstanding land premium, development scheme yet to be submitted and without title certificate granted.

VALUATION CERTIFICATE

GROUP III: PROPERTY HELD FOR INVESTMENT

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
4.	Phases 1, 2A, 2B(1) & 2B(2), Vision Shenzhen Business Park, Shenzhen High-tech Industrial Park, South Zone, Nanshan District, Shenzhen, Guangdong Province, the PRC The property is situated in Shenzhen High-tech Industrial Park, South Zone, which lies north to Gaoxin South Circular Road, and east to Technique South Road.	The property including 9 buildings which are erected on three adjacent land sites with a total site area of approximately 76,111.46 sq.m.. The 9 buildings were developed in two phases namely Phase 1 and Phase 2 (2A, 2B(1) & 2B(2)) for factory and car parking uses, in which Phase 1 was completed in 2001, while Phase 2 was completed between 2006 to 2007. The GFA breakdown is shown as below:	Some 99.8% of the spaces have been leased to various tenants for office, research & development uses with a majority of leases with lease terms of 2 to 3 years. The income was approximately RMB9.75 million per month including rent and management fee.	HK$1,581,800,000 100% interest attributable to the Group: HK$1,581,800,000

Phase	Building	GFA *(sq.m.)*
1	Block 1	11,763.86
	Block 2	11,763.86
2A	Block 5	16,857.46
	Block 6	19,734.49
	Block 9	2,190.99
2B(1)	Block 7	25,344.84
	Block 8	25,225.32
2B(2)	Block 3	14,192.81
	Block 3A	16,003.40
	Total:	**143,077.03**

Phases 1 and 2 of the property are held under various realty title certificates for science research and high-tech industrial park uses with land use terms of 50 years expiring on 20 April 2049 and 28 December 2049 respectively.

Notes:

(a) Pursuant to the State-owned Land Use Rights Grant Contract No. Shen Di He Zi (1999) 0015 dated 29 April 1999, the land use rights of the property with a total site area of approximately 23,499.7 sq.m. for science research use has been granted to Shenzhen CyberCity International Co., Ltd. (深圳賽博韋爾軟件產業園有限公司) at a total consideration of RMB7,989,900. According to the Notice of Change for Foreign Investment Company No. Qi He Yue Shen Zong Zi Di 108479, Shenzhen CyberCity International Co., Ltd. has been approved to change its name to Vision (Shenzhen) Business Park Co., Ltd., which is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd.. The major terms and conditions are set out as follows:

Site Area	:	23,499.7 sq.m.
Land Use	:	Science research
Land Use Term	:	50 years from 21 April 1999 to 20 April 2049
Building Density	:	Not more than 20%
Plot Ratio	:	Not more than 1.0
Gross Floor Area	:	Not more than 23,500 sq.m.
Special Comment	:	The land is of non-commodity housing use and is not permitted for real estate development and research.

(b) Pursuant to the State-owned Land Use Rights Grant Contract Shen No. Di He Zi (1999) 0097 dated 29 December 1999, the land use rights of the property with a total site area of approximately 60,990.7 sq.m. for high-tech industrial park use has been granted to Shenzhen CyberCity International Co., Ltd. (深圳賽博韋爾軟件產業園有限公司) at a total consideration of RMB21,956,652. According to the Notice of Change for Foreign Investment Company No. Qi He Yue Shen Zong Zi Di 108479, Shenzhen CyberCity International Co., Ltd. has been approved to change its name to Vision (Shenzhen) Business Park Co., Ltd., which is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd.. The major terms and conditions are set out as follows:

Site Area	:	60,990.7 sq.m.
Land Use	:	High-tech industrial park
Land Use Term	:	50 years from 29 December 1999 to 28 December 2049
Building Density	:	Not more than 33%
Plot Ratio	:	Not more than 1.72
Gross Floor Area	:	Not more than 104,800 sq.m.
Nature of main building	:	Hi-tech factory
Special Comment	:	This land is of Hi-tech use and is only permitted to operate high-tech industrial park project.

(c) In accordance with a supplementary agreement to the State-owned Land Use Rights Grant Contract No. Shen Di He Zi (1999) 0097 dated 14 September 2010, due to a municipal road through the original land (T205-0050) and divided it into two parcels of land T205-0080 and T205-0050 with site area of 8,861.6 sq.m. and 44,238.19 sq.m. respectively.

(d) Pursuant to Realty Title Certificate No. Shen Fang Di Zi 4000089964 dated 6 January 2003 issued by Shenzhen Municipal People's Government, the property is held by Vision (Shenzhen) Business Park Co., Ltd. (深圳威新軟件科技園有限公司). The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd.. The major terms and conditions are set out as follows:

Lot No.	:	T205-0021
Site Area	:	23,011.7 sq.m.
Land Use	:	High-tech industrial park
Land Use Term	:	50 years from 21 April 1999 to 20 April 2049
Total Gross Floor Area	:	23,527.72 sq.m. (Block 1: 11,763.86 sq.m., Block 2: 11,763.86 sq.m.)
Building Use	:	Science research factory
Completed Date	:	10 April 2001

(e) Pursuant to Realty Title Certificate No. Shen Fang Di Zi 4000508975 dated 13 September 2011 issued by Shenzhen Municipal People's Government, the property is held by Vision (Shenzhen) Business Park Co., Ltd. (深圳威新軟件科技園有限公司). The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd.. The major terms and conditions are set out as follows:

Lot No.	:	T205-0080
Site Area	:	8,861.57 sq.m.
Land Use	:	High-tech industrial park
Land Use Term	:	50 years from 29 December 1999 to 28 December 2049
Total Gross Floor Area	:	30,196.21 sq.m. (Block 3: 14,192.81 sq.m., Car park building: 16,003.4 sq.m.)
Building Use	:	Hi-tech factory & car parking spaces
Completed Date	:	15 August 2007
Remarks	:	Both of these two buildings are non-commodity housing

(f) Pursuant to Realty Title Certificate No. Shen Fang Di Zi 4000510548 dated 27 September 2011 issued by Shenzhen Municipal People's Government, the property is held by Vision (Shenzhen) Business Park Co., Ltd. (深圳威新軟件科技園有限公司). The Company indirectly holds 100% of equity interest of Vision (Shenzhen) Business Park Co., Ltd.. The major terms and conditions are set out as follows:

