THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in HKC (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the bank, 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 the transferee(s).

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

CREATOR HOLDINGS LIMITED
創達集團有限公司*
(Incorporated in the British Virgin Islands with limited liability)

HKC (HOLDINGS) LIMITED
香港建設(控股)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 190)
(Warrant code: 1403)
(website: www.*hkcholdings.com*)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF CREATOR HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES AND ALL THE OUTSTANDING WARRANTS (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CREATOR HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF HKC (HOLDINGS) LIMITED

Financial Adviser to Creator Holdings Limited

SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

A letter from Somerley containing, amongst other things, details of the terms and conditions of the Offers is set out on pages 8 to 20 of this Composite Document. A letter from the Board is set out on pages 21 to 29 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders in respect of the Offers is set out on pages 30 to 31 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offers is set out on pages 32 to 52 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar (in respect of the Share Offer and Warrant Offer) or the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Thursday, 7 May 2015 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

* *For identification purpose only*

16 April 2015

CONTENTS

The timetable set out below is indicative and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All the time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement of the Offers *(Note 1)*	Thursday, 16 April 2015
Latest time and date for acceptance of the Offers *(Note 2)*	4:00 p.m. on Thursday, 7 May 2015
Closing Date *(Notes 2 and 4)*	Thursday, 7 May 2015
Announcement of the results of the Offers on the website of the Stock Exchange *(Note 2)*	by 7:00 p.m. on Thursday, 7 May 2015
Latest date of posting of remittances in respect of valid acceptances received under the Offers *(Note 3)*	Monday, 18 May 2015

Notes:

(1) The Offers, which are unconditional in all respects, are made on 16 April 2015, the date of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.

(2) The Offers must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised or extended or have expired. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next closing date of the Offers or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offers are closed, to those Independent Shareholders, Independent Warrantholders and Independent Optionholders who have not accepted the Offers. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be the same day, i.e. 4:00 p.m. on the Closing Date.

(3) Remittances in respect of acceptance of the Offers (after deducting the seller's ad valorem stamp duty) will be made as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares or the Warrants or the Share Options (as the case may be) in respect of such acceptance are received by or for the Offeror to render each such acceptance of any of the Share Offer, the Warrant Offer and the Option Offer complete and valid. Remittances in respect of acceptance of the Offers will be despatched to the accepting Independent Shareholders, Independent Warrantholders or Independent Optionholders by ordinary post at their own risk.

(4) The Offers may not remain open for acceptance for more than four months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise the powers of compulsory acquisition, in which event it must do so without delay.

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

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate(s)"	has the meaning ascribed thereto in the Takeovers Code
"**BLUE** Form of Warrant Offer Acceptance"	the blue form of acceptance and transfer of Warrants in respect of the Warrant Offer
"Board"	the board of directors of the Company
"Business Day"	a business day is a day on which the Stock Exchange is open for the transaction of business
"BVI"	British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Closing Date"	7 May 2015, being the closing date of the Offers which is 21 days following the date on which this Composite Document was posted (or such other date as revised or extended in accordance with the Takeovers Code)
"Company"	HKC (Holdings) Limited (stock code: 190 and warrant code: 1403), a company incorporated in Bermuda with limited liability and the Shares and Warrants of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares and the Sale Warrants pursuant to the Sale and Purchase Agreement
"Completion Date"	29 January 2015, the date on which Completion took place
"Composite Document"	this composite offer and response document jointly issued by the Offeror and the Company to all Shareholders, Warrantholders and Optionholders in accordance with the Takeovers Code in connection with the Offers

"CRE"	China Renewable Energy Investment Limited (stock code: 987), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Directors"	director(s) of the Company
"Encumbrance"	includes without any limitation, with respect to any asset, any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong))
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Forms of Acceptance"	the **WHITE** Form of Share Offer Acceptance, the **BLUE** Form of Warrant Offer Acceptance and the **PINK** Form of Option Offer Acceptance (accompanying this Composite Document), and "Form of Acceptance" means either of them
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all three independent non-executive Directors, namely Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior, established to give a recommendation to the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders regarding the terms of the Offers

"Independent Financial Adviser" or "First Shanghai"	First Shanghai Capital Limited, a corporation licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO, which is the independent financial adviser to the Independent Board Committee in respect of the Offers
"Independent Optionholders"	Optionholders other than the Offeror and parties acting in concert with it
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Independent Warrantholders"	Warrantholders other than the Offeror and parties acting in concert with it
"Joint Announcement"	the announcement dated 26 January 2015 jointly issued by the Company and the Offeror, in relation to, among other things, the Sale and Purchase Agreement and the Offers
"Last Trading Day"	21 January 2015, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Joint Announcement
"Latest Practicable Date"	13 April 2015, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. OEI"	Mr. OEI Kang, Eric, an executive Director and chief executive officer of the Company and a controlling Shareholder
"Offeror"	Creator Holdings Limited, a company incorporated on 23 April 2003 in the BVI with limited liability and owned as to 50% by Mr. OEI and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau
"Offers"	the Share Offer, the Warrant Offer and the Option Offer

"Offer Period"	has the meaning ascribed to it under the Takeovers Code and commences from the date of the Joint Announcement and will end on the Closing Date
"Option Offer"	the mandatory unconditional cash offer as hereby made by Somerley for and on behalf of the Offeror to cancel the outstanding Share Options pursuant to Rule 13.5 of the Takeovers Code
"Option Offer Price"	the offer price for cancellation of each outstanding Share Options under the Option Offer, being HK$0.0001 per Share Option
"Optionholder(s)"	holder(s) of the Share Options
"Overseas"	outside Hong Kong
"**PINK** Form of Option Offer Acceptance"	the pink form of acceptance and cancellation of all outstanding Share Options in respect of the Option Offer
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Registrar"	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, whose office is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
"Relevant Period"	the period from 26 July 2014, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
"Sale and Purchase Agreement"	the conditional sale and purchase agreement entered into between the Vendors and the Offeror in relation to the Sale Shares and the Sale Warrants dated 22 January 2015
"Sale Shares"	1,590,135,289 Shares beneficially owned by the Vendors and sold by them to the Offeror pursuant to the terms of the Sale and Purchase Agreement

"Sale Warrants"	318,027,057 Warrants beneficially owned by the Vendors and sold by them to the Offeror pursuant to the terms of the Sale and Purchase Agreement
"SFC"	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$0.01 each in the issued share capital of the Company
"Share Offer"	the mandatory unconditional cash offer as hereby made by Somerley for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with the Takeovers Code
"Share Offer Price"	the price at which the Share Offer is made, being HK$0.25 per Share
"Share Option(s)"	the share option(s) granted or to be granted under the Share Option Scheme
"Share Option Scheme"	the share option scheme adopted by the Company on 16 June 2006
"Shareholder(s)"	holder(s) of Shares
"Somerley"	Somerley Capital Limited, a corporation licensed by the SFC under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Offeror in respect of the Offers
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers
"Vendors"	(i) Promontoria Holding XXI B.V. and (ii) Cerberus International, Ltd.

"Warrant(s)"	the bonus warrant(s) issued by the Company which entitle the holders to subscribe for new Shares at an initial subscription price of HK$0.17 per Share in cash, subject to adjustments, at any time during the period commencing from 16 October 2014 to 15 October 2015
"Warrant Offer"	the mandatory unconditional cash offer as hereby made by Somerley for and on behalf of the Offeror to acquire all the issued Warrants not already owned or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with Rule 13.5 of the Takeovers Code
"Warrant Offer Price"	the price at which the Warrant Offer is made, being HK$0.08 per Warrant
"Warrantholder(s)"	holder(s) of Warrants
"**WHITE** Form of Share Offer Acceptance"	the white form of acceptance and transfer of Shares in respect of the Share Offer
"%"	per cent.

SOMERLEY CAPITAL LIMITED
20th floor
China Building
28 Queen's Road Central
Hong Kong

16 April 2015

To the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF CREATOR HOLDINGS LIMITED TO ACQUIRE
ALL THE ISSUED SHARES AND ALL THE OUTSTANDING WARRANTS
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY CREATOR HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT
WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS
OF
HKC (HOLDINGS) LIMITED**

INTRODUCTION

On 26 January 2015, the Offeror and the Company jointly announced that on 22 January 2015, the Vendors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares, being 1,565,348,316 and 24,786,973 Shares beneficially owned by Promontoria Holding XXI B.V. and Cerberus International, Ltd. respectively, and the Sale Warrants, being 313,069,663 and 4,957,394 Warrants beneficially owned by Promontoria Holding XXI B.V. and Cerberus International, Ltd. respectively, free and clear from all Encumbrances and together with all rights attaching to them, including (in the case of the Sale Shares) all rights to any dividend or other distribution declared, made or paid, the record date of which was on or after the Completion Date. The Sale Shares and the Sale Warrants represent approximately 13.7% of the entire issued share capital of the Company and approximately 16.8% of the total number of Warrants in issue, respectively, as at the Latest Practicable Date.

The aggregate consideration for the Sale Shares and the Sale Warrants pursuant to the Sale and Purchase Agreement amounted to HK$397,533,822.25 and HK$25,442,164.56, equivalent to HK$0.25 per Sale Share and HK$0.08 per Sale Warrant, respectively, which was determined following arm's length negotiations between the Offeror and the Vendors. Completion of the Sale and Purchase Agreement took place on the Completion Date (i.e. 29 January 2015).

Immediately following Completion, the Offeror, its ultimate beneficial owners and their respective parties acting in concert were interested in 6,775,979,889 Shares (representing approximately 58.4% of the then existing issued share capital of the Company), 1,000,569,288 Warrants (representing approximately 52.8% of the then existing total number of Warrants in issue) and 22,997,410 Share Options. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make a mandatory unconditional offer in cash for all the issued Shares and all outstanding Warrants (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options in the period prior to the close of the Offers.

This letter sets out, among other things, the principal terms of the Offers, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offers and procedures of acceptance 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 as well as the letter from the Independent Board Committee and the letter from the Independent Financial Adviser in respect of the Offers, as contained in this Composite Document.

MANDATORY UNCONDITIONAL CASH OFFERS

As at the Latest Practicable Date, the Company had (i) 11,598,238,840 Shares in issue; (ii) outstanding Warrants conferring rights on the Warrantholders to subscribe for up to an aggregate of 1,892,023,670 new Shares at HK$0.17 per Share (subject to adjustment, if any) until 15 October 2015; and (iii) outstanding Share Options conferring rights on the Optionholders to subscribe for up to an aggregate of 164,396,199 Shares, of which:

a. 25,591,723 Share Options were vested and exercisable at HK$1.066 per Share until 14 December 2016;

b. 13,329,036 Share Options were vested and exercisable at HK$1.726 per Share until 2 July 2017;

c. 75,975,440 Share Options were vested and exercisable at HK$1.242 per Share until 31 January 2018;

d. 9,900,000 Share Options were vested and exercisable at HK$0.269 per Share during an exercise period until 14 April 2016;

e. 14,850,000 Share Options were vested and exercisable at HK$0.269 per Share during an exercise period until 14 April 2017; and

f. 24,750,000 Share Options were vested and exercisable at HK$0.269 per Share during an exercise period until 14 April 2018.

As at the Latest Practicable Date, 1,892,023,670 Warrants and 164,396,199 Share Options were outstanding. If such Warrants and Share Options are exercised in full, the Company will have to issue 2,056,419,869 new Shares, representing approximately 15.1% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of the aforementioned new Shares.

As at the Latest Practicable Date, save for the outstanding Warrants and Share Options as mentioned above, the Company had no other outstanding warrants, derivatives, share options, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Principal terms of the Offers

Somerley is making the Offers, which will be unconditional, for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

The Share Offer For every Share. . . . .**HK$0.25 in cash**

The Share Offer Price is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Warrant Offer For every Warrant . . . .**HK$0.08 in cash**

The Warrant Offer Price is the same as the price per Sale Warrant payable by the Offeror under the Sale and Purchase Agreement, which is also equivalent to the see-through price of the Warrants, being the difference between the Share Offer Price and the exercise price of the Warrants.

For cancellation of each
Share Option with exercise prices of
HK$1.066, HK$1.726, HK$1.242 and
HK$0.269 per Share. . . . .**HK$0.0001 in cash**

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Share Offer Price. However, as the exercise prices of the Share Options are above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price is at nominal value of HK$0.0001 per Share Option.

On 23 March 2015, the Offeror announced that it will not increase the Share Offer Price, the Warrant Offer Price and the Option Offer Price. Independent Shareholders, Independent Warrantholders, Independent Optionholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Option Price, the Warrant Offer Price and the Option Offer Price save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.

Comparisons of value

The Share Offer Price of HK$0.25 per Share represents:

(i) a premium of approximately 17.92% over the closing price of HK$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 19.62% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$0.209 per Share;

(iii) a premium of approximately 20.77% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$0.207 per Share;

(iv) a discount of approximately 74.75% to the audited net tangible asset value of the Group of approximately HK$0.99 per Share as at 31 December 2014 based on 11,598,238,840 Shares in issue as at the Latest Practicable Date; and

(v) a discount of approximately 1.96% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Warrant Offer Price of HK$0.08 per Warrant represents:

(i) a premium of 60.00% over the closing price of HK$0.050 per Warrant as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 63.27% over the average of the closing prices of the Warrants as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$0.049 per Share;

(iii) a premium of approximately 63.27% over the average of the closing prices of the Warrants as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$0.049 per Share; and

(iv) a discount of approximately 2.44% to the closing price of HK$0.082 per Warrant as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share and Warrant closing prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.260 per Share on 17 March 2015 and HK$0.188 per Share on 3, 17 and 20 October 2014 respectively.

The highest and lowest closing prices of the Warrants as quoted on the Stock Exchange during the Relevant Period were HK$0.083 per Warrant on 17 March 2015 and HK$0.032 per Warrant on 17 and 20 October 2014 respectively.

Value of the Offers

As at the Latest Practicable Date, there were 11,598,238,840 Shares in issue.

Assuming there is no change in the issued share capital of the Company and none of the Warrants and Share Options are exercised prior to the close of the Offers, and on the basis of the Share Offer Price of HK$0.25 per Share, the entire issued share capital of the Company would be valued at HK$2,899,559,710.00. As the Offeror and its parties acting in concert together own 6,781,746,889 Shares as at the Latest Practicable Date, the number of Shares subject to the Share Offer is 4,816,491,951. Accordingly in the event that the Share Offer is accepted in full, the Shares subject to the Share Offer will be valued at HK$1,204,122,987.75 based on the Share Offer Price.

Assuming none of the Warrants are exercised prior to the close of the Offers and on the basis of the Warrant Offer Price of HK$0.08 per Warrant, 1,892,023,670 outstanding Warrants as at the Latest Practicable Date is valued at HK$151,361,893.60. As the Offeror and its parties acting in concert together own 1,000,569,288 Warrants as at the Latest Practicable Date, 891,454,382 Warrants will be subject to the Warrant Offer which are valued at HK$71,316,350.56 based on the Warrant Offer Price.

Assuming none of the Share Options are exercised prior to the close of the Offers, the outstanding Share Options is valued at approximately HK$16,439.62. As the Offeror and its parties acting in concert together own 22,997,410 Share Options as at the Latest Practicable Date, 141,398,789 Share Options will be subject to the Option Offer which are valued at approximately HK$14,139.88 in aggregate based on the Option Offer Price. Based on the above and assuming that no Warrants and Share Options are exercised prior to the close of the Offers, the Offers are valued at approximately HK$1,275,453,478.19 in aggregate.