Lot No.	:	T205-0050
Site Area	:	44,238.19 sq.m.
Land Use	:	High-tech industrial park
Land Use Term	:	50 years (From 29 December 1999 to 28 December 2049)
Total Gross Floor Area	:	89,353.1 sq.m. (Block 5: 16,857.46 sq.m., Block 6: 19,734.49 sq.m., Block 7: 25,344.84, Block 8: 25,225.32 sq.m., Staff recreational centre: 2,190.99 sq.m.)
Building Use	:	Hi-tech factory and staff recreational centre
Completed Date	:	Block 5, Block 6 and the staff recreational centre were completed in February 2006; Blocks 7 & 8 were completed in August 2007.
Remarks	:	Both of these five buildings are non-commodity housing

(g) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	Realty Title Certificate	Yes
iii.	Construction Land Use Planning Permit	Yes
iv.	Construction Works Planning Permit	Yes
v.	Construction Works Commencement Permit	Yes
vi.	Construction Works Completion Certified Report	Yes

(h) According to an Announcement on Vacant Factory Rental of Shenzhen Special Economic Zone Hi-tech Technological Industrial Park (關於深圳經濟特區高新技術產業園區協議類空置廠房調劑價格的公告) implemented since 1 April 2007, the monthly rental in the Shenzhen Hi-tech Industrial Park should not be over RMB40 per sq.m..

(i) Pursuant to the Agreement on Settling Vision Park Land Problem (關於解決威新軟件科技園土地問題的協議) dated 9 June 2010, the rents of the relevant factory have been allowed to have not more than 20% increment from the abovementioned level.

(j) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. Vision (Shenzhen) Business Park Co., Ltd. legally owns the real estate ownership of Building Nos. 1 and 2 of Vision Shenzhen Business Park (also known as Block 1 and Block 2) with a gross floor area of 23,527.72 sq.m.. The Group has acquired legal and effective realty title certificate. The Group has the rights to occupy, use, lease and mortgage these buildings, but is not permitted to transfer the rights. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

ii. Vision (Shenzhen) Business Park Co., Ltd. legally owns the real estate ownership of Building Nos. 1, 2, 3, 4 and staff recreational centre of Vision Shenzhen Business Park (also known as Block 5, Block 6, Block 7, Block 8 and Block 9) with a gross floor area of 89,353.10 sq.m.. The Group has acquired legal and effective realty title certificate. The Group has the rights to occupy, use, lease and mortgage these buildings, but is not permitted to transfer the rights. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

iii. Vision (Shenzhen) Business Park Co., Ltd. legally has the rights to occupy, use, lease and mortgage the fire control rooms, semi-underground rooms/car parking spaces, wind wells and smoke exhaust wells of Building Nos. 1, 2, 3 and 4 (also known as Block 5, Block 6, Block 7 and Block 8) with a total gross floor area of 12,383.88 sq.m. although there is no relevant realty title certificate. These portions are not permitted to be transferred. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

iv. Vision (Shenzhen) Business Park Co., Ltd. legally owns the real estate ownership of Building No. 5 and car park building of Vision Shenzhen Business Park (also known as Block 3 and Block 3A). The Group has acquired legal and effective realty title certificate. The Group has the rights to occupy, use, lease and mortgage these buildings, but is not permitted to transfer the rights. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure; and

v. Vision (Shenzhen) Business Park Co., Ltd. legally has the rights to occupy, use, lease and mortgage the semi-underground car parking spaces of the car parking building with a total gross floor area of 1,094.48 sq.m. although there is no relevant realty title certificate. These portions are not permitted to be transferred. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure.

(k) In our valuation, we have made the following assumptions:

i. We have assumed the property, as a whole was freely transferrable in the open market; and

ii. We have assumed the current use of the property is in compliance with the planning land use.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
5.	B2 to L6, Sohu.com Internet Plaza, Tsinghua Science Park, Zhongguancun East Road, Haidian District, Beijing, the PRC The property is located at the southeast corner of Tsinghua Science Park on the main avenue of Zhongguancun, Haidian District, Beijing. The property is bounded by Qinghua South Road on the east and Chengfu Road on the south.	The property comprises a 2-level car parking basement, a 2-storey retail podium and L3 to L6 office spaces with a total gross floor area of approximately 20,064.92 sq.m. in a 13-storey composite retail/office development (excluding basement) completed in 2004. The GFA breakdown is shown as below: **Floor** / **GFA** *(sq.m.)* / **Use** Basement Canteen / 850.34 / Catering B2 / 39.61 / Facilities & Storage B2 / 1,982.60 / Parking B1 / 3,218.18 / Parking L1 / 1,768.08 / Retail L2 / 2,060.93 / Retail L3 / 2,417.70 / Office L4 / 2,567.53 / Office L5 / 2,567.53 / Office L6 / 2,592.42 / Office **Total:** / **20,064.92** The property held under a Real Estate Title Certificate with a term expiring on 21 August 2053 is for mixed uses (R&D, office and car parking).	As advised by the Group, parts of the retail and the office with a total gross floor area of approximately 14,722.76 sq.m. have been leased for a total monthly rent of approximately RMB2.40 million exclusive of management fee. The remaining gross floor area of approximately 101.77 sq.m. is used by the Group as office.	HK$547,200,000 60% interest attributable to the Group: HK$328,300,000

Notes:

(a) Pursuant to the following State-owned Land Use Certificate, the land use rights of the site, with a site area of approximately 9,407.49 sq.m. have been granted to Vision Huaqing (Beijing) Development Co., Ltd. (威新華清(北京)置業發展有限公司) for mixed uses (R&D, office and carparking) for a land use term to be expired on 21 August 2053. Vision Huaqing (Beijing) Development Co., Ltd. is a subsidiary of the Company. The Company indirectly holds 60% of equity interest of Vision Huaqing (Beijing) Development Co. Ltd..

State-owned Land Use Rights Certificate Number	Date of Issuance	Site Area *(sq.m.)*
Jing Shi Hai She Wai Guo Yong (2006 Chu) 10270	19 September 2006	9,407.49
	Total:	**9,407.49**

(b) Pursuant to the following Building Ownership Certificate, a gross floor area of the property with approximately 38,329.99 sq.m.. is held by Vision Huaqing (Beijing) Development Co., Ltd.