In the event all the Warrants and Share Options are exercised in full by the Independent Warrantholders and Independent Optionholders prior to the Closing Date, the Company will have to issue 1,032,853,171 new Shares, representing approximately 8.2% of the then issued share capital of the Company as enlarged by the issue and allotment of the aforesaid new Shares, and assuming that the Share Offer is accepted in full in respect of all Shares issued and allotted as a result of the exercise of the Warrants and Share Options in full by the Independent Warrantholders and Independent Optionholders, the maximum value of the Share Offer will be increased to HK$1,462,336,280.50. In that case, no amount will be payable by the Offeror under the Warrant Offer and the Option Offer.

Confirmation of financial resources available for the Offers

The financial resources required from the Offeror to satisfy the consideration for the Offers amount to an aggregate of HK$1,462,336,280.50. The Offeror intends to finance such amount by its own internal resources.

Somerley, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers and confirms that there have been no material changes to the availability of the financial resources since the date of the Joint Announcement.

Effect of accepting the Offers

By validly accepting the Share Offer, the Independent Shareholders will sell their Shares fully paid and free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the Closing Date. Acceptance of the Share Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the Closing Date. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

In accordance with the terms of the warrant instrument of the Company adopted on 23 September 2014, the Warrantholders are entitled to exercise the Warrants (to the extent not already exercised) to its full extent at any time up to the close of the Offers, after which the Warrants shall remain valid and subsisting according to the terms of the warrant instrument.

By validly accepting the Warrant Offer, the Independent Warrantholders will sell their Warrants free from all encumbrances and together with all rights attaching to them at any time on or after the Closing Date. Acceptance of the Warrant Offer by any Independent Warrantholder will be deemed to constitute a warranty by such person that all Warrants sold by such person under the Warrant Offer are free from all encumbrances whatsoever and together with all rights accruing or attaching thereto on or after the Closing Date. Acceptances of the Warrant Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

In accordance with the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Share Options (to the extent not already exercised) to its full extent at any time up to the close of the Option Offer, after which the Share Options shall automatically lapse according to the rules of the Share Option Scheme.

By validly accepting the Option Offer, the Share Options tendered by the Independent Optionholders will be cancelled and renounced. Acceptance of the Option Offer by any Independent Optionholder will be deemed to constitute a warranty by such person that all Share Options tendered by such person under the Option Offer are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto at any time on or after the Closing Date. Acceptances of the Option Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer and/or the Warrant Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Independent Shareholders or the Independent Warrantholders, or (if higher) the value of the Shares and/or the Warrants as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Independent Shareholders and/or the Independent Warrantholders who accept the Share Offer and/or the Warrant Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance, or (if higher) the value of the Shares and/or the Warrants as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares and/or the Warrants which are validly tendered for acceptance under the Share Offer and/or the Warrant Offer.

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

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Offers and the relevant documents of title of the Shares, the Warrants and the Share Options (as the case may be) in respect of such acceptances 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 cash consideration payable to a Shareholder, a Warrantholder or a Optionholders (as the case may be) who accepts the Offers will be rounded up to the nearest cent.

Taxation advice

Independent Shareholders, Independent Warrantholders and Independent 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, its parties acting in concert, the Company, Somerley, and their respective ultimate beneficial owners, directors, officers, agents 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 holders of Shares, Warrants and Share Options

The Offers will be made available to all Independent Shareholders, Independent Warrantholders and Independent Optionholders, including Overseas holders of Shares, Warrants and Share Options. The making of the Offers to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. Overseas holders of Shares, Warrants and Share Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, consult their professional advisers.

It is the sole responsibility of the Overseas holders of Shares, Warrants and Share Options who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental 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 holders of Shares, Warrants and Share Options in respect of such jurisdictions).

Any acceptance by any Overseas holders of Shares, Warrants and Share Options will be deemed to constitute a representation and warranty from such Overseas holders of Shares, Warrants and Share Options that the local laws and requirements have been complied with.

Acceptance and settlement

Your attention is 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 Forms of Acceptance.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (based on the information received from the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; (ii) immediately after Completion; and (iii) as at the Latest Practicable Date:

	Immediately before Completion		**Immediately after Completion**		**As at the Latest Practicable Date**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The Offeror and its parties acting in concert	5,185,844,600	44.7%	6,775,979,889	58.4%	6,781,746,889[1]	58.5%
The Vendors	1,590,135,289	13.7%	–	0.0%	–	0.0%
Directors	180,000	0.0%	180,000	0.0%	180,000	0.0%
Public Shareholders	4,819,754,675	41.6%	4,819,754,675	41.6%	4,816,311,951	41.5%
Total	11,595,914,564	100.0%	11,595,914,564	100.0%	11,598,238,840[2]	100.0%

Notes:

(1) A total of 5,767,000 Shares were purchased by the Offeror at the Share Offer Price during the period from the Completion Date to the Latest Practicable Date.

(2) A total of 2,324,276 new Shares were issued upon the exercise of the Warrants during the period from the Completion Date to the Latest Practicable Date.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI and is wholly-owned by Claudio Holdings Limited, a company owned as to 50% by Mr. OEI, who is the executive Director and Chief Executive Officer of the Company, and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau. Mr. OEI and Mrs. OEI Valonia Lau are the existing ultimate controlling Shareholders. The main assets of the Offeror are the Shares and the Warrants it holds in the Company.

The directors of the Offeror are Mr. OEI and Mrs. OEI Valonia Lau.

INFORMATION ON THE COMPANY

The Shares have been listed on the Stock Exchange since May 1987. In 2006, as part of the corporate restructuring exercise, the Board proposed a change of domicile of the Company from Hong Kong to Bermuda by way of the scheme of arrangement, pursuant to which the structure of the Group was reorganised such that the Company, which was incorporated in Bermuda with limited liability on 14 April 2005, became the new holding company of the Group.

The Group is principally engaged in the property development, property investment and leasing and infrastructure mainly in the PRC. It also invests, through its 54.1% owned CRE, in alternative energy projects in the PRC.

Based on the published financial statements of each of the Company and CRE for the past three financial years ended 31 December 2013 and the latest six-month interim period ended 30 June 2014, CRE's value relative to the Company's in terms of net assets and net profits fall in the range of approximately 13.7% to 14.4% and approximately 5.5% to 38.7% respectively, i.e. substantially/significantly below the 60% threshold as prescribed under Note 8 to Rule 26.1 of the Takeovers Code. The only exception occurred in 2014 when the Group made a loss of approximately HK$187.4 million for the six-month period ended 30 June 2014 whereas CRE made a small profit of approximately HK$5.7 million for the same period. Such loss is chiefly attributable to a significant and unusual impairment losses of approximately HK$223.5 million in respect of the Tianjin and Shenyang property projects of the Group. These impairment losses are due to unusual conditions and do not reflect the core earnings capability of the Group. Such impairment losses should be non-recurring in nature on the ground that the China property sector experienced a significant deterioration during the first half of 2014 as a result of the government's measures to curb speculation in the market-measures that are now being reversed. This can be demonstrated by certain relaxation on certain rules governing the maximum number of homes that buyers are allowed to purchase; reduction in interest rates; relaxation of mortgage restrictions for homebuyers; and increase in the number of banks offering discounts to the benchmark for first home mortgages.

The Offeror has applied for a ruling to the Executive, and the Executive has confirmed that the Offeror is not required to make a general offer for the shares of CRE under Note 8 to Rule 26.1 of the Takeovers Code as a result of the acquisition of the Sale Shares and the Sale Warrants by the Offeror.

OFFEROR'S REASONS FOR THE OFFERS AND INTENTIONS WITH REGARD TO THE COMPANY

The China property sector showed significant deterioration in 2014. China's economy slowed during the year, with GDP growth of 7.4% for 2014 compared to 7.7% for 2013. The government's five measures to reduce speculation in the market in 2013 had a clear impact on market sentiment. Fearing price declines and tight bank mortgages, buyers held off on purchases. As a result, transaction volumes dropped, and housing inventory increased. To clear this inventory, many developers cut prices. The government is now beginning to reverse its credit tightening policies, but outlook remains uncertain.

For the Group, the impact has been most apparent in the disappointing sales of luxury units after introduction of the purchase control on buyers seeking more than one unit. With the government measures discouraging buyers owning multiple units, demand has declined for the larger luxury high rise units and villas. Sales for larger units in the Group's Tianjin and Shenyang markets have therefore been adversely affected, with many buyers taking a "wait-and-see" attitude.

In these circumstances, the Offeror agreed to acquire the Sale Shares at a price of HK$0.25 per Sale Share and the Sale Warrants at a price of HK$0.08 per Sale Warrant. These Sale Shares and Sale Warrants were held by the largest institutional shareholders of the Company and such acquisition triggers the making of the Offers as a mandatory general offer under the Takeovers Code. Given the low trading volume of the Company's Shares and Warrants, the Offers provide an opportunity for all the Independent Shareholders, Independent Warrantholders and Independent Optionholders to realise their Shares, Warrants and Share Options in an orderly manner for cash at the same price.

The Share Offer Price represents a premium of approximately 17.92% over the market price of the Shares on the Stock Exchange as at the Last Trading Date. The Offeror believes the Share Offer Price fairly reflects the present position of the Group and its prospects for the foreseeable future, and urges all Independent Shareholders to accept the Share Offer.

If a sufficient number of acceptances is received, the Offeror will exercise its right to privatize the Company. If the acceptance level necessary to privatize the Company is not achieved, the Company will continue the listing of its Shares on the Stock Exchange. In any event, the Offeror intends that the Company should take whatever measures are needed to safeguard its long-term future. By means of the Share Offer, Independent Shareholders will have been afforded the opportunity to sell their shares for cash at a premium to recent market prices or to remain as shareholders in the awareness of upcoming challenges which face the Company.

The Offeror intends to continue with the existing business of the Group and does not intend to introduce significant changes to the existing operations, including any redeployment of the fixed assets of the Group. It is also the intention of the Offeror that there will not be significant changes in the management and employees of the Group as a result of the Offers.

COMPULSORY ACQUISITION AND CONTINUATION OF LISTING

If the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Shares for which the Share Offer is made, the Offeror will consider to avail itself of the Companies Act 1981 of Bermuda to compulsorily acquire any outstanding Shares and to apply for a de-listing of Shares from the Stock Exchange. In accordance with the provisions of the Companies Act 1981 of Bermuda, Shares owned by the Offeror or its subsidiary or their nominees at the date of the Offers do not count towards the 90%. In such circumstances, the Offeror will offer the same terms to all holders of Shares of the same class. The holders of Shares who accept the Share Offer, in addition to holding not less than 90% in value of the Shares held by Independent Shareholders must also represent not less than 75% in number of the holders of those Shares held by Independent Shareholders. Dissenting Shareholders may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one month of the notice of compulsory acquisition being given.

However, if the Offeror receives acceptances of the Share Offer for less than 90% of the Shares for which the Share Offer is made, it is the intention of the directors of the Offeror that the listing of the Shares on the Stock Exchange should be maintained and appropriate steps will be taken by the Offeror as soon as possible following the Closing Date to ensure that not less than 25% of the Shares will be held in public hands. The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares. In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Bermuda Companies Act or otherwise, the Offeror intends the Company to remain listed on the Stock Exchange and the directors of the Offeror have jointly and severally undertaken (and procure any new Directors to be appointed to the Board (if any) to undertake) to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatize the Company by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying the requirements imposed by the Companies Act 1981 of Bermuda, acceptances of the Share Offer and purchases (in each case, of the Shares held by the Independent Shareholders (being issued Shares other than those held by the Offeror or parties acting in concert with it)) made by the Offeror and persons acting in concert with it during the period of 4 months after posting of the Composite Document, total 90% of the Shares held by the Independent Shareholders.

If the level of acceptances of the Share Offer reaches the prescribed level as required by Section 102(1) of the Companies Act 1981 of Bermuda and is permitted to do so under Rule 2.11 of the Takeovers Code, the Offeror will consider to avail itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act 1981 of Bermuda.

If the level of acceptances of the Share Offer reaches the prescribed level under Section 102(1) of the Companies Act 1981 of Bermuda and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatization of the Company, the Company will apply for the withdrawal of listing of the Shares and the Warrants from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares and the Warrants from the close of the Offers up to the withdrawal of listing of the Shares from the Stock Exchange.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Ms. YEN Teresa, a non-executive Director, is expected to resign with effect after the Closing Date in compliance with the Takeovers Code. Other than the change to the Board referred to above, the Offeror has no intention to make any significant changes to the existing management or employees of the Group.

GENERAL

To ensure equality of treatment of all Independent Shareholders and Independent Warrantholders, those registered Independent Shareholders and/or Independent Warrantholders who hold the Shares and (as the case may be) the Warrants as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares and (as the case may be) the Warrants whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

The attention of the Overseas holders of Shares, Warrants and Share Options is drawn to paragraph headed "9. Overseas holders of Shares, Warrants and Share Options" in Appendix I to this Composite Document.

All communications, notices, Forms of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders, the Independent Warrantholders and/or the Independent Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Somerley and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Forms of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully
For and on behalf of
Somerley Capital Limited
M. N. Sabine
Chairman

HKC (HOLDINGS) LIMITED
香港建設（控股）有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 190)
(Warrant code: 1403)
(website: www.*hkcholdings.com*)

Executive Directors
Mr. OEI Kang, Eric (*Chief Executive Officer*)
Mr. CHAN Kwok Fong, Joseph (*Chief Financial Officer*)
Mr. LEE Shiu Yee, Daniel
Mr. WONG Jake Leong, Sammy

Non-executive Directors
Mr. OEI Tjie Goan (*Chairman*)
Ms. YEN Teresa

Independent Non-executive Directors
Mr. CHUNG Cho Yee, Mico
Mr. CHENG Yuk Wo
Mr. Albert Thomas DA ROSA, Junior

Registered office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong
9th Floor, Tower 1
South Seas Centre
75 Mody Road
Tsimshatsui East
Kowloon
Hong Kong

16 April 2015

To the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF CREATOR HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES AND ALL THE OUTSTANDING WARRANTS (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CREATOR HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF HKC (HOLDINGS) LIMITED

1. INTRODUCTION

In the Joint Announcement dated 26 January 2015, the Offeror and the Company announced, among other things, the Sale and Purchase Agreement and the possible Offers. Pursuant to the terms of the Sale and Purchase Agreement, the Offeror has conditionally agreed

* *For identification purpose only*

to acquire and the Vendors have conditionally agreed to sell the Sale Shares, being 1,565,348,316 and 24,786,973 and the Sale Warrants, being 313,069,663 and 4,957,394 Warrants, for a total consideration of HK$397,533,822.25 and HK$25,442,164.56, equivalent to HK$0.25 per Sale Share and HK$0.08 per Sale Warrant, respectively.

As subsequently announced by the Offeror and the Company on 29 January 2015, the Completion took place on 29 January 2015.

Immediately following Completion, the Offeror, its ultimate beneficial owners and their respective parties acting in concert were interested in 6,775,979,889 Shares (representing approximately 58.4% of the then existing issued share capital of the Company), 1,000,569,288 Warrants (representing approximately 52.8% of the then existing total number of Warrants in issue) and 22,997,410 Share Options. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make a mandatory unconditional offer in cash for all the issued Shares and all outstanding Warrants (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options in the period prior to the close of the Offers.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offers, certain background information on the Offeror and the intentions of the Offeror regarding the business of the Group. Further details on the terms of the Offers and details of the procedures for acceptance and settlement of the Offer are set out in the "Letter from Somerley", Appendix I – "Further terms of the Offers and procedures of acceptance" to this Composite Document and in the accompanying Form of Acceptance.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers, and to set out (i) the letter from the Independent Board Committee containing its advice to the Independent Shareholders, Independent Warrantholders and Independent Optionholders in respect of the Offers and (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers. The Independent Shareholders, the Independent Warrantholders and Independent Optionholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

2. THE OFFERS

As disclosed in the "Letter from Somerley" in this Composite Document, Somerley is, for and on behalf of the Offeror, making the Offers in compliance with the Takeovers Code on the following terms:

Principal terms of the Offers

Share Offer
for each Share . . . . .HK$0.25 in cash

The Share Offer Price is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

Warrant Offer
for each Warrant . . . . **HK$0.08 in cash**

The Warrant Offer Price is the same as the price per Sale Warrant payable by the Offeror under the Sale and Purchase Agreement, which is also equivalent to the see-through price of the Warrants, being the difference between the Share Offer Price and the exercise price of the Warrants.

For cancellation of each
Share Option with exercise prices of
HK$1.066, HK$1.726, HK$1.242 and
HK$0.269 per Share . . . . **HK$0.0001 in cash**

On 23 March 2015, the Offeror announced that it will not increase the Share Offer Price, the Warrant Offer Price and the Option Offer Price. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Share Offer Price. However, as the exercise prices of the Share Options are above the Share Offer Price, the outstanding Share Options are out of money and their Option Offer Price is a nominal HK$0.0001 per Share Option.

The Offers are extended to all Independent Shareholders, Independent Warrantholders and Independent Optionholders in accordance with the Takeovers Code. The Share Offer will extend to all Shares in issue on the date on which the Offers are made, being the date of dispatch of the Composite Document, and to any further Shares which are unconditionally allotted or issued on the exercise of the Warrants and the Share Options, other than those Shares held by the Offeror and its parties acting in concert.

Comparisons of value

The Share Offer Price of HK$0.25 per Share represents:

(i) a premium of approximately 17.92% over the closing price of HK$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 19.62% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$0.209 per Share;

(iii) a premium of approximately 20.77% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$0.207 per Share;

(iv) a discount of approximately 74.49% to the unaudited net tangible asset value of the Group of approximately HK$0.98 per Share as at 30 June 2014 and approximately 74.75% to the audited net tangible asset value of the Group of approximately HK$0.99 per Share as at 31 December 2014, both based on 11,598,238,840 Shares in issue as at the Latest Practicable Date; and

(v) a discount of approximately 1.96% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Warrant Offer Price of HK$0.08 per Warrant represents:

(i) a premium of 60.00% over the closing price of HK$0.050 per Warrant as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 63.27% over the average of the closing prices of the Warrants as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$0.049 per Share;

(iii) a premium of approximately 63.27% over the average of the closing prices of the Warrants as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$0.049 per Share; and

(iv) a discount of approximately 2.44% to the closing price of HK$0.082 per Warrant as quoted on the Stock Exchange on the Latest Practicable Date.

The Offers are unconditional.

By validly accepting the Share Offer, the Independent Shareholders will sell their Shares fully paid and free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the Closing Date. Acceptance of the Share Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the Closing Date. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

In accordance with the terms of the warrant instrument of the Company adopted on 23 September 2014, the Warrantholders are entitled to exercise the Warrants (to the extent not already exercised) to its full extent at any time up to the close of the Offers, after which the Warrants shall remain valid and subsisting according to the terms of the warrant instrument.

By validly accepting the Warrant Offer, the Independent Warrantholders will sell their Warrants free from all encumbrances and together with all rights attaching to them at any time on or after the Closing Date. Acceptance of the Warrant Offer by any Independent

Warrantholder will be deemed to constitute a warranty by such person that all Warrants sold by such person under the Warrant Offer are free from all encumbrances whatsoever and together with all rights accruing or attaching thereto on or after the Closing Date. Acceptances of the Warrant Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

In accordance with the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Share Options (to the extent not already exercised) to its full extent at any time up to the close of the Option Offer, after which the Share Options shall automatically lapse according to the rules of the Share Option Scheme. By validly accepting the Option Offer, the Share Options tendered by the Independent Optionholders will be cancelled and renounced. Acceptance of the Option Offer by any Optionholder will be deemed to constitute a warranty by such person that all Share Options tendered by such person under the Option Offer are free from all encumbrances whatsoever and together with all rights accruing or attaching thereto at any time on or after the Closing Date. Acceptances of the Option Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Please also refer to the "Letter from Somerley" and Appendix I to this Composite Document for further information in relation to the terms of the Offers, the making of the Offers to the Overseas holders of Shares, Warrants and Share Options, taxation, acceptance and settlement procedures of the Offers.

3. INTENTIONS REGARDING THE BUSINESS OF THE GROUP

The Offeror is incorporated in the BVI and is wholly-owned by Claudio Holdings Limited, a company owned as to 50% by Mr. OEI, who is the executive Director and Chief Executive Officer of the Company, and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau and Mr. OEI and Mrs. OEI Valonia Lau are the existing ultimate controlling Shareholders. The Offeror is a holding company, the main assets of which are the Shares and the Warrants it holds in the Company. Please refer to the "Letter from Somerley" in this Composite Document for more information about it.

Your attention is drawn to the "Letter from Somerley" in this Composite Document which sets out the intention of the Offeror regarding the business and employees of the Group. The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror in the interests of the Company and the Shareholders as a whole.

4. INFORMATION ABOUT THE GROUP

The Shares have been listed on the Stock Exchange since May 1987. In 2006, as part of the corporate restructuring exercise, the Board proposed a change of domicile of the Company from Hong Kong to Bermuda by way of the scheme of arrangement, pursuant to which the structure of the Group was reorganised such that the Company, which was incorporated in Bermuda with limited liability on 14 April 2005, became the new holding company of the Group.

The Company is an investment holding company. The Group is principally engaged in the property development, property investment and leasing and infrastructure mainly in the PRC. It also invests, through its 54.1% owned CRE, in alternative energy projects in the PRC.

As stated by the Company in the published Annual Reports of the Company in 2013, it is the corporate strategy of the Group to explore opportunities to sell its non-core properties and projects which no longer match with the growth direction of the Group so as to unlock the value of the Group's assets. The Group has been receiving from time to time proposals from several prospective buyers who have expressed interest in acquiring non-core properties and projects of the Group. It is the intention of the Group to continue to explore and actively engage in negotiations with such prospective buyers to capture any suitable opportunities as they arise in the ordinary course of management of the investments of the Group. As at the Latest Practicable Date, the Group had not entered into any definitive or legally binding agreements or arrangements with any third parties for the disposal of those properties or projects. The Group intends to enter into memorandum of understanding for such possible disposals in due course as negotiations with the counterparties are progressing but are yet to be finalised. The Company is cognizant of its duties and obligations under the Listing Rules and the Takeovers Code (including, if relevant, restrictions against taking frustrating actions under Rule 4 of the Takeovers Code) and the Hong Kong law generally, and will continue to monitor closely any progress and comply with the applicable rules and regulations, including making announcements where required.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (based on the information received from the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; (ii) immediately after Completion; and (iii) as at the Latest Practicable Date:

	Immediately before Completion		**Immediately after Completion**		**As at the Latest Practicable Date**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The Offeror and its parties acting in concert	5,185,844,600	44.7%	6,775,979,889	58.4%	6,781,746,889[(1)]	58.5%
The Vendors	1,590,135,289	13.7%	–	0.0%	–	0.0%
Directors	180,000	0.0%	180,000	0.0%	180,000	0.0%
Public Shareholders	4,819,754,675	41.6%	4,819,754,675	41.6%	4,816,311,951	41.5%
Total	11,595,914,564	100.0%	11,595,914,564	100.0%	11,598,238,840[(2)]	100.0%

Notes:

(1) A total of 5,767,000 Shares were purchased by the Offeror at the Share Offer Price during the period from the Completion Date to the Latest Practicable Date.

(2) A total of 2,324,276 new Share were issued upon the exercise of the Warrants during the period from the Completion Date to the Latest Practicable Date.

6. COMPULSORY ACQUISITION

If the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Shares for which the Share Offer is made, the Offeror will consider to avail itself of the Companies Act 1981 of Bermuda to compulsorily acquire any outstanding Shares and to apply for a de-listing of Shares from the Stock Exchange. In accordance with the provisions of the Companies Act 1981 of Bermuda, Shares owned by the Offeror or its subsidiary or their nominees at the date of the Offers do not count towards the 90%. In such circumstances, the Offeror will offer the same terms to all holders of Shares of the same class. The holders of Shares who accept the Share Offer, in addition to holding not less than 90% in value of the Shares held by Independent Shareholders must also represent not less than 75% in number of the holders of those Shares held by Independent Shareholders. Dissenting Shareholders may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one month of the notice of compulsory acquisition being given.

However, if the Offeror receives acceptances of the Share Offer for less than 90% of the Shares for which the Share Offer is made, it is the intention of the directors of the Offeror that the listing of the Shares on the Stock Exchange should be maintained and appropriate steps will be taken by the Offeror as soon as possible following the Closing Date to ensure that not less than 25% of the Shares will be held in public hands. The Stock Exchange has stated that if, at the close of the Offers, if less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares. In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Bermuda Companies Act or otherwise, the Offeror intends the Company to remain listed on the Stock Exchange and the directors of the Offeror have jointly and severally undertaken (and procure any new Directors to be appointed to the Board (if any) to undertake) to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatize the Company by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying the requirements imposed by the Companies Act 1981 of Bermuda, acceptances of the Share Offer and purchases (in each case, of the Shares held by the Independent Shareholders (being issued Shares other than those held by the Offeror or parties acting in concert with it)) made by the Offeror and persons acting in concert with it during the period of 4 months after posting of the Composite Document, total 90% of the Shares held by the Independent Shareholders.

If the level of acceptances of the Share Offer reaches the prescribed level as required by Section 102(1) of the Companies Act 1981 of Bermuda and is permitted to do so under Rule 2.11 of the Takeovers Code, the Offeror will consider to avail itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act 1981 of Bermuda.

If the level of acceptances of the Share Offer reaches the prescribed level under Section 102(1) of the Companies Act 1981 of Bermuda and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatization of the Company, the Company will apply for the withdrawal of listing of the Shares and the Warrants from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares and the Warrants from the close of the Share Offers up to the withdrawal of listing of the Shares from the Stock Exchange.

7. PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Ms. YEN Teresa, a non-executive Director, is expected to resign with effect after the Closing Date in compliance with the Takeovers Code. Other than the change to the Board referred to above, the Offeror has no intention to make any significant changes to the existing management or employees of the Group.

8. RECOMMENDATION

The Independent Board Committee has been established to make a recommendation to the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers. With the approval of the Independent Board Committee, First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers.

Your attention is drawn to the "Letter from the Independent Board Committee" immediately following this letter, which contains (i) the recommendation of the Independent Board Committee to the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders in respect of the Offers; and (ii) the "Letter from the Independent Financial Adviser" set out immediately thereafter in this Composite Document, which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offers and the principal factors considered by it in arriving at its opinions and recommendations.

The Independent Shareholders, the Independent Warrantholders and the Independent Optionholders are urged to read these letters carefully before taking any action in respect of the Offers.

9. ADDITIONAL INFORMATION

You are recommended to read this Composite Document and the Forms of Acceptance for information relating to the terms of the Offers and procedures for acceptance and settlement of the Offers.

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

Yours faithfully,
For and on behalf of
the board of directors of
HKC (HOLDINGS) LIMITED
CHAN Kwok Fong, Joseph
Executive Director

HKC (HOLDINGS) LIMITED
香港建設（控股）有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 190)
(Warrant code: 1403)
(website: www.*hkcholdings.com*)

16 April 2015

To the Independent Shareholders, Independent Warrantholders and the Independent Optionholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF CREATOR HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES AND ALL THE OUTSTANDING WARRANTS (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CREATOR HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF HKC (HOLDINGS) LIMITED

INTRODUCTION

We refer to the Composite Document dated 16 April 2015 issued jointly by the Offeror and the Company of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offers and to make a recommendation to you as to whether, in our opinion, the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders are concerned, and as to acceptance thereof.

First Shanghai has been appointed as the independent financial adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the "Letter from the Independent Financial Adviser" on pages 32 to 52 of the Composite Document.

* *For identification purpose only*

We also wish to draw your attention to the "Letter from the Board", the "Letter from Somerley" and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having considered the terms of the Offers and the letter of advice and recommendation from First Shanghai, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders are concerned, and therefore we recommend the Independent Shareholders to accept the Share Offer, the Independent Warrantholders to accept the Warrant Offer, and the Independent Optionholders to accept the Option Offer.

Independent Shareholders and Independent Warrantholders are reminded to carefully monitor the market price and liquidity of the Shares and Warrants during the Offer Period and consider selling their Shares and Warrants (as the case may be) in the open market during the Offer Period, where possible, rather than accepting the Share Offer and Warrant Offer (as the case may be), if the net proceeds from the sale of such Shares and Warrants (as the case may be) in the open market would exceed the net amount receivable under the Share Offer and Warrant Offer. Optionholders should likewise consider exercising their Share Options in accordance with the Share Option Scheme and selling in the market the Shares issued to them, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Option Offer. Optionholders should note that all Share Options (to the extent not exercised) will lapse automatically on the Closing Date.

The Independent Shareholders, the Independent Warrantholders and Independent Optionholders are recommended to read the full text of the "Letter from the Independent Financial Adviser" on pages 32 to 52 of this Composite Document. Notwithstanding our recommendation, Independent Shareholders, Independent Warrantholders and Independent Optionholders are strongly advised that the decision to realise or to hold your investment in the Shares, Warrants and Share Options is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offers.

The attention of the Overseas holders of Shares, Warrants and Share Options is drawn to paragraph headed "9. Overseas holders of Shares, Warrants and Share Options" in Appendix I to this Composite Documents.

Yours faithfully,
For and on behalf of the Independent Board Committee of
HKC (HOLDINGS) LIMITED

Mr. CHUNG Cho Yee, Mico	**Mr. CHENG Yuk Wo**	**Mr. Albert Thomas DA ROSA, Junior**

Independent Non-executive Directors

The following is the text of a letter of advice to the Independent Board Committee from First Shanghai in respect of the Offers for the purpose of incorporation in this Composite Document.

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

16 April 2015

To the Independent Board Committee

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF CREATOR HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES AND ALL THE OUTSTANDING WARRANTS (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CREATOR HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF HKC (HOLDINGS) LIMITED

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee, which in turn provides recommendation to the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders in respect of the Offers. Details of the Offers are set out in the composite offer and response document jointly issued by the Offeror and the Company dated 16 April 2015 (the "**Composite Document**") of which this letter forms a 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 Offeror and the Vendors entered into the Sale and Purchase Agreement on 22 January 2015, pursuant to which the Offeror conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares and the Sale Warrants. Completion of the Sale and Purchase Agreement took place on 29 January 2015 and, pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make the Offers to acquire all the issued Shares and all outstanding Warrants (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options.

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior, has been established to advise the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders in respect of the Offers. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offers.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Offers, we did not have any business relationship with the Company within the past two years. We consider ourselves independent to form our opinion in respect of the Offers.