Building Ownership Certificate Number	**Gross Floor Area** *(sq.m.)*	**Date of Issuance**	**Building Use**
Jing Fang Quan Zheng Shi Hai She Wai Zi 10246	38,329.99	4 January 2006	Office Commercial
Total:	**38,329.99**		

(c) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	Shanghai Certificate of Real Estate Ownership	Yes
iii.	Construction Land Use Planning Permit	Yes
iv.	Construction Works Planning Permit	Yes
v.	Construction Works Commencement Permit	Yes
vi.	Construction Works Completion Certified Report	Yes

(d) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. Vision Huaqing (Beijing) Development Co., Ltd legally owns the real estate ownership of L1-L6 of Sohu.com Internet Plaza with a total gross floor area of 13,974.19 sq.m.. The Group has acquired legal and effective realty title certificate. The Group has the rights to occupy, use, lease, mortgage and transfer the property. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

ii. Vision Huaqing (Beijing) Development Co., Ltd legally owns the real estate ownership of Canteen in B1 and owner-occupied area in B2 of Sohu.com Internet Plaza with a total gross floor area of 889.95 sq.m.. The Group has the rights to occupy, use, lease, mortgage and transfer the property. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

iii. Vision Huaqing (Beijing) Development Co., Ltd legally owns the real estate ownership of 82 and 20 car parking spaces in B1 and B2 respectively of Sohu.com Internet Plaza with a total gross floor area of 5,200.78 sq.m.. The Group has acquired legal and effective realty title certificate. The Group has the rights to occupy, use, lease, mortgage and transfer the property. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure; and

iv. Vision Huaqing (Beijing) Development Co., Ltd legally has the right to use, manage, and receive income from leasing out the Refuges area in B1, B2 and L1 of Sohu.com Internet Plaza with a total gross floor area of 2,101.98 sq.m.. However, the Group does not have the ownership to the property. These portions of the property and the rights to use, manage, and receive income from these portions of the property have not been mortgaged and are free from seizure.

VALUATION CERTIFICATE

GROUP IV: COMPLETED PROPERTIES HELD FOR SALE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
6.	Various Commercial Units and Clubhouse, Phase 1, Shanshui Four Seasons, Lane 1888 Sichen Road, Sijing Town, Songjiang District, Shanghai, the PRC The property is located in the west of Shanghai, where it can be easily accessed by Metro Line No. 9.	The property comprises some 47 retail units, a 2-level clubhouse and ancillary facilities spaces with a total gross floor area of approximately 12,279.47 sq.m. and underground refuges area with a total gross floor area of approximately 1,223.34 sq.m.. The GFA breakdown is shown as below:	As advised by the Group, part of the clubhouse and retail units are occupied by the Group as office. The remaining retail units were vacant.	HK$140,200,000 54.85% interest attributable to the Group: HK$76,900,000

Property	**GFA** *(sq.m.)*
Retail	6,588.22
Clubhouse	3,063.70
Ancillary Facilities Spaces	958.55
Above ground Sub-total	**10,610.47**
Clubhouse Underground	1,669
Underground Refuges Area	1,223.34
Underground Sub-total	**2,892.34**
Total:	**13,502.81**

As advised, the buildings were completed between 2009 and 2010.

The property is held under various Shanghai Certificates of Real Estate Ownership with terms of expiring on 5 December 2073 for residential use.

Notes:

(a) Pursuant to the following Shanghai State-owned Land Use Rights Grant Contract, together with two supplemental contracts dated 29 December 2005 and 31 March 2011, the land use rights of the site of approximately 304,939 sq.m., of which the property located therein, have been contracted to be granted to Shanghai Zhong Jun Real Estate Development Co., Ltd. (上海仲駿房地產開發有限公司). Shanghai Zhong Jun Real Estate Development Co., Ltd. is a subsidiary of the Company. The Company indirectly holds 54.85% of equity interest of Shanghai Zhong Jun Real Estate Development Co., Ltd..

State-owned Land Use Rights Grant Contract Number	Date of Contract	Site Area *(sq.m.)*
Hu Song Fang Di (2003) Chu Rang He Tong Di 187 Hao	29 September 2003	304,939
	Total:	304,939

(b) Pursuant to the Shanghai State-owned Land Use Rights Grant Supplemental Contract Hu Song Fang Di (2005) Chu Rang He Tong Bu Zi Di 50 Hao dated 29 December 2005 which is supplemental to the original contract Hu Song Fang Di (2003) Chu Rang He Tong Di 187 Hao, the main amendments are listed as below:

i. The permitted gross floor area is adjusted to be 356,779 sq.m.;

ii. Construction work is supposed to be commenced within 6 months after the land's handover and to be completed before 31 December 2008; and

iii. An extra land premium of RMB12,709,717 is charged for the added permitted gross floor area.

(c) Pursuant to the Shanghai State-owned Land Use Rights Grant Supplemental Contract Hu Song Fang Di (2011) Chu Rang He Tong Bu Zi Di 12 Hao dated 3 March 2011 which is supplemental to the original contract Hu Song Fang Di (2003) Chu Rang He Tong Di 187 Hao, the main amendment is that construction work should be commenced before 30 April 2011 and completed before before 30 April 2014.

(d) Pursuant to the following Shanghai Certificates of Real Estate Ownership, the land use rights and building ownership which contain the property with a site area of approximately 202,635 sq.m. and a total gross floor area of approximately 168,571.57 sq.m. are held by Shanghai Zhong Jun Real Estate Development Co., Ltd. (上海仲駿房地產開發有限公司) for residential use for a land use term to be expired on 5 December 2073.