In formulating our opinion with regard to the Offers, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including those contained or referred to in the Joint Announcement and the Composite Document). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group, and for which they are wholly responsible, were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the Composite Document. We consider that the information we have received is sufficient for us to reach an informed view and we have no reason to believe that any material information have been withheld, nor doubt the truth, accuracy or completeness of the information provided. We have also relied on certain information available to the public and we have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have not, however, conducted any independent investigation into the business and affairs of the Group or the Offeror or the associates of any of them, nor have we carried out any independent verification of the information supplied. We have also not considered the tax, regulatory and other legal implications on the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders in respect of their acceptance or non-acceptance of the Offers, respectively, since these depend on their individual circumstances. In particular, the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers. Should there be any subsequent major changes which occur during the period of the Offers that would affect or alter our opinion, we will notify the Independent Board Committee, the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders as soon as practicable.

PRINCIPAL TERMS OF THE OFFERS

Somerley is making the Offers for and on behalf of the Offeror in accordance with Rules 26.1 and 13.5 of the Takeovers Code on the following terms:

The Share Offer for every Share .... HK$0.25 in cash

The Warrant Offer for every Warrant .... HK$0.08 in cash

The Option Offer for the cancellation of each outstanding Share Option .... HK$0.0001 in cash

The Share Offer Price equals the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Warrant Offer Price equals the price per Sale Warrant payable by the Offeror under the Sale and Purchase Agreement, which is also equivalent to the see-through price of the Warrants, being the difference between the Share Offer Price of HK$0.25 and the exercise price of the Warrants of HK$0.17.

The Option Offer Price is at a nominal amount as the outstanding Share Options are out-of-money, where the exercise prices are above the Share Offer Price.

On 23 March 2015, the Offeror announced that it would not increase the Share Offer Price, the Warrant Offer Price and the Option Offer Price.

Further details of the terms of the Offers, including but not limited to the procedures for acceptance, are set out in the Composite Document. We urge the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders to read the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion with regard to the terms of the Offers, we have taken into consideration the following principal factors and reasons:

1. Business and financial information on the Group

The Group is principally engaged in the property development, property investment and leasing and infrastructure mainly in the PRC. It also invests, through its approximately 54% owned CRE, in alternative energy projects in the PRC.

(i) Historical financial performance of the Group

The following table summarises the income statement of the Group for each of the years ended 31 December 2012 and 2013 and 2014:

	For the year ended 31 December		
	2012	**2013**	**2014**
	HK$ million	*HK$ million*	*HK$ million*
	(Audited)	(Audited)	(Audited)
Revenue	329	1,441	881
Percentage of revenue from:			
– Property development in the PRC	*8%*	*79%*	*67%*
– Property investment and leasing	*30%*	*7%*	*14%*
– Infrastructure	*20%*	*3%*	*8%*
– Alternative energy	*30%*	*8%*	*11%*
– Others	*12%*	*3%*	–
Gross profit	179	426	318
Other income	243	52	120
Fair value adjustments on investment properties	71	2	352
Provision for impairment losses on assets	(21)	(16)	(223)
Selling and distribution costs	(54)	(65)	(44)
Administrative expenses	(234)	(198)	(184)
Other items	(67)	(116)	(73)
Operating profit	117	85	266
Net finance costs	(108)	(99)	(103)
Share of profits less losses of associated companies and joint ventures	145	177	55
Profit before income tax	154	163	218
Income tax expense	(41)	(85)	(169)
Profit for the year	113	78	49
Profit attributable to non-controlling interests	10	5	136
Profit/(Loss) attributable to equity holders of the Company	103	73	(87)

(a) For the year ended 31 December 2012

Revenue of the Group amounted to approximately HK$329 million for the year ended 31 December 2012, approximately 8%, 30%, 20% and 30% of which were derived from property development in the PRC, property investment and leasing, infrastructure and alternative energy, respectively. Gross profit of the Group amounted to approximately HK$179 million for the year ended 31 December 2012, representing a gross profit margin of approximately 54%. Operating profit of the Group was approximately HK$117 million for the year ended 31 December 2012, which was attributable to, among other factors, administrative expenses of approximately HK$234 million and the net gain on disposal of subsidiaries, which was categorised under other income, of approximately HK$142 million. After taking into account the net finance costs of approximately HK$108 million and the share of profits less losses of associated companies and joint ventures of approximately HK$145 million, the Group recorded profit before income tax of approximately HK$154 million for the year ended 31 December 2012. Profit attributable to equity holders of the Company was approximately HK$103 million for the year ended 31 December 2012.

(b) For the year ended 31 December 2013

Revenue of the Group was approximately HK$1,441 million for the year ended 31 December 2013, representing an annual growth of approximately 338%. The growth in revenue was primarily attributable to the growth of property sales under the property development segment, which comprised approximately 79% of the revenue of the Group for the year. Gross profit of the Group amounted to approximately HK$426 million for the year ended 31 December 2013, representing a gross profit margin of approximately 30%. Nonetheless, operating profit of the Group decreased to approximately HK$85 million for the year ended 31 December 2013, which was attributable to, among other factors, (i) the net gain on disposal of subsidiaries of approximately HK$142 million recorded for the year ended 31 December 2012 was one-off and did not recur for the year ended 31 December 2013; (ii) the gain from fair value adjustments on investment properties reduced from approximately HK$71 million for the year ended 31 December 2012 to approximately HK$2 million for the year ended 31 December 2013. After taking into account the net finance costs of approximately HK$99 million and the share of profits less losses of associated companies and joint ventures of approximately HK$177 million, the Group recorded profit before income tax of approximately HK$163 million for the year ended 31 December 2013. Profit attributable to equity holders of the Company was approximately HK$73 million for the year ended 31 December 2013.

(c) For the year ended 31 December 2014

Revenue of the Group was approximately HK$881 million for the year ended 31 December 2014, representing an annual decline of approximately 39%. The decline in revenue was primarily attributable to the deterioration of property sales under the property development segment, which comprised approximately 67% of the revenue of the Group for the year, mainly as a result of the sharp decline in sales in Tianjin, the PRC, particularly for large luxury units, due to poor homebuyer sentiment. Gross profit of the Group amounted to approximately HK$318 million for the year ended 31 December 2014, representing an annual decline of approximately 25% and a gross profit margin of approximately 36%. Despite the Group recorded a decrease in gross profit and a provision of approximately HK$223 million for the impairment losses on assets, operating profit of the Group rose to approximately HK$266 million for the year ended 31 December 2014, which was attributable to, among other factors, the gain from fair value adjustments on investment properties increased from approximately HK$2 million for the year ended 31 December 2013 to approximately HK$352 million for the year ended 31 December 2014. After taking into account the net finance costs of approximately HK$103 million and the share of profits less losses of associated companies and joint ventures of approximately HK$55 million, the Group recorded profit before income tax of approximately HK$218 million for the year ended 31 December 2014. Although profit for the year amounted to approximately HK$49 million, the Group recorded loss attributable to equity holders of the Company of approximately HK$87 million for the year ended 31 December 2014.

(ii) Historical financial position of the Group

The following table summarises the balance sheet of the Group as at 31 December 2014:

	As at 31 December 2014 *HK$ million* (Audited)
Non-current assets	16,610
Current assets	5,913
Total assets	22,523
Non-current liabilities	4,180
Current liabilities	3,247
Total liabilities	7,427
Equity attributable to equity holders of the Company	12,703
Non-controlling interests	2,393
Total equity	15,096

Non-current assets of the Group amounted to approximately HK$16,610 million as at 31 December 2014, which primarily comprised investment properties of approximately HK$8,044 million, prepaid land lease payments of approximately HK$1,721 million and interests in joint ventures of approximately HK$2,225 million. Current assets of the Group amounted to approximately HK$5,913 million as at 31 December 2014, which primarily comprised properties held for sale of approximately HK$2,241 million, properties under development of approximately HK$1,555 million and cash and cash equivalents of approximately HK$1,103 million. Non-current liabilities of the Group amounted to approximately HK$4,180 million as at 31 December 2014, which primarily comprised borrowings of approximately HK$2,968 million. Current liabilities of the Group amounted to approximately HK$3,247 million as at 31 December 2014, which primarily comprised trade and other payables of approximately HK$1,854 million and borrowings of approximately HK$1,211 million. Equity attributable to equity holders of the Company amounted to approximately HK$12,703 million as at 31 December 2014.

We are advised by the management of the Group that, after taking into account (i) the equity attributable to equity holders of the Company as at 31 December 2014 of approximately HK$12,703 million; (ii) the addition of the valuation surplus of approximately HK$1,722 million, which is principally the difference between the appraised value and the book value of the properties based on the valuation of the properties of the Group as at 31 January 2015 as set out in Appendix III to the Composite Document; and (iii) the deduction of additional potential tax liabilities arising from the realisation of the appraised properties of approximately HK$2,662 million, the reassessed net asset value of the Group amounted to approximately HK$11,763 million (the "**Reassessed NAV**"). We note that the Reassessed NAV is approximately 7% lower than the equity attributable to equity holders of the Company as at 31 December 2014.

Apart from the proposal of special cash dividends (with scrip option) of HK1.0 cent per Share on 22 March 2012 and HK2.0 cents per Share on 23 August 2012, the Company did not declare any dividend for each of the years ended 31 December 2012, 2013 and 2014.

Further details of the financial information of the Group are set out in Appendix II to the Composite Document.

2. Background of the Offeror and its intentions regarding the Group

The Offeror is an investment holding company incorporated in the BVI and is wholly-owned by Claudio Holdings Limited, a company owned as to 50% by Mr. OEI, who is the executive Director and Chief Executive Officer of the Company, and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau. Mr. OEI and Mrs. OEI Valonia Lau are the existing ultimate controlling Shareholders. The main assets of the Offeror are the Shares and the Warrants it holds.

The Offeror intends to continue with the existing business of the Group and does not intend to introduce significant changes to the existing operations. It is also the intention of the Offeror that there will not be significant changes in the management and employees of the Group as a result of the Offers.

The Independent Shareholders, the Independent Warrantholders and the Independent Optionholders should note that, as detailed in the letter from Somerley in the Composite Document, if the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Shares for which the Share Offer is made, the Offeror will consider to avail itself of the Companies Act 1981 of Bermuda to compulsorily acquire any outstanding Shares and to apply for a de-listing of the Shares from the Stock Exchange. However, if the Offeror receives acceptances of the Share Offer for less than 90% of the Shares for which the Share Offer is made, it is the intention of the directors of the Offeror that the listing of the Shares on the Stock Exchange should be maintained and appropriate steps will be taken by the Offeror as soon as possible following the Closing Date to ensure that not less than 25% of the Shares will be held in public hands. The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares. Accordingly, in the event that the trading in the Shares is suspended, the Independent Shareholders who chose not to accept the Share Offer would not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

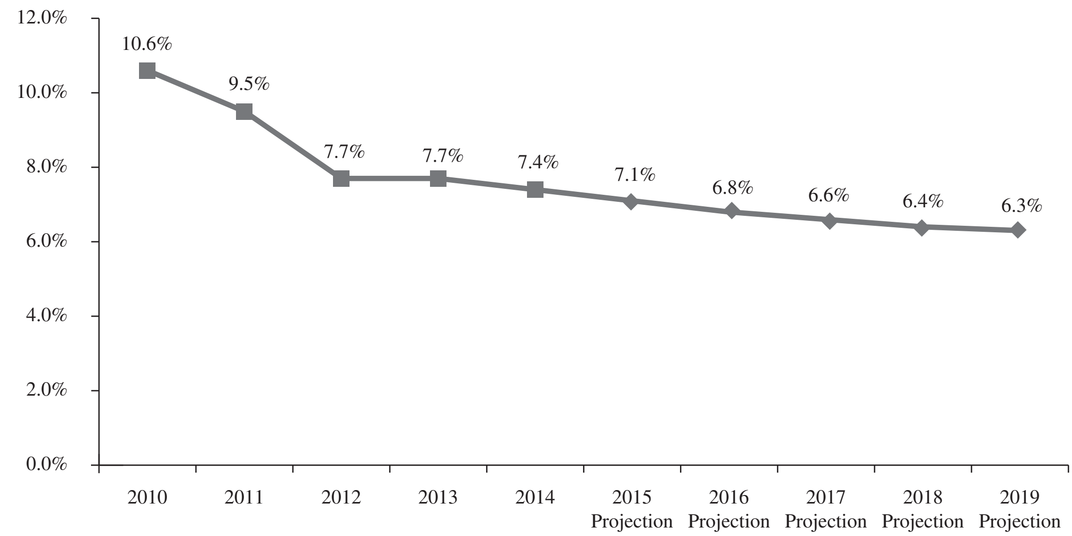
3. Prospect of the principal business of the Group

The performance of the principal business of the Group, being property development in the PRC, is subject to, among other principal factors, the economy of the PRC and the government measures of the PRC. According to the annual results announcement of the Company for the year ended 31 December 2014, the Group will continue focusing on the sales of its residential properties in Jiangmen, Tianjin and Shenyang in the PRC in 2015.

We have reviewed (i) statistics published on the website of the National Bureau of Statistics of the PRC; and (ii) projections stated in the *World Economic Outlook (October 2014 edition)* published on the website of the International Monetary Fund.

The following chart sets out information on the historical and the expected annual growth of the real gross domestic product of the PRC.

Annual growth rate of the real gross domestic product of the PRC



Sources:

(i) the historical figures from 2010 to 2014 are based on information published on the website of the National Bureau of Statistics of the PRC; and

(ii) the projected figures from 2015 to 2019 are based on information published on the website of the International Monetary Fund.

We note that the annual growth rate of the real gross domestic product of the PRC continuously declined from approximately 10.6% in 2010 to approximately 7.4% in 2014, indicating the slowdown of growth of the general economy of the PRC in the recent years. Based on the projection by the International Monetary Fund, such growth rate of the PRC is expected to further gradually descend to approximately 6.3% in 2019.

The following table sets out information on the property market of the PRC for each of the years ended 31 December 2012, 2013 and 2014.

		For the year ended 31 December					
Indicators for real estate development and sales in the PRC	**Unit**	**2012**	**Annual change**	**2013**	**Annual change**	**2014**	**Annual change**
Value of investment of	RMB billion	7,180	*+16%*	8,601	*+20%*	9,504	*+10%*
which residential buildings	RMB billion	4,937	*+11%*	5,895	*+19%*	6,435	*+9%*
Floor space of houses under construction	million square metres	5,734	*+13%*	6,656	*+16%*	7,265	*+9%*
of which residential buildings	million square metres	4,290	*+11%*	4,863	*+13%*	5,151	*+6%*

Indicators for real estate development and sales in the PRC	Unit	For the year ended 31 December 2012	Annual change	2013	Annual change	2014	Annual change
Floor space of houses newly started	million square metres	1,773	*-7%*	2,012	*+13%*	1,796	*-11%*
of which residential buildings	million square metres	1,307	*-11%*	1,458	*+12%*	1,249	*-14%*
Floor space of houses completed	million square metres	994	*+7%*	1,014	*+2%*	1,075	*+6%*
of which residential buildings	million square metres	790	*+6%*	787	*-0%*	809	*+3%*
Sales of commercial buildings	million square metres	1,113	*+2%*	1,306	*+17%*	1,206	*-8%*
of which residential buildings	million square metres	985	*+2%*	1,157	*+17%*	1,052	*-9%*

Source: the website of the National Bureau of Statistics of the PRC

We note that the annual growth of the majority of the indicators for real estate development and sales in the PRC declined in 2014 as compared with those for the preceding year. In particular, sales of residential buildings recorded an annual growth of approximately 17% in 2013, but deteriorated to an annual decline of approximately 9% in 2014.

We have also reviewed the interim report of the Company for the six months ended 30 June 2014, where we understand that (i) the government measures in the PRC to reduce speculation in the market in 2013 had a clear impact on market sentiment, where homebuyers hold off on purchases and many property developers had to cut prices to clear housing inventory; (ii) the Group recorded a net loss attributable to equity holders of approximately HK$187 million for the six months ended 30 June 2014; and (iii) the primary reason for the net loss of the Group for the six months ended 30 June 2014 was that the Group recorded large impairment loss of an aggregate of approximately HK$224 million for the Tianjin and Shenyang residential projects due to poor market environment. With reference to the annual results announcement of the Company for the year ended 31 December 2014, we note that (i) revenue from property development in the PRC of the Group decreased from approximately HK$1,144 million for the year ended 31 December 2013 to approximately HK$593 million for the year ended 31 December 2014, representing an annual decline of approximately 48%; (ii) the Group recorded provision for impairment losses on assets of approximately HK$223 million for the year ended 31 December 2014; and (iii) the financial performance of the Group deteriorated from recording profit attributable to equity holders of the Company of approximately HK$73 million for the year ended 31 December 2013 to recording loss attributable to equity holders of the Company of approximately HK$87 million for the year ended 31 December 2014.

Based on the aforementioned, particularly (i) the slowdown of growth of the general economy of the PRC; (ii) the decline of the growth of the majority of the indicators for real estate development and sales in the PRC in 2014; and (iii) the deterioration of the financial performance of the Group for the six months ended 30 June 2014 and the year ended 31 December 2014, we are of the view that the prospects of the property development sector in the PRC and the principal business of the Group are uncertain.

4. Evaluation of the terms of the Offers

Somerley is making the Offers for and on behalf of the Offeror in accordance with Rules 26.1 and 13.5 of the Takeovers Code on the following terms:

The Share Offer for every Share ....HK$0.25 in cash

The Warrant Offer for every Warrant........................HK$0.08 in cash

The Option Offer for the cancellation of each outstanding Share Option ....HK$0.0001 in cash

(I) Evaluation of the Share Offer Price

The Share Offer Price of HK$0.25 per Share equals the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

(i) Historical price performance of the Shares

We note that the Share Offer Price of HK$0.25 per Share represents:

(a) a discount of approximately 2% to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date of HK$0.255 per Share;

(b) a premium of approximately 18% over the closing price as quoted on the Stock Exchange on the Last Trading Day of HK$0.212 per Share;

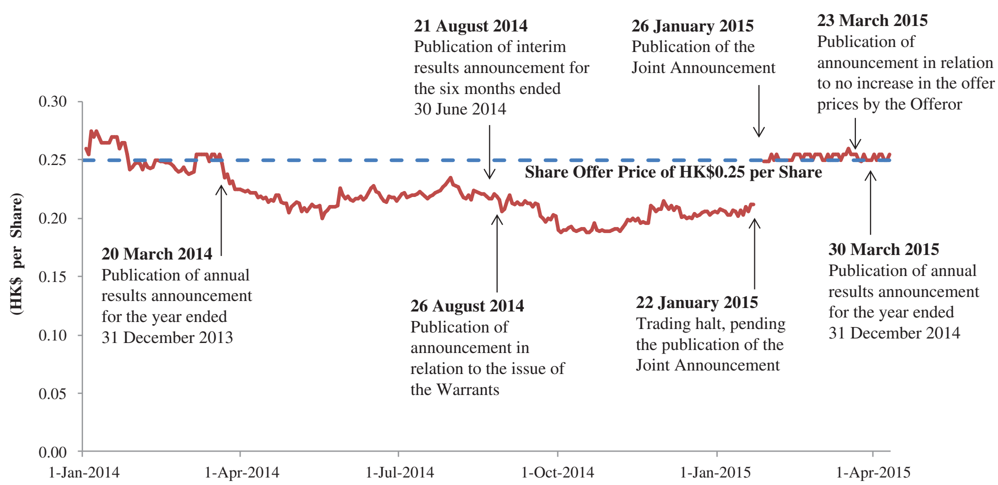
(c) a premium of approximately 21% over the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$0.207 per Share;

(d) a premium of approximately 24% over the average of the closing prices as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day of approximately HK$0.201 per Share;

(e) a discount of approximately 77% to the latest published audited net assets attributable to Shareholders per Share of the Group, being the audited net assets attributable to Shareholders of approximately HK$12,703 million as at 31 December 2014 divided by 11,598,238,840 Shares as at the Latest Practicable Date, of approximately HK$1.095 per Share; and

(f) a discount of approximately 75% to the Reassessed NAV per Share, being the Reassessed NAV of approximately HK$11,763 million divided by 11,598,238,840 Shares as at the Latest Practicable Date, of approximately HK$1.014 per Share.

The chart below depicts the closing prices of the Shares from 1 January 2014, being the beginning of the month one year before the Last Trading Day, up to and including the Latest Practicable Date (the "**Review Period**").



Source: Bloomberg and the website of the Stock Exchange

In early and mid January 2014, the closing prices of the Shares were mainly around HK$0.27, but declined to the level of around HK$0.25 at the end of January 2014. The closing price of the Shares was HK$0.247 on 20 March 2014 and, following the publication of the annual results announcement of the Company for the year ended 31 December 2013, the closing price of the Shares declined to HK$0.235 on 21 March 2014 and the decline trend continued afterwards. The closing price of the Shares bottomed at HK$0.188 on several days in October 2014 and was HK$0.212 on 21 January 2015, being the Last Trading Day. The trading of the Shares was suspended from 22 January 2015 to 26 January 2015 and, following the publication of the Joint Announcement, resumed on 27 January 2015. From 27 January 2015 up to the Latest Practicable Date, almost all of the closing price of the Shares was either at HK$0.25, being the Share Offer Price, or at HK$0.255.

Overall, during the Review Period, the closing prices of the Shares demonstrated an overall decline trend before the publication of the Joint Announcement, where the highest and lowest closing price of the Shares of HK$0.275 and HK$0.188 were recorded in January 2014 and October 2014, respectively. Following the publication of the Joint Announcement, the closing price of the Shares immediately surged by approximately 18% to, and subsequently maintained at, the level approximate to the Share Offer Price of HK$0.25. The Independent Shareholders should note that the sustainability of the current price level, which may be attributable to the Offers, is uncertain and the price of the Shares may fall after the close of the Offers.

(ii) Liquidity of the Shares

The following table sets out the total trading volume per month and the average daily trading volume per month of the Shares during the Review Period:

	Total monthly trading volume of the Shares *(million Shares)*	**Average daily trading volume of the Shares during the month** *(million Shares)*	**Percentage of average daily trading volume of the Shares to average total issued Shares**	**Percentage of average daily trading volume of the Shares to average public float**
2014				
January	207.26	9.87	0.09%	0.15%
February	69.74	3.67	0.03%	0.06%
March	126.37	6.02	0.05%	0.09%
April	123.97	6.20	0.06%	0.10%
May	97.68	4.88	0.04%	0.08%
June	41.35	2.07	0.02%	0.03%
July	81.62	3.71	0.03%	0.06%
August	68.76	3.27	0.03%	0.05%
September	136.96	6.52	0.06%	0.10%
October	54.94	2.62	0.02%	0.04%
November	142.69	7.13	0.06%	0.11%
December	115.06	5.48	0.05%	0.09%
2015				
January	488.39	27.13	0.23%	0.43%
February	156.40	8.69	0.07%	0.14%
March	399.92	18.18	0.16%	0.28%
April *(up to the Latest Practicable Date)*	62.71	10.45	0.09%	0.16%

Source: Bloomberg

We note from the above table that the trading volume of the Shares has been thin during the Review Period, where the percentages of average daily trading volume of the Shares to the average total issued Shares and average public float during the Review Period were mainly below 0.1%. Despite a relatively higher total monthly trading volume of approximately 488 million Shares was recorded in January 2015, it was primarily due to the trading volume of approximately 201 million Shares on 27 January 2015, which was the first trading day immediately after the publication of the Joint Announcement. The trading volume of the Shares returned to a thinner level after January 2015. Accordingly, the Independent Shareholders may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price of the Shares. Therefore, the Share Offer provides a viable alternative exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to realise their investments in the Company.

(iii) Market comparison

We have exhaustively identified a fair and representative list of comparable companies (the "**Comparable Companies**"), which are companies (i) listed on the Main Board of the Stock Exchange; (ii) with market capitalisation between HK$2 billion and HK$3 billion as at the Last Trading Day given the market capitalisation of the Company was approximately HK$2.5 billion as at the Last Trading Day; and (iii) principally engaged in property development in the PRC, which is the principal business of the Group. The price to book value ratio (the "**P/B Ratio**") and the price to earnings ratio are common price ratios to perform market comparison. Nonetheless, given the Group recorded loss attributable to equity holders of the Company for the year ended 31 December 2014, the price to earnings ratio is not applicable and we have reviewed the P/B Ratios of the Comparable Companies as follows:

Company name (stock code)	**Principal business**	**Net assets(1)** *(HK$ million)*	**P/B Ratio(2)** *(times)*
LVGEM (China) Real Estate Investment Company Limited (formerly known as New Heritage Holdings Ltd.) (95 HK)	Property development in the PRC	989	3.89
Genvon Group Limited (2389 HK)	Property development in the PRC	1,724	2.32
Optics Valley Union Holding Company Limited (798 HK)	Property development in the PRC	2,937	0.90

Company name (stock code)	Principal business	Net assets[(1)] (HK$ million)	P/B Ratio[(2)] (times)
Overseas Chinese Town (Asia) Holdings Limited (3366 HK)	Property development in the PRC	3,748	0.79
Shanghai Zendai Property Limited (755 HK)	Property development in the PRC	5,917	0.79
Top Spring International Holdings Limited (3688 HK)	Property development in the PRC	6,117	0.53
Zhong An Real Estate Limited (672 HK)	Property development in the PRC	7,503	0.33
Lai Fung Holdings Limited (1125 HK)	Property development in the PRC	12,865	0.20
China Properties Group Limited (1838 HK)	Property development in the PRC	43,598	0.09
		Maximum:	3.89
		Mean:	1.09
		Median:	0.79
		Minimum:	0.09
The Company (as represented by the Share Offer Price)			0.23[(3)]

Source: the website of the Stock Exchange

Notes:

(1) The amount of net assets is based on the net assets attributable to shareholders as disclosed in the latest published financial statement.

(2) The P/B Ratio of the Comparable Companies is derived from dividing the market capitalisation as at the Latest Practicable Date by the latest published net assets attributable to shareholders.

(3) The P/B Ratio of the Company as represented by the Share Offer Price is derived from dividing the Share Offer Price of HK$0.25 per Share by the latest published net assets attributable to equity holders of the Company per Share of the Group, being the audited net assets attributable to equity holders of the Company of approximately HK$12,703 million as at 31 December 2014 divided by 11,598,238,840 Shares as at the Latest Practicable Date, of approximately HK$1.095 per Share.

(4) The exchange rate of RMB1 to HK$1.25 is adopted.

With reference to the above table, despite the P/B Ratio of the Company as represented by the Share Offer Price of approximately 0.23 times, which reflects the discount of the Share Offer Price to the latest published net assets attributable to equity holders of the Company per Share of approximately 77%, is lower than the mean and median of the P/B Ratio of the Comparable Companies, it is higher than the P/B Ratio of two out of nine of the Comparable Companies, hence we consider it to be still within an acceptable range. The Independent Shareholders should note that (i) the business and financial aspects and prospects of the Comparable Companies may not be exactly the same as those of the Group; and (ii) the evaluation of the P/B Ratio and other analyses, particularly the price trend of the Shares which indicates the market value of the Shares and the amount which the Independent Shareholders might realise from the Shares in the open market from time to time, shall be collectively considered to assess the fairness and reasonableness of the Share Offer Price.

We have also reviewed all general offers involving the Comparable Companies during the Review Period (the "**Comparable Offers**"). The following table sets out the details of the Comparable Offers.

Company name (stock code)	**Date of first announcement in relation to the price of the general offer**	**Type of general offer**	**Premium of offer price over the closing price on the last trading day preceding the publication of the first announcement**	**Premium of offer price over the average of the closing price on the last ten trading day up to and including the date of publication of the first announcement**	**P/B Ratio[1]** *(times)*
Shanghai Zendai Property Limited (755 HK)	27 January 2015	Unconditional mandatory cash offer	9%	45%	0.49
LVGEM (China) Real Estate Investment Company Limited (formerly known as New Heritage Holdings Ltd.) (95 HK)	13 February 2014	Unconditional mandatory cash offer	2%	3%	1.55
The Share Offer			18%	21%	0.23[2]

Source: Bloomberg and the website of the Stock Exchange

Notes:

(1) The P/B Ratio of the Comparable Offers is derived from dividing the offer price per share by the net assets attributable to shareholders per share based on the then latest published information preceding the publication of the first announcement.

(2) The calculation is the same as that for the P/B Ratio of the Company as represented by the Share Offer Price in the previous table related to the Comparable Companies.

With reference to the above table, we note that (i) the premium of the Share Offer Price over the closing price of the Shares on the Last Trading Day is higher than the relevant premium in connection with each of the Comparable Offers; (ii) the premium of the Share Offer Price over the average of the closing price of the Shares for the last ten trading days up to and including the Last Trading Day falls between the relevant premiums in connection with the Comparable Offers; and (iii) although the P/B Ratio implied by the Share Offer is lower than those of the Comparable Offers, it is still within an acceptable range when compared with those of the Comparable Companies as previously mentioned. The Independent Shareholders should note that (i) the business and financial aspects and prospects of the Comparable Companies may not be exactly the same as those of the Group; (ii) the circumstances of the Comparable Offers may not be exactly the same as those of the Share Offer; and (iii) the evaluation of the Comparable Offers and other analyses, particularly the price trend of the Shares which indicates the market value of the Shares and the amount which the Independent Shareholders might realise from the Shares in the open market from time to time, shall be collectively considered to assess the fairness and reasonableness of the Share Offer Price.

(iv) Evaluation of the Share Offer Price

Having considered the above principal factors and reasons, in particular, the following:

– the price trend of the Shares indicates the market value of the Shares and the amount which the Independent Shareholders might realise from the Shares in the open market from time to time, therefore it is the major factor in our evaluation of the Share Offer Price. During the Review Period, the closing prices of the Shares demonstrated an overall decline trend before the publication of the Joint Announcement and the Share Offer Price of HK$0.25 represents a premium of approximately 18% over the closing price of the Shares on the Last Trading Day of HK$0.212. Following the publication of the Joint Announcement, the closing price of the Shares immediately surged to and subsequently maintained at the level approximate to the Share Offer Price of HK$0.25, where the sustainability of the current price level is uncertain and the price of the Shares may fall after the close of the Offers;

– the trading volume of the Shares has been thin during the Review Period, where the Independent Shareholders may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price of the Shares. Therefore, the Share Offer provides a viable alternative exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to realise their investments in the Company;

– despite the P/B Ratio of the Company as represented by the Share Offer Price, which reflects the discount of the Share Offer Price to the net assets attributable to equity holders of the Company per Share, is lower than those of the Comparable Offers, it is higher than the P/B Ratio of two out of nine of the Comparable Companies, hence we consider it to be still within an acceptable range;

– the premium of the Share Offer Price over the closing price of the Shares on the Last Trading Day is higher than the relevant premium of the Comparable Offers; and

– the uncertainties in respect of the prospects of the property development sector in the PRC and the principal business of the Group, which is evidenced by the record of net loss attributable to equity holders of the Company for the six months ended 30 June 2014 and the year ended 31 December 2014,

we consider the Share Offer Price to be fair and reasonable so far as the Independent Shareholders are concerned.