Real Estate Title Certificates Number	Site Area *(sq.m.)*	Gross Floor Area *(sq.m.)*	Date of Issuance	Building Use
Hu Fang Di Song Zi (2010) 022745	81,339	81,945.22	22 June 2010	Residential
Hu Fang Di Song Zi (2010) 022746	101,705	74,082.09	22 June 2010	Residential
Hu Fang Di Song Zi (2010) 022747	19,591	12,544.26	22 June 2010	Residential
Total:		**168,571.57**		

(e) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	Shanghai Certificate of Real Estate Ownership	Yes
iii.	Construction Land Use Planning Permit	Yes
iv.	Construction Works Planning Permit	Yes
v.	Construction Works Commencement Permit	Yes
vi.	Construction Works Completion Certified Report	Yes

(f) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. Shanghai Zhong Jun Real Estate Development Co., Ltd. legally owns the real estate ownership to part of the property located at the site of Plot 47, Block 9 with a total gross floor area of 12,544.26 sq.m. (including lower ground refuges area of 1,223.34 sq.m., clubhouse area of 4,732.70 sq.m. and retail area of 6,588.22 sq.m.). The Group has acquired legal and effective realty title certificate. The Group has the rights to occupy, use, lease, mortgage and transfer the property. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

ii. Pursuant to Shanghai Residential Property Management Regulations, portions of the property including fire water pump rooms, guard houses, meter room, with a total gross floor area of 208.76 sq.m. are co-owned by all owners of Phase I of Shanshui Four Seasons. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

iii. Pursuant to Shanghai Residential Property Management Regulations, portions of the property including property management rooms and owners committee offices with a total gross floor area of 442.45 sq.m. are co-owned by all owners of Phase I of Shanshui Four Seasons. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

iv. Portions of the property including service stations and community's neighbourhood committee offices with a total gross floor area of 152.4 sq.m. and other portions of the property for public facilities use such as health centre and youth recreational centre with a total gross floor area of 154.94 sq.m. will be taken over by the government free of charge. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure;

v. Pursuant to Shanghai Residential Property Management Regulations, with respect to the property located at the south of the site of Plot 92, Block 8, portions of the property including underground fire water pump rooms and guard house with a total gross floor area of 236.32 sq.m. and the road built in Phase I with a site area of 6,322.1 sq.m. are co-owned by all owners of Phase I of Shanshui Four Seasons. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure; and

vi. Pursuant to Shanghai Residential Property Management Regulations, with respect to the property located at the site of Plot 83, Block 8, portions of the property including underground fire water pump rooms, switch station, garbage room and guard house with a total gross floor area of 432.46 sq.m. are co-owned by all owners of Phase I of Shanshui Four Seasons. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
7.	61 Unsold Car Parking Spaces, the Ninth ZhongShan, 2 Xinglin Street, Zhongshan District, Dalian, the PRC The property is located in the Zhongshan District of Dalian. It is surrounded by 5 roads which are Xinglin Street, Yide Street, Aihua Street, Jiefang Street and the other section of Aihua Street.	The property comprises 6 underground car parking spaces in the Basement Level 1, 9 in the Basement Level 2 car parking spaces, and 46 spaces in the Basement Level 3 of a 2-block commercial/residential development over 1-level retail podium. The development was completed in about 2004. The property is held under a State-owned Land Use Rights Certificate with a term expiring on 9 January 2070.	As advised by the Group, 34 car parking were leased for various terms with a total monthly income of RMB12,750 with the latest term expiring on 13 February 2013.	HK$5,600,000 100% interest attributable to the Group: HK$5,600,000

Notes:

(a) Pursuant to the following State-owned Land Use Rights Grant Contract, the land use rights of the site, with a site area of approximately 4,684.3 sq.m. have been granted to Dalian Wan Guo Recreational Center Co., Ltd. (大連萬國娛樂中心有限公司). According to the document of Dalian Foreign Trading Economic Authority No. Da Wai Jing Mao Zi Yi Zi [2002] 143, Dalian Wan Guo Recreational Center Co., Ltd. has been approved to change its name to Vision Century Real Estate Development (Dalian) Co., Ltd. (威新房地產開發(大連)有限公司), which is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Vision Century Real Estate Development (Dalian) Co., Ltd..

State-owned Land Use Rights Grant Contract Number	Date of Contract	Site Area *(sq.m.)*
N/A	10 December 1999	4,684.3
	Total:	**4,684.3**

(b) Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the site, with a site area of approximately 4,684.3 sq.m. have been granted to Vision Century Real Estate Development (Dalian) Co., Ltd.:

State-owned Land Use Rights Certificate Number	Date of Issuance	Site Area *(sq.m.)*	Date of Expiry
Da Guo Yong (2005) 01022	16 April 2005	4,684.3	9 January 2070
	Total:	**4,684.3**	

(c) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	State-owned Land Use Rights Certificate	Yes
iii.	Construction Land Use Planning Permit	N/A
iv.	Construction Works Planning Permit	N/A
v.	Construction Works Commencement Permit	N/A
vi.	Pre-sale Permit	N/A
vii.	Construction Works Completion Certified Report	N/A

(d) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. As at 30 September 2012, Vision Century Real Estate Development (Dalian) Co., Ltd. legally has the rights to occupy, use, lease and mortgage the property but are not permitted to register the rights of the property. The property and the land use rights of the property have not been mortgaged and are free from seizure.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
8.	130 Unsold Car Parking Spaces, Greenery Place, 1 Town Park Road South, Yuen Long, New Territories, HK 1695/33831 shares of and in The Remaining Portion of Yuen Long Town Lot No. 451 The property is located in the Yuen Long District of New Territories. It is served by Town Park Road South and is easily accessed from Yuen Long Town Centre.	The property comprises 37 car parking spaces on ground floor and 93 car parking spaces in basement of a 4-block low-rise residential development completed in 2001. The property is held under New Grant No. 4381 for a term of 50 years commencing on 24 March 1998. The current annual Government rent payable is 3% of the rateable value of the property.	102 parking spaces have been leased on a monthly basis at a monthly rental of HK$104,830 inclusive of government rates, government rent and management fees. The remaining parking spaces are vacant.	HK$25,300,000 100% interest attributable to the Group: HK$25,300,000

Notes:

(a) The registered owner of the property is Limbo Enterprises Limited. Limbo Enterprises Limited is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Limbo Enterprises Limited.

(b) The property is subject to a Deed of Mutual Covenant Incorporating Management Agreement with Plans registered vide Memorial No. YL972634 dated 21 June 2001.

(c) The property lies within an area zoned for “Residential Group (B)” under the relevant outline zoning plan.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
9.	5 Unsold Motorcycle Parking Spaces, Harbourview Garden, 339 Prince Edward Road West, Mongkok, Kowloon, HK 10/6961 shares of and in Kowloon Inland Lot No. 4005. The property is located on the border between Mongkok and Kowloon City of Kowloon Peninsula. It is located at the junction of Boundary Street and Prince Edward Road West.	The property comprises 5 unsold motorcycle parking spaces in a residential development completed in 2000. The property is held under Government Lease for a term of 75 years renewable for a further term of 75 years commencing on 19 April 1938. The current Government rent payable for the lot is HK$92 per annum.	The property was vacant.	HK$675,000 100% interest attributable to the Group: HK$675,000

Notes:

(a) The registered owner of the property is Prosper Advance Investments Limited. Prosper Advance Investments Limited is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Prosper Advance Investments Limited.

(b) The property is subject to a Modification Letter registered vide Memorial No. UB7764532 dated 19 May 1999.

(c) The property is subject to a Deed of Mutual Covenant and Management Agreement with Plan registered vide Memorial No. UB8079507 dated 28 April 2000.

(d) The property lies within an area zoned for “Residential Group (B)” under the relevant outline zoning plan.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
10.	2 Unsold Motorcycle Parking Spaces, Brilliant Court, 8 Kennedy Street, Wanchai, HK 4/7413 shares of and in the Remaining Portion of Sub-section 1 and the Remaining Portion of Section A, Section B and the Remaining Portion of Inland Lot No. 965; The Remaining Portion of Section A and the Remaining Portion of Inland Lot No. 1331 The property is located in Wanchai District of Hong Kong Island. It is easily accessed through Queens Road East.	The property comprises 2 unsold motorcycle parking spaces in a residential development completed in 2000. The property is held under a Government Lease for a term of 999 years commencing on 8 March 1886 and a Government Lease for a term of 999 years commencing on 1 May 1893 respectively. The current Government rent payable for the lot is HK$104 per annum.	The property was vacant.	HK$288,000 100% interest attributable to the Group: HK$288,000

Notes:

(a) The registered owner of the property is Wide Best Development Limited. Wide Best Development Limited is a subsidiary of the Company. The Company indirectly holds 100% of equity interest of Wide Best Development Limited.

(b) The property is subject to a Deed of Mutual Covenant and Management Agreement with Plans registered vide Memorial No. UB8299453 dated 3 January 2001.

(c) The property lies within an area zoned for “Residential Group (A)” under the relevant outline zoning plan.

VALUATION CERTIFICATE

GROUP V: PROPERTY HELD FOR OWNER OCCUPATION

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
11.	Units 2806-2810, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, HK Certain undivided share of and in Inland Lot No. 727 The property is located in Times Square in Causeway Bay District of Hong Kong Island. It is located near the Canal Road Flyover. The locality is also well served by various kinds of transport including MTR and buses.	The property comprises an office unit on a high floor in a 39-storey commercial building complex comprising 25 office levels and a 15-level shopping mall (including basement). The property was completed in 1993. The property is leased by Times Square Limited to the Group for a term of 3 years from 1 April 2010 to 31 March 2013 at a monthly rental of HK$226,182 exclusive of management fees.	The property is currently occupied by the Group as an office.	No Commercial Value

Notes:

(a) The registered owner of the property is Times Square Limited.

(b) We were advised that the registered owner is an independent third party to the Group.

(c) The property lies within an area zoned for “Commercial” under the relevant outline zoning plan.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 30 September 2012
12.	Bicycle and Non-flammable Good Storage Areas in B1 and B2 of Building No. 5 and No. 7 and B1 of Building No. 8 and Meter Room in B1 of Building No. 8, Scenic Place, 305 Guang An Men Wai Avenue, Xuanwu District, Beijing, the PRC The property is located in the Xuanwu District of Beijing City. It is surrounded by the Huaren Hongshan Shijia and the Fengwo Road North. It has the Bai Yun Qiao connected to the area and is located near the Beijing West Railway Station	The property comprises a bicycle and non-flammable goods storage area with a total gross floor area of 3,746.12 sq.m. in the basement level(s) of Building No. 5, 7 and 8 and a meter room with a gross floor area of 394.33 sq.m. in the basement of Building No. 8 in a residential development which was completed in about 2004. The property is held under a State-owned Land Use Rights Certificate with a term expiring on 13 July 2049.	The property is currently occupied by the Group and residents of the development.	No Commercial Value

Notes:

(a) Pursuant to the following State-owned Land Use Rights Grant Contract, the land use rights of the site, with a site area of approximately 26,052 sq.m. have been granted to Beijing Gang Lu Real Estate Development Co., Ltd. (北京港旅房地產開發有限公司) for Residential and Culture Centre Use:

State-owned Land Use Rights Grant Contract Number	Date of Contract	Site Area *(sq.m.)*
Jing Fang Di Chu (He) Zi (99) 208	13 July 1999	26,052
	Total:	**26,052**

(b) Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of the site, with a site area of approximately 24,329.41 sq.m. have been granted to Beijing Gang Lu Real Estate Development Co., Ltd. Beijing Gang Lu Real Estate Development Co., Ltd. is a subsidiary of the Company. The Company indirectly held 100% of equity interest of Beijing Gang Lu Real Estate Development Co., Ltd.:

State-owned Land Use Rights Certificate Number	**Date of Issuance**	**Site Area** *(sq.m.)*	**Date of Expiry**
Jing Xuan Guo Yong (2005 Chu) 00754	20 May 2005	24,329.41	Residential: 13 July 2069 Culture centre: 13 July 2039 Underground car parking: 13 July 2049
	Total:	**24,329.41**	

(c) A summary of major certificates/approvals is shown as follows:

i.	State-owned Land Use Rights Grant Contract	Yes
ii.	State-owned Land Use Rights Certificate	Yes
iii.	Construction Land Use Planning Permit	Yes
iv.	Construction Works Planning Permit	Yes
v.	Construction Works Commencement Permit	Yes
vi.	Construction Works Completion Certified Report	N/A

(d) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

i. Beijing Gang Lu Real Estate Development Co., Ltd. legally has the ownership of the area in B1 and B2 of Building No. 5, B1 and B2 of Building No. 7, and B1 of Building No. 8 with a total gross floor area of 3,746.12 sq.m. which can only be used for bicycle storage and storage for non-flammable goods and the meter room in the neighbourhood area of B1 of Building No. 8 with a gross floor area of 394.33 sq.m.. These portions of area are co-owned by all residents of the development and are not allowed for mortgage, lease and non-transferable. These portions of the property and the land use rights of these portions of the property have not been mortgaged and are free from seizure; and

ii. Beijing Gang Lu Real Estate Development Co., Ltd. legally has the right to use, manage, and receive income from leasing out the refuges areas in B1 of Building No. 8 and B2 of Building Nos. 5, 7, and 8 with gross floor areas of 1,249.93 sq.m. and 6,305.34 sq.m. respectively. The Group does not have the ownership to the refuge areas.