(II) Evaluation of the Warrant Offer Price

The Warrant Offer Price of HK$0.08 per Warrant equals the price per Sale Warrant payable by the Offeror under the Sale and Purchase Agreement, which is also equivalent to the see-through price of the Warrants, being the difference between the Share Offer Price of HK$0.25 and the exercise price of the Warrants of HK$0.17.

We note that the Warrant Offer Price of HK$0.08 per Warrant represents:

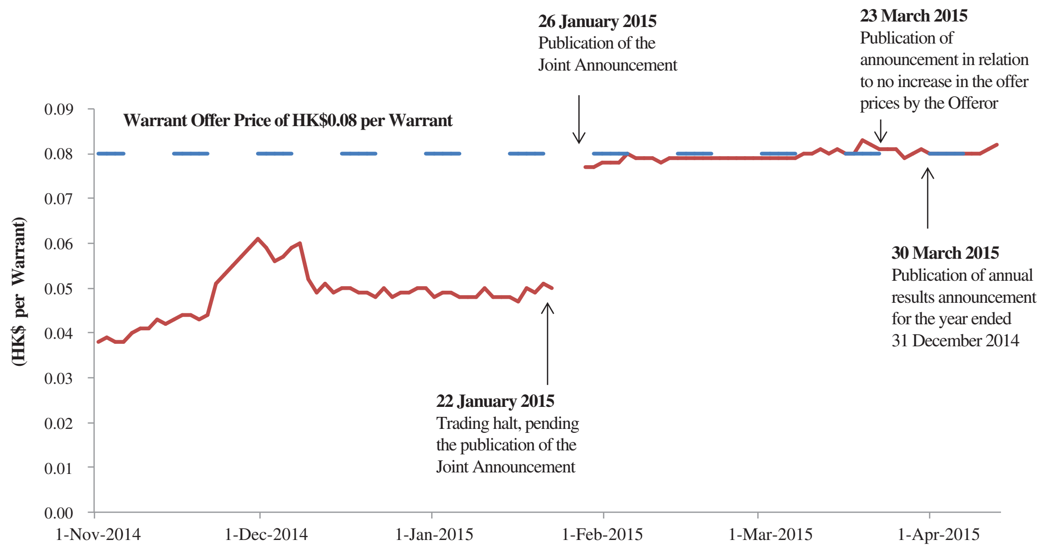
(a) a discount of approximately 2% to the closing price as quoted on the Stock Exchange as at the Latest Practicable Date of HK$0.082 per Warrant;

(b) a premium of approximately 60% over the closing price as quoted on the Stock Exchange on the Last Trading Day of HK$0.050 per Warrant;

(c) a premium of approximately 63% over the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$0.049 per Warrant; and

(d) a premium of approximately 70% over the average of the closing prices as quoted on the Stock Exchange for all the trading days from the date of listing of the Warrants on 17 October 2014 up to and including the Last Trading Day of approximately HK$0.047 per Warrant.

The chart below depicts the closing prices of the Warrants from 1 November 2014, being the beginning of the month following the listing of the Warrants, up to and including the Latest Practicable Date.



Source: Bloomberg and the website of the Stock Exchange

The closing price of the Warrants increased from around HK$0.04 to around HK$0.06 in November 2014. Nonetheless, the closing price of the Warrants maintained at around HK$0.05 from mid December 2014 up to the Last Trading Day. The closing price of the Warrants was HK$0.05 on the Last Trading Day and, following the publication of the Joint Announcement, the closing price of the Warrants immediately surged to and subsequently maintained at the level approximate to the Warrant Offer Price of HK$0.08. The Independent Warrantholders should note that the sustainability of the current price level, which may be attributable to the Offers, is uncertain and the price of the Warrants may fall after the close of the Offers.

Having considered the above principal factors and reasons, in particular, the following:

– the Warrant Offer Price of HK$0.08 per Warrant equals the see-through price of the Warrants, being the difference between the Share Offer Price of HK$0.25 and the exercise price of the Warrants of HK$0.17;

– the Warrant Offer Price represents a premium of approximately 60% over the closing price of the Warrant on the Last Trading Day; and

– the sustainability of the current price level of the Warrants, which may be attributable to the Offers, is uncertain and the price of the Warrants may fall after the close of the Offers,

we consider the Warrant Offer Price to be fair and reasonable so far as the Independent Warrantholders are concerned.

(III) Evaluation of the Option Offer Price

With reference to the Joint Announcement, the Share Options have exercise prices of HK$1.066, HK$1.726, HK$1.242 and HK$0.269. Therefore, based on the Share Offer Price of HK$0.25, all the Share Options are out-of-money and their implied intrinsic value was nil. Accordingly, we consider the Option Offer Price of the nominal amount of HK$0.0001 per Share Option to be fair and reasonable so far as the Independent Optionholders are concerned.

DISCUSSION AND ADVICE

Having considered the above principal factors and reasons, in particular, the following:

– the Share Offer Price of HK$0.25 represents a premium of approximately 18% over the closing price of the Shares on the Last Trading Day of HK$0.212. Following the publication of the Joint Announcement, the closing price of the Shares immediately surged to and subsequently maintained at the level approximate to the Share Offer Price of HK$0.25, where the sustainability of the current price level is uncertain and the price of the Shares may fall after the close of the Offers;

– the Warrant Offer Price of HK$0.08 per Warrant equals the see-through price of the Warrants, being the difference between the Share Offer Price of HK$0.25 and the exercise price of the Warrants of HK$0.17; and

– the Option Offer Price is at the nominal amount of HK$0.0001 per Share Option given all the Share Options are out-of-money and their implied intrinsic value was nil,

we consider the terms of the Offers to be fair and reasonable so far as the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders are concerned and we recommend the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders to accept the Offers. Nonetheless, we would like to remind the Independent Shareholders and the Independent Warrantholders who would like to realise part or all of their investments in the Shares and the Warrants to closely monitor the market price of the Shares and the Warrants during the period of the Offers and may, instead of accepting the Offers, consider selling their Shares and Warrants in the open market should the proceeds, net of all transaction costs, of such sale exceed the amount receivable under the Offers.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders who wish to accept the Offers are recommended to carefully read the procedures for accepting the Offers as detailed in the Composite Document.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Fanny Lee	**Allen Wang**
Managing Director	*Director*

Note: Ms. Fanny Lee and Mr. Allen Wang have been responsible officers of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and 2014, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

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 Share Offer Acceptance in accordance with the instructions printed thereon, which 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 and signed **WHITE** Form of Share Offer 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 not less than the number of Shares in respect of which you intend to accept the Offers, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

(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 holding of Shares (whether in full or in part), 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 Share Offer 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

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer 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. 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 the 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's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Share certificate(s) and/or transfer receipts and/or 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, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer 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/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar 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 Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Somerley or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

(f) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Share Offer Acceptance is received by the Registrar 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 with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by 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) and, if that/those 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) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the 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.

If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgement of receipt of any Form(s) 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 Warrant Offer

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

(b) If the Warrant 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 Warrants is/are in your name, and you wish to accept the Warrant Offer, you must send the duly completed and signed **BLUE** Form of Warrant Offer Acceptance together with the relevant Warrant 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 not less than the number of Warrants in respect of which you intend to accept the Offers, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the Warrant 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 Warrants is/are in the name of a nominee company or a name other than your own, and you wish to accept the Warrant Offer in respect of your holding of Warrants (whether in full or in part), you must either:

(i) lodge your Warrant 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 Warrant Offer on your behalf and requesting it to deliver the duly completed **BLUE** Form of Warrant Offer Acceptance together with the relevant Warrant 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

(ii) arrange for the Warrants to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **BLUE** Form of Warrant Offer Acceptance together with the relevant Warrant 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 Warrants 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 Warrant Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. 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 the 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 Warrants have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Warrant certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Warrants is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Warrant Offer in respect of your Warrants, the **BLUE** Form of Warrant Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Warrant 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/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar 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 Warrants for registration in your name and have not yet received your Warrant certificate(s), and you wish to accept the Warrant Offer in respect of your Warrants, you should nevertheless complete and sign the **BLUE** Form of Warrant Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Somerley or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Warrant certificate(s) when issued and to deliver such Warrant certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such Warrant certificate(s), subject to the terms and conditions of the Warrant Offer, as if it was/they were delivered to the Registrar with the **BLUE** Form of Warrant Offer Acceptance.

(f) Acceptance of the Warrant Offer will be treated as valid only if the completed **BLUE** Form of Warrant Offer Acceptance is received by the Registrar 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 with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Warrant 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) and, if that/those Warrant 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) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Warrant(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Warrants; or

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

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

If the **BLUE** Form of Warrant Offer Acceptance is executed by a person other than the registered Warrantholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgement of receipt of any Form(s) of Acceptance, Warrant 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.

1.3 The Option Offer

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

(b) Without prejudice to the paragraph headed "Effect of accepting the Offers" in the "Letter from Somerley" contained in this Composite Document and the paragraph headed "5. Lapse of Share Options" of this Appendix, the completed **PINK** Form of Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, to the Company at 9/F., Tower 1, South Seas Centre, 75 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code provided however, no Share Option shall be capable of acceptance if at the time of acceptance such Share Option has lapsed. Please refer to the paragraph headed "5. Lapse of Share Options" of this Appendix for further information. Independent Optionholders should note that according to the rules of the Share Option Scheme, the Independent Optionholders are entitled to exercise their Share Options (to the extent not exercised) in full or in part by notice in writing to the Company before the close of the Option Offer. The Share Options (to the extent not exercised) will lapse automatically after the close of the Option Offer on the Closing Date. Independent Optionholders are reminded that acceptance of the Option Offer made in relation to any Share Option that has lapsed will not render acceptance to be valid. Independent Optionholders are therefore recommended to consult their own professional advisers as to the exercise of the Share Options pursuant to the rules of the Share Option Scheme and the implications as to accepting or rejecting the Option Offer.

(c) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Option Offer Acceptance should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

(d) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, you must exercise the Share Options to the extent exercisable as indicated in the paragraph headed "4. Exercise of Share Options" of this Appendix below, but (i) the relevant exercise notice and cheque for the subscription monies must reach the Company before the Offers close; and (ii) the relevant **WHITE** Form of Share Offer Acceptance must reach the Registrar on or before 4:00 p.m. on the Closing Date. You should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

(e) No stamp duty will be deducted from the amount paid or payable to Independent Optionholder who accept the Option Offer.

(f) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Share Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant 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) are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount due to each of the Independent Shareholders who accepts the Share Offer less seller's ad valerom stamp duty in respect of the Shares tendered by it/him/her under the Share Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days following the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valerom stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

2.2 The Warrant Offer

Provided that a valid **BLUE** Form of Warrant Offer Acceptance and the relevant 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) are complete and in good order in all respects and have been received by the Registrar before the close of the Warrant Offer, a cheque for the amount due to each of the Independent Warrantholders who accepts the Warrant Offer less seller's ad valerom stamp duty in respect of the Warrants tendered by it/him/her under the Warrant Offer will be despatched to such Independent Warrantholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days following the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Warrantholder is entitled under the Warrant Offer will be implemented in full in accordance with the terms of the Warrant Offer (save with respect to the payment of seller's ad valerom stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Warrantholder.

2.3 The Option Offer

Provided that a valid **PINK** Form of Option Offer Acceptance and the relevant certificate(s) in respect of the Share Options (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 Company before the close of the Option Offer, a cheque for the amount due to each of the Independent Optionholders who accepts the Option Offer in respect of the Share Option tendered by it/him/her under the Option Offer will be despatched to such Independent Optionholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days following the receipt of all the relevant documents by the Company to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Optionholder is entitled under the Share Option will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Optionholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance, the **BLUE** Form of Warrant Offer Acceptance and **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer and Warrant Offer) or the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.

(b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as they may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

(c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers will be kept open for at least 14 days thereafter.

(d) If the Closing Date of the Offers 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) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders, Independent Warrantholders and the Independent Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "7. Right of withdrawal" below and duly do so.

4. EXERCISE OF SHARE OPTIONS

The Independent Optionholder who wishes to accept the Share Offer may (i) exercise his/her/its Share Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Share Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Share Options to the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Share Options. Exercise of the Share Options is subject to the terms and conditions of the

Share Option Scheme and the terms attaching to the grant of the relevant Share Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Share Options but will only be deemed to be an irrevocable authority to the Offeror and/or Somerley and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Share Options as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If the Independent Optionholder fails to exercise his/her/its Share Options as aforesaid and in accordance with the terms and conditions of the Share Option Scheme, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Option(s) to such Independent Optionholder in time for it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

5. LAPSE OF SHARE OPTIONS

As referred to in the paragraph headed "Effect of accepting the Offers" in the " Letter from Somerley" contained in this Composite Document, Independent Optionholders should note that under the rules of the Share Option Scheme, all Share Options (to the extent not exercised) will lapse automatically on the Closing Date.

Nothing in this Composite Document or the Option Offer will serve to extend the life of any Share Option which lapses under the Share Option Scheme. No exercise of Share Options or acceptance of the Option Offer may be made in relation to any Share Option that has lapsed.

6. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or has expired.

The announcement will state the total number of Shares, Warrants 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 or persons 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 persons acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number or principal amount of Shares, Warrants and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer and Warrant Offer) or the Company (in respect of the Option Offer) respectively no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.

(b) As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

7. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Independent Shareholders, Independent Warrantholders and the Independent Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “6. Announcements” above, the Executive may require that the Independent Shareholders, the Independent Warrantholders and the Independent 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.

In such case, when the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or the relevant certificate(s) in respect of the Share Options (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholder(s), Independent Warrantholder(s) and Independent Optionholders.

8. STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer or the Warrant Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders or the Warrantholders, or (if higher) the value of the Shares or the Warrants as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Shareholders or the Warrantholders who accept the Share Offer or the Warrant Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance, or (if higher) the value of the Shares and/or the Warrants as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares and/or the Warrants which are validly tendered for acceptance under the Share Offer and/or the Warrant Offer.

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

9. OVERSEAS HOLDERS OF SHARES, WARRANTS AND SHARE OPTIONS

The Offers are made available to all Independent Shareholders, Independent Warrantholders and Independent Optionholders, including Overseas holders of Shares, Warrants and Share Options. The Overseas holders of Shares, Warrants and Share Options who wish to participate in the Offers are subject to, and may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. Overseas holders of Shares, Warrants and Share Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, consult their professional advisers.

It is the sole responsibility of the Overseas holders of Shares, Warrants and Share Options who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental 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 holders of Shares, Warrants and Share Options in respect of such jurisdictions).

Any acceptance by any Overseas holders of Shares, Warrants and Share Options will be deemed to constitute a representation and warranty from such Overseas holders of Shares, Warrants and Share Options that the local laws and requirements have been complied with.

10. TAXATION ADVICE

Shareholders, Warrantholders 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, its parties acting in concert, the Company, Somerley, and their respective ultimate beneficial owners, directors, officers, agents 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.

11. GENERAL

(a) All communications, notices, Forms of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders, the Independent Warrantholders and/or the Independent Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Somerley and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents 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 Forms of Acceptance form part of the terms and conditions of the Offers.

(c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the Share Offer, the Warrant Offer or the Option Offer in any way.

(d) The Offers are, 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, Somerley or such person or persons as the Offeror 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 they may direct, the Shares, the Warrants or the Share Options in respect of which such person or persons has/have accepted the Offers.

(f) By accepting the Offers, the Independent Shareholders, the Independent Warrantholders or the Independent Optionholders will sell their Shares or Warrants or tender their Share Options (as the case may be) to the Offeror free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions (as applicable) which may be recommended, declared, made or paid, if any, at any time on or after the Closing Date. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong or who is a citizen, resident or national of a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Overseas Shareholders with registered addresses in jurisdictions outside Hong Kong or who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

(g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares, Warrants or Share Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares, Warrants or Share Options held by such nominee for such beneficial owner who is accepting the Offers.

(h) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension or revision thereof.

(i) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders, the Independent Warrantholders and the Independent Optionholders in the Forms of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

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

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group for the three years ended 31 December 2012, 2013 and 2014, as extracted from the annual results announcement of the Company for the year ended 31 December 2014 and the annual report of the Company for the year ended 31 December 2013.

	Year ended 31 December		
	2014	**2013**	**2012**
	HK$million	*HK$million*	*HK$million*
RESULTS			
REVENUE	881.2	1,441.0	328.8
PROFIT BEFORE TAX	218.0	162.5	154.2
Income tax expense	(168.7)	(85.0)	(41.6)
PROFIT FOR THE YEAR	49.3	77.5	112.6
ATTRIBUTABLE TO:			
Shareholders	(87.2)	72.8	103.3
Non-controlling interests	136.5	4.7	9.3
	49.3	77.5	112.6
Basic (loss)/earnings per Share attributable to the Shareholders	(HK0.8 cents)	HK0.6 cents	HK0.9 cents
Dividend per Share attributable to the Shareholders	–	–	HK2.0 cents
Dividends	–	–	220.1
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS			
Total assets	22,523.5	22,121.8	20,522.7
Total liabilities	7,427.3	6,772.7	5,810.1
Non-controlling interests	2,392.8	2,312.4	2,249.6
Equity attributable to owners of the Parent	12,703.4	13,036.7	12,463.0

Notes:

1. No qualified opinion in respect of the audit of the Group for the three years ended 31 December 2012, 2013 and 2014 has been issued by the auditors of the Company.

2. No exceptional items because of their size, nature or incidences were recognised in the above accounts for the three years ended 31 December 2012, 2013 and 2014.

2. LATEST PUBLISHED FINANCIAL INFORMATION

Set out below are the latest published audited consolidated financial information of the Group for the two years ended 31 December 2014 and 2013 respectively together with the accompanying notes relating thereto and the comparative figures, for the two years ended 31 December 2014 and 2013 as extracted from the annual results announcement of the Company for the year ended 31 December 2014 and the annual report of the Company for the year ended 31 December 2013 respectively. References to page numbers in this section are to the page numbers of such annual results announcement and annual report of the Company.

(A) AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK$ Million	2013 HK$ Million
Revenue	4	**881.2**	1,441.0
Cost of sales		**(563.2)**	(1,014.8)
Gross profit		**318.0**	426.2
Other income	5	**120.3**	51.7
Fair value adjustments on investment properties		**351.5**	1.7
Provision for impairment losses on assets	6	**(223.4)**	(16.1)
Selling and distribution costs		**(44.4)**	(65.2)
Administrative expenses		**(183.7)**	(198.1)
Other and general expenses		**(72.0)**	(115.3)
Operating profit	7	**266.3**	84.9
Finance income	8	**48.8**	36.7
Finance costs	8	**(151.6)**	(135.5)
Finance costs – net		**(102.8)**	(98.8)
Share of profits less losses of associated companies		**65.4**	100.5
Share of profits less losses of joint ventures		**(10.9)**	75.9
Profit before income tax		**218.0**	162.5
Income tax expense	9	**(168.7)**	(85.0)
Profit for the year		**49.3**	77.5
Attributable to:			
Equity holders of the Company		**(87.2)**	72.8
Non-controlling interests		**136.5**	4.7
		49.3	77.5
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company, expressed in HK cents per share	10		
Basic		**(0.8)**	0.6
Diluted		**(0.9)**	0.6
Dividends	11	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$ Million	*HK$ Million*
Profit for the year	**49.3**	77.5
Other comprehensive (loss)/income		
Items reclassifiable to profit or loss		
Translation of financial statements of foreign operations		
– Currency translation differences	**(351.1)**	556.4
– Currency translation differences reclassified to profit or loss upon liquidation and disposal	**(26.3)**	–
Investments available for sale		
– Gain in fair value	**2.1**	0.9
Items not reclassifiable to profit or loss		
Gain on property revaluation	**11.7**	–
Other comprehensive (loss)/income for the year, net of tax	**(363.6)**	557.3
Total comprehensive (loss)/income for the year	**(314.3)**	634.8
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(396.1)**	570.8
Non-controlling interests	**81.8**	64.0
	(314.3)	634.8

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	31 December 2014 HK$ Million	31 December 2013 HK$ Million
ASSETS			
Non-current assets			
Investment properties		**8,044.1**	6,771.1
Prepaid land lease payments		**1,720.8**	2,601.6
Property, plant and equipment			
– Other property, plant and equipment		**1,282.8**	1,025.5
– Construction in progress		**0.5**	250.9
Intangible assets		**1,183.7**	1,226.8
Properties under development		**644.8**	1,743.5
Interests in associated companies		**1,223.3**	1,325.6
Interests in joint ventures		**2,225.0**	2,218.8
Available-for-sale financial assets		**26.8**	26.1
Prepayments and other receivables	*12*	**258.2**	466.4
Total non-current assets		**16,610.0**	17,656.3
Current assets			
Properties under development		**1,554.7**	–
Inventories		**6.1**	6.6
Properties held for sale		**2,240.9**	1,730.6
Financial assets at fair value through profit or loss		**14.2**	14.5
Trade and other receivables	*12*	**229.8**	285.5
Restricted cash		**765.0**	1,064.0
Cash and cash equivalents		**1,102.8**	1,364.3
Total current assets		**5,913.5**	4,465.5
Total assets		**22,523.5**	22,121.8

	Note	31 December 2014 HK$ Million	31 December 2013 HK$ Million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**116.0**	112.4
Reserves		**12,587.4**	12,924.3
Equity attributable to equity holders of the Company		**12,703.4**	13,036.7
Non-controlling interests		**2,392.8**	2,312.4
Total equity		**15,096.2**	15,349.1
LIABILITIES			
Non-current liabilities			
Borrowings		**2,968.4**	3,098.4
Other non-current payables		**13.7**	13.7
Deferred income tax liabilities		**1,198.3**	1,124.4
Total non-current liabilities		**4,180.4**	4,236.5
Current liabilities			
Trade and other payables	*13*	**1,854.0**	1,953.2
Borrowings		**1,211.0**	418.5
Current income tax liabilities		**181.9**	164.5
Total current liabilities		**3,246.9**	2,536.2
Total liabilities		**7,427.3**	6,772.7
Total equity and liabilities		**22,523.5**	22,121.8
Net current assets		**2,666.6**	1,929.3
Total assets less current liabilities		**19,276.6**	19,585.6

NOTES

1 GENERAL INFORMATION

HKC (Holdings) Limited (the "Company" or "HKC") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company and its subsidiaries (collectively the "Group") are principally engaged in the business of property development and investment, alternative energy investment and operation and infrastructure. The investments of the Group are mainly located in the Mainland China.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The ultimate holding company is Claudio Holdings Limited, a company incorporated in the British Virgin Islands since 29 January 2015.

These consolidated financial statements are presented in million of Hong Kong dollars (HK$ Million), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 30 March 2015.

2 BASIS OF PREPARATION

The consolidated financial statements of HKC (Holdings) Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instrument) at fair value through profit or loss, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor companies ordinance (Cap. 32) for this financial year and the comparative period.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) Amended standards and interpretation adopted by the Group

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Impairment of assets – recoverable amount disclosures
HK(IFRIC) – Int 21	Levies

The adoption of these amendments to standards and interpretation have no significant effects on the Group's financial information.

(b) Amended standards mandatory for the first time for the financial year beginning on 1 January 2014 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKAS 39 (Amendment)	Financial instruments: recognition and measurement – novation of derivatives
HKFRS 10, 12 and HKAS 27 (2011) (Amendment)	Consolidation for investment entities

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted

The following standards and amendments to standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
Annual improvements project	Annual improvements to HKFRSs 2010 – 2012 cycle	1 July 2014
Annual improvements project	Annual improvements to HKFRSs 2011 – 2013 cycle	1 July 2014
HKAS 19 (2011) (Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKFRS 10, 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting on acquisition of interests in joint operation	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
Annual Improvements project	Annual Improvements to HKFRSs 2012 – 2014 Cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments (hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)	1 January 2018

The Group has not early adopted the new standards and amendments to standards, which have been issued but are not effective for the financial year beginning 1 January 2014. The Group has commenced an assessment of the related impact but is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of the financial information will be resulted.

(d) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 SEGMENT INFORMATION

Segment information disclosed in the annual results announcement has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group is organised into the following segments: Properties development (for sale or lease upon completion of construction work), Property investment and leasing, Infrastructure, Alternative energy and Other operations.

The Group's most senior executive management assesses the performance of the operating segments based on operating profit/(loss) after interest income and expenses, taxation and share of profits/(losses) of associated companies and joint ventures. Corporate expenses mainly include the employee expenses of the head office, interest income and expenses arising from the holding companies and other administrative expenses of the head office.

The Group's segment assets exclude financial assets at fair value through profit or loss, available-for-sale financial assets which are managed on a central basis. These are part of the reconciliation to total balance sheet assets. Corporate assets mainly include the cash at bank, property, plant and equipment and other receivables held by the head office. The assets of each reportable segment comprise the inter-segment receivables.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to management is measured in a manner consistent with that in the consolidated income statement. Total segment revenue also represents the Group's turnover.

The segment information for the reportable segments for the years ended 31 December 2014 and 2013 is as follows:

	Properties development									
	Shanghai and Zhejiang	Shenyang	Tianjin	Jiangmen	Shenzhen	Property investment and leasing	Infrastructure	Alternative energy	Other operations	Total reportable segments
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Year ended 31 December 2014										
Revenue from external customers	**13.4**	**–**	**319.0**	**256.3**	**4.7**	**123.3**	**67.2**	**97.3**	**–**	**881.2**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**1.5**	**–**	**–**	**15.4**	**16.9**
Total revenue	**13.4**	**–**	**319.0**	**256.3**	**4.7**	**124.8**	**67.2**	**97.3**	**15.4**	**898.1**
Operating profit/(loss)	**422.9**	**(41.1)**	**(207.4)**	**24.6**	**1.9**	**32.9**	**32.7**	**7.9**	**3.1**	**277.5**
Finance income	**6.2**	**2.1**	**6.5**	**1.3**	**–**	**1.2**	**0.3**	**5.3**	**2.8**	**25.7**
Finance costs	**–**	**–**	**(28.2)**	**(0.1)**	**–**	**(8.4)**	**(74.6)**	**(37.1)**	**(1.1)**	**(149.5)**
Share of profits less losses of associated companies	**–**	**–**	**–**	**–**	**–**	**4.1**	**–**	**61.3**	**–**	**65.4**
Share of profits less losses of joint ventures	**(10.9)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10.9)**
Profit/(loss) before income tax	**418.2**	**(39.0)**	**(229.1)**	**25.8**	**1.9**	**29.8**	**(41.6)**	**37.4**	**4.8**	**208.2**
Income tax expense	**(109.2)**	**–**	**(6.6)**	**(8.2)**	**(2.2)**	**(6.4)**	**–**	**(8.5)**	**(24.5)**	**(165.6)**
Profit/(loss) for the year	**309.0**	**(39.0)**	**(235.7)**	**17.6**	**(0.3)**	**23.4**	**(41.6)**	**28.9**	**(19.7)**	**42.6**

	Properties development									
	Shanghai and Zhejiang	Shenyang	Tianjin	Jiangmen	Shenzhen	Property investment and leasing	Infrastructure	Alternative energy	Other operations	Total reportable segments
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Depreciation	**(1.0)**	**(6.3)**	**(0.2)**	**(0.3)**	**–**	**(0.2)**	**(0.3)**	**(57.1)**	**(0.7)**	**(66.1)**
Amortisation	**(0.4)**	**–**	**(21.2)**	**–**	**–**	**(0.7)**	**(15.9)**	**(0.5)**	**(0.1)**	**(38.8)**
Fair value adjustments on investment properties	**430.6**	**–**	**–**	**–**	**–**	**(79.1)**	**–**	**–**	**–**	**351.5**
Provision for impairment losses	**–**	**(17.0)**	**(206.4)**	**–**	**–**	**–**	**–**	**–**	**–**	**(223.4)**
Year ended 31 December 2013										
Revenue from external customers	117.9	–	758.2	267.7	–	103.9	49.2	113.7	30.4	1,441.0
Inter-segment revenue	–	–	–	–	–	0.3	–	–	15.8	16.1
Total revenue	117.9	–	758.2	267.7	–	104.2	49.2	113.7	46.2	1,457.1
Operating profit/(loss)	25.3	(29.8)	39.4	49.7	–	93.8	24.1	34.0	(47.4)	189.1
Finance income	10.2	1.2	7.1	1.3	–	2.9	0.8	2.4	1.1	27.0
Finance costs	(4.0)	(0.1)	(0.1)	(0.1)	–	(7.9)	(77.6)	(42.0)	(3.1)	(134.9)
Share of profits less losses of associated companies	–	–	–	–	–	22.0	–	78.5	–	100.5
Share of profits less losses of joint ventures	75.9	–	–	–	–	–	–	–	–	75.9
Profit/(loss) before income tax	107.4	(28.7)	46.4	50.9	–	110.8	(52.7)	72.9	(49.4)	257.6
Income tax expense	(11.7)	–	(41.7)	(5.8)	–	(4.8)	–	(8.4)	(12.6)	(85.0)
Profit/(loss) for the year	95.7	(28.7)	4.7	45.1	–	106.0	(52.7)	64.5	(62.0)	172.6
Depreciation	(1.0)	(6.3)	(8.5)	(2.1)	–	(0.4)	(0.3)	(58.4)	(6.6)	(83.6)
Amortisation	(0.4)	–	(21.3)	–	–	(0.5)	(11.5)	(0.5)	(0.1)	(34.3)
Fair value adjustments on investment properties	17.0	–	–	–	–	(15.3)	–	–	–	1.7
Provision for impairment losses	–	–	(16.1)	–	–	–	–	–	–	(16.1)

	Properties development									
	Shanghai and Zhejiang	Shenyang	Tianjin	Jiangmen	Shenzhen	Property investment and leasing	Infrastructure	Alternative energy	Other operations	Total reportable segments
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
As at 31 December 2014										
Total assets	**8,495.6**	**2,272.4**	**3,580.1**	**655.8**	**204.1**	**4,646.9**	**1,194.1**	**2,354.5**	**8.5**	**23,412.0**
Total assets include:										
Interests in associated companies	**–**	**–**	**–**	**–**	**–**	**473.7**	**–**	**749.6**	**–**	**1,223.3**
Interests in joint ventures	**2,225.0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,225.0**
Total liabilities	**2,009.4**	**1,578.2**	**2,631.1**	**372.8**	**–**	**662.5**	**1,697.7**	**791.6**	**49.9**	**9,793.2**
As at 31 December 2013										
Total assets	7,401.9	2,071.0	4,228.5	607.1	211.5	4,845.2	1,250.2	2,425.2	9.7	23,050.3
Total assets include:										
Interests in associated companies	–	–	–	–	–	501.2	–	824.4	–	1,325.6
Interests in joint ventures	2,218.8	–	–	–	–	–	–	–	–	2,218.8
Total liabilities	1,162.2	1,290.8	2,973.4	330.0	–	801.1	1,721.8	778.5	58.3	9,116.1

A reconciliation of profit for the year of reportable segments to profit for the year of the Group is provided as follows:

	2014	**2013**
	HK$ Million	*HK$ Million*
Profit for the year of reportable segments	**42.6**	172.6
Unallocated amounts:		
Corporate expenses, net	**(50.2)**	(106.8)
Gain on disposal of an associated company, net of tax	**33.8**	–
Gain on completion on liquidation of subsidiaries – net	**16.7**	2.8
Intra group elimination	**6.4**	8.9
Profit for the year of the Group	**49.3**	77.5

Reportable segments' assets are reconciled to total assets as follows:

	2014	**2013**
	HK$ Million	*HK$ Million*
Total segment assets	**23,412.0**	23,050.3
Head office assets	**863.3**	746.9
Intra group elimination	**(1,792.8)**	(1,716.0)
Available-for-sale financial assets	**26.8**	26.1
Financial assets at fair value through profit or loss	**14.2**	14.5
Total assets per consolidated balance sheet	**22,523.5**	22,121.8

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2014	2013
	HK$ Million	*HK$ Million*
Total segment liabilities	**9,793.2**	9,116.1
Head office liabilities	**758.1**	316.2
Intra group elimination	**(3,124.0)**	(2,659.6)
Total liabilities per consolidated balance sheet	**7,427.3**	6,772.7

Non-current assets other than available-for-sale financial assets are mainly located in the Mainland China.