(e) In our valuation, we have made the following assumptions:

i. The area of the bicycle and non-flammable goods storage area and meter room are community facilities of the development, while the Group does not have rental income/license fee receivable from the property, therefore no commercial value is attributed to these areas; and

ii. The Group does not have the legal ownership of the refuge areas in B1 of Building No. 8 and B2 of Building Nos. 5, 7, and 8 with gross floor areas of 1,249.93 sq.m. and 6,305.34 sq.m. respectively, therefore no commercial value is attributed to these areas.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror and Gemdale Corporation jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Vendor and parties acting in concert with it or the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTEREST

As at the Latest Practicable Date, the shareholdings of the Offeror and parties acting in concert with it were interested in 3,847,509,895 Shares, representing approximately 56.05% (as at the Latest Practicable Date) of the issued capital of the Company or approximately 55.19% (assuming all outstanding Share Options are exercised) of the enlarged issued share capital of the Company. The Offeror is a direct wholly-owned subsidiary of Gemdale Corporation.

As at the Latest Practicable Date, save as disclosed above, none of the Offeror, its directors and their respective parties acting in concert, owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares.

As at the Latest Practicable Date, Standard Chartered Bank and its respective group companies did not have any beneficial interest in any Shares or any options, warrants, derivatives or securities convertible into Shares.

As at the Latest Practicable Date, save as the security deed dated 14 September 2012 created by the Offeror in favour of Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror) in respect of all Sale Shares and all Shares to be acquired pursuant to the Offers by the Offeror as a security to secure the loan agreement dated 14 September 2012 signed between the Offeror and Standard Chartered Bank (Hong Kong) Limited (in its capacity as banker to the Offeror), no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or with any party acting in concert with the Offeror and there was no agreement, arrangement for or understanding for any transfer, charge or pledge of Shares acquired pursuant to the Offers to any other person.

As at the Latest Practicable Date, the Offeror and any party acting in concert with it had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

3. DEALINGS

Save for the purchase of the Sale Shares by the Offeror pursuant to the Sale and Purchase Agreement, none of the Offeror, its directors nor the parties acting in concert with them had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares during the Relevant Period.

4. OTHER ARRANGEMENT IN RELATION TO THE OFFERS

(i) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Offers.

(ii) As at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Offers.

(iii) As at the Latest Practicable Date, save for the entering into of the Sale and Purchase Agreement, there was no agreement or arrangement to which the Offeror or its parties acting in concert is a party which relate to circumstances in which it may or may not invoke or seek to invoke a condition to the Offers.

(iv) As at the Latest Practicable Date, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Shares which might be material to the Offers.

(v) As at the Latest Practicable Date, the Offeror had not received any irrevocable commitment to accept the Offers.

5. MARKET PRICES

The table below shows the closing prices of the Share on the Stock Exchange (i) on the Latest Practicable Date; (ii) the Last Trading Day; and (iii) on the last trading day of each of the calendar months during the Relevant Period.

Date	Closing price
30 March 2012	Suspended
30 April 2012	Suspended
31 May 2012	HK$0.275
29 June 2012	HK$0.275
31 July 2012	HK$0.211
31 August 2012	HK$0.231
The Pre-announcement Day	HK$0.260
The Last Trading Day	HK$0.375
28 September 2012	HK$0.430
The Latest Practicable Date	HK$0.425

The highest and lowest closing price of the Share as quoted on the Stock Exchange during the Relevant Period were HK$0.450 per Share on both 3 October 2012 and 5 October 2012 and HK$0.168 per Share on both 12 March 2012 and 15 March 2012.

6. CONSENT AND QUALIFICATION

Name	Qualification
Standard Chartered Bank (Hong Kong) Limited	A corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

Standard Chartered Bank has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of the references to its name in the form and context in which they appear.

7. MISCELLANEOUS

(i) The board of directors of the Offeror comprises LING Ke, HUANG Juncan, WEI Chuanjun and Gemdale Corporation.

(ii) The registered office of the Offeror is situated at 5th Floor, Heng Shan Centre, 145 Queen's Road East, Wanchai, Hong Kong.

(iii) The registered office of Standard Chartered Bank is situated at 32/F, Standard Chartered Bank Building, 4-4A Des Voeux Road, Central, Hong Kong.

(iv) As at the Latest Practicable Date, LING Ke, HUANG Juncan, CHEN Aihong, CHEN Bi'an, SUN Juyi, CHEN Zhisheng, Bill HUANG, XU Jiajun and LIANG Lili were the directors of Gemdale Corporation; and LI Xufu, WANG Zhile, XIA Xinping, JIN Qingjun and SONG Jun were the independent directors of Gemdale Corporation.

(v) The registered office of Gemdale Corporation is situated at Gemdale Commercial Building, Fuqiang Road, Futian District, Shenzhen, the PRC.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during 9:30 a.m. to 5:00 p.m. from Monday to Friday (except public holidays) at the office of Paul Hastings, the legal advisers to the Offeror in Hong Kong at 22nd Floor, Bank of China Tower, 1 Garden Road, Hong Kong; (ii) on the website of the SFC at www.sfc.hk; and (iii) on the website of the Gemdale Corporation at www.gemdale.com, from the date of this Composite Document for so long as the Offers remains open for acceptance:

(i) memorandum and articles of association of the Offeror;

(ii) the letter from Standard Chartered Bank, the text of which is set out on pages 8 to 17 of this Composite Document; and

(iii) the letter of consent from Standard Chartered Bank referred to in the paragraph headed "6. Consent and Qualification" in this Appendix.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL AND SHARE OPTIONS

As at the Latest Practicable Date:

(a) the authorised share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 Shares;

(b) the issued share capital of the Company was HK$686,413,658 divided into 6,864,136,580 Shares;

(c) the Company had not issued any Shares since 30 September 2012, being the end of the last financial year of the Company;

(d) all of the issued Shares ranked pari passu in all respects with each other, including all rights as to dividends, voting and interests in capital;

(e) there were 107,729,130 Share Options granted under the Option Scheme and remaining outstanding, details of which are as follows:

	Number of Share Options	**Exercise price** *(HK$ per Share)*	**Exercise period**
2003 Options	8,641,737	0.1580	31/12/2004 – 30/12/2013
2004 Options	9,716,280	0.1547	31/12/2005 – 30/12/2014
2005 Options	9,608,113	0.1343	30/12/2006 – 29/12/2015
2006 Options	11,900,000	0.1670	13/11/2007 – 12/11/2016
2007 Options	15,550,000	0.3370	09/11/2008 – 08/11/2017
2008 Options	9,250,000	0.1000	14/11/2009 – 13/11/2018
2009 Options	13,425,000	0.1550	13/11/2010 – 12/11/2019
2010 Options	12,150,000	0.2050	12/11/2011 – 11/11/2020
2011 Options	17,488,000	0.1656	11/11/2012 – 10/11/2021

(f) other than the Shares and the outstanding Share Options as disclosed in paragraphs (b) and (e) above, there were no other outstanding options, warrants or other securities convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the following directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code:

Interests and short positions in the Shares, underlying Shares and debentures of the Company

Interests in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of total shareholding *(%)*
Ms. Chong Siak Ching	Beneficial owner	5,210,536	0.08

Interests in the underlying Shares of equity derivatives – Share Options

Name of Director	Year of grant *(Note)*	Number of Share Options outstanding	Number of total underlying Shares	Approximate percentage of total shareholding *(%)*
Mr. Chong Kok Kong	2006	900,000	10,900,000	0.16
	2007	2,000,000		
	2008	2,000,000		
	2009	2,000,000		
	2010	2,000,000		
	2011	2,000,000		
Ms. Chong Siak Ching	2003	1,079,439	15,685,981	0.23
	2004	1,079,439		
	2005	1,727,103		
	2006	1,800,000		
	2007	2,000,000		
	2008	2,000,000		
	2009	2,000,000		
	2010	2,000,000		
	2011	2,000,000		

Name of Director	Year of grant *(Note)*	Number of Share Options outstanding	Number of total underlying Shares	Approximate percentage of total shareholding *(%)*
Mr. Hui Chiu Chung, *J.P.*	2005	1,103	9,801,103	0.14
	2006	1,800,000		
	2007	2,000,000		
	2009	2,000,000		
	2010	2,000,000		
	2011	2,000,000		
Mr. Kwee Chong Kok, Michael	2011	2,000,000	2,000,000	0.03
Mr. Leung Ka Hing, Harry	2011	4,000,000	4,000,000	0.06
Ms. Wong Siu Ming, Helen	2011	2,000,000	2,000,000	0.03

Note:

Year of grant	Date of grant	Exercise period	Exercise price *(HK$ per Share)*
2003	31/12/2003	31/12/2004 – 30/12/2013	0.1580
2004	31/12/2004	31/12/2005 – 30/12/2014	0.1547
2005	30/12/2005	30/12/2006 – 29/12/2015	0.1343
2006	13/11/2006	13/11/2007 – 12/11/2016	0.1670
2007	09/11/2007	09/11/2008 – 08/11/2017	0.3370
2008	14/11/2008	14/11/2009 – 13/11/2018	0.1000
2009	13/11/2009	13/11/2010 – 12/11/2019	0.1550
2010	12/11/2010	12/11/2011 – 11/11/2020	0.2050
2011	11/11/2011	11/11/2012 – 10/11/2021	0.1656

Save as disclosed above, as at the Latest Practicable Date, none of the directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

As at the Latest Practicable Date, Ms. Chong Siak Ching had indicated that she intended to accept the Share Offer.

As at the Latest Practicable Date, each of Mr. Kwee Chong Kok, Michael, Mr. Chong Kok Kong, Ms. Chong Siak Ching, Mr. Hui Chiu Chung, *J.P.*, Mr. Leung Ka Hing, Harry and Ms. Wong Siu Ming, Helen, had indicated that he/she intended to accept the Option Offer.

(b) Interests of substantial Shareholders in the Shares

As at the Latest Practicable Date, the following persons had the following interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interests in the Shares

Name of Shareholder	*Notes*	**Nature of interest**	**Number of Shares**	**Approximate percentage of total shareholding** *(%)*
Gemdale Corporation ("**Gemdale**")	*1*	Interest of controlled corporations	3,847,509,895	56.05
Famous Commercial Limited (the "**Offeror**")	*1*	Directly beneficially owned	3,847,509,895	56.05
Ascendas Pte. Ltd. ("**APL**")	*2*	Interest of controlled corporations	1,175,168,505	17.12
Ascendas Land International Pte. Ltd. ("**Ascendas Land**")	*2*	Interest of controlled corporations	1,175,168,505	17.12
Riverbook Group Limited ("**RGL**")	*2*	Directly beneficially owned	1,175,168,505	17.12

Notes:

1. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Gemdale. As such, Gemdale was deemed to be interested in the Shares held by the Offeror. Gemdale is a company established in the PRC and listed on the Shanghai Stock Exchange.

2. As at the Latest Practicable Date, RGL was wholly and beneficially owned by Ascendas Land, which in turn was wholly and beneficially owned by APL. As such, Ascendas Land and APL were deemed to be interested in the Shares held by RGL.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

(c) Dealings in the relevant securities of the Company

(i) During the Relevant Period, save for the exercise of 2,000,000 2008 Share Options and 1,726,000 2005 Share Options by Mr. Hui Chiu Chung, *J.P.,* an independent non-executive Director, on 17 August 2012 and 22 August 2012, respectively, the Directors did not have any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

(ii) During the Offer Period:

(A) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;

(B) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and

(C) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

(d) Interest in the Offeror

As at the Latest Practicable Date, none of the Company and any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

(e) Dealings in the securities of the Offeror

During the Relevant Period, none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

(f) Other interests

As at the Latest Practicable Date:

(i) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code;

(ii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code and had any interests in the Shares, convertible securities, warrants, options or derivatives of the Company;

(iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Company;

(iv) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;

(v) save for the intention of Ms. Chong Siak Ching (whose alternate is Mr. Chia Nam Toon), being a non-executive Director, to resign as a Director upon the later of (i) the day immediately after the Closing Date or (ii) the date on which the transfer by Riverbook Group Limited, being a Shareholder holding 1,175,168,505 Shares (the "**Riverbook Shares**") representing approximately 17.12% of the issued share capital of the Company as at the Latest Practicable Date, of the Riverbook Shares is duly completed pursuant to the Share Offer, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(vi) no material contracts have been entered into by the Offeror in which any Director has a material personal interest; and

(vii) none of the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

5. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by the Company or any of its subsidiaries after the date two years before the commencement of the Offer Period, up to and including the Latest Practicable Date:

(i) a share transfer agreement dated 15 July 2011 entered into between Unique Vast Limited ("**Unique Vast**"), an indirect wholly-owned subsidiary of the Company, as the vendor and 大連友誼(集團)股份有限公司 (Dalian Friendship (Group) Co. Ltd.) ("**Dalian Friendship**") as the purchaser in relation to the disposal of the entire equity interests in 瀋陽星獅房地產開發有限公司 (Shenyang Frasers Real Estate Development Co. Ltd.), an indirect wholly-owned subsidiary of the Company established in the PRC, by Unique Vast to Dalian Friendship for a consideration of RMB423.0 million (equivalent to approximately HK$507.6 million) (the "**Disposal**"); and

(ii) an entrusted account agreement dated 15 July 2011 entered into between Unique Vast and Dalian Friendship jointly act as the trustor and Standard Chartered Bank (China) Company Limited ("**SCB China**") as the trustee in relation to the management of the bank account under SCB China which is jointly monitored and managed by Unique Vast as the payee and Dalian Friendship as the payer for the handling and payment of the consideration in connection with the Disposal.

6. SERVICE CONTRACTS

The following letters of appointment were entered into between the Company and the relevant Directors within six months before the commencement of the Offer Period:

	Name of Director	Effective date of the letter of appointment	Term of appointment	Termination of appointment	Remuneration *(Note)*
(i)	Mr. Cheong Fook Seng, Anthony	30 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$139,781 per annum as a Board member
(ii)	Mr. Chia Nam Toon *(alternate to Ms. Chong Siak Ching)*	30 March 2012	No specific term	Terminable by Ms. Chong Siak Ching or the Company by giving at least 3 calendar months' notice in writing	Nil

Name of Director	Effective date of the letter of appointment	Term of appointment	Termination of appointment	Remuneration *(Note)*
(iii) Mr. Chong Kok Kong	27 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$273,972 per annum (HK$139,781 as a Board member, HK$100,643 as a member of the Audit Committee of the Board and HK$33,548 as a member of the Nomination and Remuneration Committee of the Board)
(iv) Ms. Chong Siak Ching	30 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$139,781 per annum as a Board member
(v) Mr. Hui Chiu Chung, *J.P.*	27 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$307,519 per annum (HK$139,781 as a Board member, HK$100,643 as a member of the Audit Committee of the Board and HK$67,095 as the Chairman of the Nomination and Remuneration Committee of the Board)

Name of Director	Effective date of the letter of appointment	Term of appointment	Termination of appointment	Remuneration *(Note)*
(vi) Mr. Hui Choon Kit	28 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$240,424 per annum (HK$139,781 as a Board member and HK$100,643 as a member of the Audit Committee of the Board)
(vii) Mr. Kwee Chong Kok, Michael	23 April 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$324,293 per annum (HK$223,650 as the Chairman of the Board and HK$100,643 as a member of the Audit Committee of the Board)
(viii) Mr. Lim Ee Seng	29 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$173,329 per annum (HK$139,781 as a Board member and HK$33,548 as a member of the Nomination and Remuneration Committee of the Board)
(ix) Mr. Tang Kok Kai, Christopher	28 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$139,781 per annum as a Board member

Name of Director	Effective date of the letter of appointment	Term of appointment	Termination of appointment	Remuneration *(Note)*
(x) Ms. Wong Siu Ming, Helen	27 March 2012	Subject to retirement by rotation at the annual general meeting of the Company at least once every three years	Terminable by either party by giving at least 3 calendar months' notice in writing	For the financial year ended 30 September 2012, HK$307,519 per annum (HK$139,781 as a Board member and HK$167,738 as the Chairman of the Audit Committee of the Board)

Note: The remuneration of the Directors for the financial year ending 30 September 2013 is subject to the review and approval by the nomination and remuneration committee of the Board. As at the Latest Practicable Date, such review and approval procedures had not been completed.

No variable remuneration is payable under each of the letters of appointment as disclosed above.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which are not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which:

(a) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period;

(b) were continuous contracts with a notice period of twelve months or more; or

(c) were fixed term contracts with more than twelve months to run irrespective of the notice period.

7. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given their opinions or advices contained in this Composite Document:

Name	Qualification
CIMB	CIMB Securities Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, which is the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers
CBRE HK Limited	Chartered professional surveyors and valuers
Guangdong Shenhongfa Law Firm	Legal advisers to the Company as to the laws of the PRC

The above experts have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their letters, advices, reports and the references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 30 September 2011, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. GENERAL

(a) The registered office of the Company is situate at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

(b) The principal place of business of the Company in Hong Kong is situate at Suite 2806-2810, 28th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(c) The company secretary of the Company is Mr. Wong Ho Yin, who is a member of the Hong Kong Institute of Certified Public Accountants and a CFA charterholder.

(d) The principal share registrar of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.

(e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(f) The registered office of CIMB is situated at Unit 7706-8, Level 77, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

(g) This Composite Document is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong at Suite 2806-2810, 28th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from 9:30 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) and on the website of the Company at http://www.fraserschina.com and the website of the SFC at www.sfc.hk during the period from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

(a) the memorandum and bye-laws of the Company;

(b) the annual report containing the audited consolidated financial statements of the Company for each of the two years ended 30 September 2010 and 30 September 2011 and the interim report containing the unaudited consolidated financial statements of the Company for the six months ended 31 March 2012;

(c) the letter from the Board, the text of which is set out on pages 18 to 31 of this Composite Document;

(d) the letter from the Independent Board Committee, the text of which is set out on pages 32 to 33 of this Composite Document;

(e) the letter from CIMB, the text of which is set out on pages 34 to 62 of this Composite Document;

(f) the letter, summary of valuations and valuation certificate relating to the property interests of the Group prepared by CBRE HK Limited, the text of which is set out in Appendix III to this Composite Document;

(g) the PRC legal opinion dated 26 October 2012 issued by Guangdong Shenhongfa Law Firm in respect of the property interests of the Group;

(h) the written consents issued by CIMB, CBRE HK Limited and Guangdong Shenhongfa Law Firm referred to in the paragraph headed "7. Qualification and Consent of Experts" in this Appendix;

(i) the material contracts referred to in the paragraph headed "5. Material Contracts" in this Appendix; and

(j) the service contracts referred to in the paragraph headed "6. Service Contracts" in this Appendix.