Analysis of revenue by category:

	2014	2013
	HK$ Million	*HK$ Million*
Sales proceeds from properties held for sale	**593.3**	1,143.8
Rental income from investment properties	**123.3**	103.9
Alternative energy	**97.4**	113.7
Infrastructure	**67.2**	49.2
Others	**–**	30.4
	881.2	1,441.0

Revenue from external customers in the Mainland China for the year ended 31 December 2014 are HK$881.2 million (2013: HK$1,438.4 million) and there is no revenue from external customers in other areas for the year ended 31 December 2014 (2013: HK$2.6 million).

For the year ended 31 December 2014 and 2013, there is no revenue derived from a single external customer exceeding 10% of total revenue.

5 OTHER INCOME

	2014	2013
	HK$ Million	*HK$ Million*
Property management fee income	**22.5**	23.2
Income generated from properties held for sale	**12.8**	12.3
Gain on disposal of property, plant and equipment – net	**0.4**	–
Gain on disposal of an associated company	**36.9**	–
Gain on completion on liquidation of subsidiaries – net	**16.7**	2.8
Write back of costs provision	**–**	1.6
Net exchange gain	**2.7**	–
Profit on completed construction contract	**25.6**	–
Others	**2.7**	11.8
	120.3	51.7

6 PROVISION FOR IMPAIRMENT LOSSES ON ASSETS

	2014 *HK$ Million*	2013 *HK$ Million*
Provision for impairment losses on		
– properties under development *(Note)*	**(206.5)**	(16.1)
– properties held for sale	**(16.9)**	–
	(223.4)	(16.1)

Note: Certain of the properties under development were classified as properties held for sale as at 31 December 2014.

7 OPERATING PROFIT

Operating profit is arrived at after (charging)/crediting the following items:

	2014 *HK$ Million*	2013 *HK$ Million*
Employee benefit expenses	**(113.2)**	(127.1)
Employee share option benefits, net	**(1.2)**	(1.8)
Amortisation		
– prepaid land lease payments	**(23.1)**	(23.1)
– intangible assets	**(16.0)**	(11.6)
Depreciation of property, plant and equipment	**(68.8)**	(86.6)
Cost of inventories	**(2.4)**	(11.3)
Cost of properties sold	**(464.4)**	(894.5)
Direct operating expenses arising from investment properties that generate rental income	**(3.7)**	(4.0)
Auditor's remuneration – audit services	**(5.0)**	(5.9)
Operating lease payments	**(8.4)**	(13.5)
Net exchange gain/(loss)	**2.7**	(17.6)
Fair value loss on financial assets and financial liabilities at fair value through profit or loss – net	**(18.8)**	(16.3)
Gain/(loss) on disposal of property, plant and equipment – net	**0.4**	(1.2)

8 FINANCE INCOME AND COSTS

	2014 *HK$ Million*	2013 *HK$ Million*
Interest expenses:		
Bank loans wholly repayable within 5 years	**(136.3)**	(86.4)
Bank loans not wholly repayable within 5 years	**(94.6)**	(113.3)
Other loans wholly repayable within 5 years	**(0.9)**	(0.9)
Other loans not wholly repayable within 5 years	**(8.4)**	(7.9)
	(240.2)	(208.5)
Less: capitalised in properties under development and construction in progress	**88.6**	73.0
Finance costs	**(151.6)**	(135.5)
Finance income	**48.8**	36.7
Net finance costs	**(102.8)**	(98.8)

9 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the years ended 31 December 2014 and 2013. Mainland China income tax includes corporate income tax which has been provided on the estimated assessable profits of subsidiaries operating in the Mainland China at 25% (2013: 25%), and which withholding tax has been provided at 10% (2013: rates ranging from 5% to 10%) on income sourced from the Mainland China by the Group's non-tax resident enterprises, including profit on direct or indirect equity transfer transactions, interest and dividend income received and receivable.

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 40% (2013: rates ranging from 30% to 40%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures (including costs of land use rights and property development expenditures).

	2014	**2013**
	HK$ Million	*HK$ Million*
Current income tax		
Mainland China income tax	**(50.7)**	(61.5)
Mainland China land appreciation tax	**(24.5)**	(60.5)
	(75.2)	(122.0)
Deferred income tax		
(Charged)/credited to the income statement	**(93.5)**	37.0
	(168.7)	(85.0)

10 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	**2013**
(Loss)/profit attributable to equity holders of the Company (HK$ Million)	**(87.2)**	72.8
Weighted average number of ordinary shares in issue (Million)	**11,308.5**	11,241.9
Basic (loss)/earnings per share (HK cents per share)	**(0.8)**	0.6

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares including the share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2014	**2013**
(Loss)/profit attributable to equity holders of the Company (HK$ Million)	**(87.2)**	72.8
Effect of assumed conversion of convertible preference shares and convertible notes issued by subsidiaries (HK$ Million)	**(16.0)**	(1.7)
	(103.2)	71.1
Weighted average number of ordinary shares for calculation of diluted (loss)/earnings per share (Million)	**11,308.5**	11,241.9
Diluted (loss)/earnings per share (HK cents per share)	**(0.9)**	0.6

Diluted loss per share for the year ended 31 December 2014 did not assume the exercise of the share options and bonus warrants of the Company and the share options, convertible notes and subscription rights for convertible preference shares of subsidiaries outstanding during the year since the exercise would have an anti-dilutive effect.

Diluted earnings per share for the year ended 31 December 2013 did not assume the exercise of the share options of the Company and the share options, convertible notes and subscription rights for convertible preference shares of subsidiaries outstanding during the year since the exercise would have an anti-dilutive effect.

11 DIVIDENDS

The Board of Directors do not recommend the payment of final dividend for the years ended 31 December 2013 and 2014.

12 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2014 *HK$ Million*	**2013** *HK$ Million*
Non-current		
Prepayments and other receivables	**258.2**	466.4
Current		
Trade receivables	**94.7**	86.4
Less: provision for impairment of receivables	**(8.3)**	(10.9)
Trade receivables – net	**86.4**	75.5
Bills receivable	**2.1**	2.0
Retention receivables	**0.7**	15.7
Prepaid taxes	**20.1**	12.0
Prepayments, other receivables and deposits, net of provisions	**120.5**	180.3
	229.8	285.5
	488.0	751.9

The ageing analysis of trade receivables by the Group's revenue recognition policy at year end, net of provision for impairment, was as follows:

	Group	
	2014	**2013**
	HK$ Million	*HK$ Million*
0 to less than 2 months	**39.5**	27.0
2 to less than 6 months	**12.5**	8.7
6 to less than 12 months	**0.6**	2.3
12 months and more	**33.8**	37.5
	86.4	75.5

The ageing analysis of trade receivables by invoice due date at year end, net of provision for impairment, was as follows:

	Group	
	2014	**2013**
	HK$ Million	*HK$ Million*
0 to less than 2 months	**69.3**	54.9
2 to less than 6 months	**0.8**	–
6 to less than 12 months	**0.6**	1.6
12 months and more	**15.7**	19.0
	86.4	75.5

For alternative energy business, the Group allows a credit period of 30 days to its trade customers. The electricity tariff receivables due from the government have to go through an approval procedure before issuing invoices, which the related receivables of which invoices were not issued as at 31 December 2014 of HK$59.0 million (2013: HK$36.1 million) are classified as 0 to less than 2 months in the ageing analysis. Trade receivables that are less than 30 days past due are not considered impaired. As at 31 December 2014, trade receivables of HK$13.8 million (2013: HK$16.3 million) on alternative energy business were past due but not impaired. These relate to the government subsidies on the electricity tariff which have not been allocated and distributed. Based on past experience and industry practice, these tariff premiums are generally paid in 6 to 12 months from the date of the sales recognition. The amount included HK$13.8 million (2013: HK$14.8 million) trade receivables on alternative energy business being past due over 12 months. No impairment has been provided for these receivables as the balances are not in dispute and there is no indication that the amount will not be collectible.

Other than alternative energy business, various group companies have different credit policies depending on the requirements of their markets and the businesses which they operate. Trade receivables that are less than 12 months past due are not considered impaired. As at 31 December 2014, trade receivables of HK$1.9 million (2013:HK$4.2 million) on other business were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

13 TRADE AND OTHER PAYABLES

	2014	**2013**
	HK$ Million	*HK$ Million*
Trade payables	**69.0**	135.5
Retention payables	**177.0**	193.3
Properties sale deposits received	**461.6**	530.8
Other payables and accruals	**1,146.4**	1,093.6
	1,854.0	1,953.2

The ageing analysis of trade payables at year end was as follows:

	2014	2013
	HK$ Million	*HK$ Million*
0 to less than 2 months	**37.9**	123.6
2 to less than 6 months	**0.2**	1.9
6 to less than 12 months	**0.1**	0.2
12 months and more	**30.8**	9.8
	69.0	135.5

(B) AUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated Income Statement

For the year ended 31 December 2013

	Note	**2013** *HK$ Million*	**2012** *HK$ Million*
Revenue	*5*	1,441.0	328.8
Cost of sales		(1,014.8)	(149.5)
Gross profit		426.2	179.3
Other income	*6*	51.7	243.2
Fair value adjustments on investment properties	*16*	1.7	71.0
Provision for impairment losses on assets	*7*	(16.1)	(20.6)
Selling and distribution costs		(65.2)	(53.8)
Administrative expenses		(198.1)	(233.7)
Other and general expenses		(115.3)	(68.7)
Operating profit	*8*	84.9	116.7
Finance income	*9*	36.7	52.3
Finance costs	*9*	(135.5)	(160.5)
Finance costs – net	*9*	(98.8)	(108.2)
Share of profits less losses of associated companies	*22*	100.5	148.0
Share of profits less losses of joint ventures	*23*	75.9	(2.3)
Profit before income tax		162.5	154.2
Income tax expense	*12*	(85.0)	(41.6)
Profit for the year		77.5	112.6

	Note	2013 HK$ Million	2012 HK$ Million
Attributable to:			
Equity holders of the Company	*13*	72.8	103.3
Non-controlling interests		4.7	9.3
		77.5	112.6
Earnings per share for profit attributable to equity holders of the Company, expressed in HK cents per share	*14*		
Basic		0.6	0.9
Diluted		0.6	0.9
Dividends	*15*	–	220.1

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 HK$ Million	2012 HK$ Million
Profit for the year	77.5	112.6
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value gains on available-for-sale financial assets	0.9	1.8
Currency translation differences	556.4	111.1
Other comprehensive income for the year, net of tax	557.3	112.9
Total comprehensive income for the year	634.8	225.5
Total comprehensive income attributable to:		
Equity holders of the Company	570.8	200.4
Non-controlling interests	64.0	25.1
	634.8	225.5

Consolidated Balance Sheet

As at 31 December 2013

	Note	31 December 2013 HK$ Million	31 December 2012 HK$ Million
ASSETS			
Non-current assets			
Investment properties	16	6,771.1	6,182.1
Prepaid land lease payments	17	2,601.6	3,214.4
Property, plant and equipment			
– Other property, plant and equipment	18	1,025.5	1,108.6
– Construction in progress	18	250.9	69.3
Intangible assets	19	1,226.8	1,204.6
Properties under development	20	1,743.5	1,509.0
Interests in associated companies	22	1,325.6	1,171.9
Interests in joint ventures	23	2,218.8	2,082.9
Available-for-sale financial assets	24	26.1	27.5
Prepayments and other receivables	28	466.4	–
Total non-current assets		17,656.3	16,570.3
Current assets			
Inventories		6.6	9.0
Properties held for sale	26	1,730.6	711.1
Financial assets at fair value through profit or loss	27	14.5	14.1
Trade and other receivables	28	285.5	586.2
Restricted cash	30	1,064.0	314.1
Cash and cash equivalents	31	1,364.3	2,317.9
Total current assets		4,465.5	3,952.4
Total assets		22,121.8	20,522.7

Consolidated Balance Sheet (continued)
As at 31 December 2013

	Note	31 December 2013 HK$ Million	31 December 2012 HK$ Million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	32	112.4	112.4
Reserves	33	12,924.3	12,350.6
Equity attributable to equity holders of the Company		13,036.7	12,463.0
Non-controlling interests		2,312.4	2,249.6
Total equity		15,349.1	14,712.6
LIABILITIES			
Non-current liabilities			
Borrowings	34	3,098.4	2,092.1
Other non-current payables		13.7	13.7
Deferred income tax liabilities	36	1,124.4	1,126.7
Total non-current liabilities		4,236.5	3,232.5
Current liabilities			
Trade and other payables	35	1,953.2	1,582.3
Borrowings	34	418.5	899.7
Derivative liability	37	–	2.2
Current income tax liabilities		164.5	93.4
Total current liabilities		2,536.2	2,577.6
Total liabilities		6,772.7	5,810.1
Total equity and liabilities		22,121.8	20,522.7
Net current assets		1,929.3	1,374.8
Total assets less current liabilities		19,585.6	17,945.1

Balance Sheet
As at 31 December 2013

	Note	2013 HK$ Million	2012 HK$ Million
ASSETS			
Non-current asset			
Investments in subsidiaries	21	169.8	168.6
Current assets			
Amounts due from subsidiaries	21	9,857.8	9,579.9
Other receivables	28	0.7	1.7
Cash and cash equivalents	31	39.2	93.5
Total current assets		9,897.7	9,675.1
Total assets		10,067.5	9,843.7
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	32	112.4	112.4
Reserves	33	9,951.2	9,720.4
Total equity		10,063.6	9,832.8
Current liability			
Other payables	35	3.9	10.9
Total liability		3.9	10.9
Total equity and liability		10,067.5	9,843.7

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Note	Attributable to equity holders of the Company HK$ Million	Non-controlling interests HK$ Million	Total equity HK$ Million
Balance at 1 January 2012		12,488.0	1,792.4	14,280.4
Comprehensive income				
Profit for the year		103.3	9.3	112.6
Other comprehensive income				
Fair value gains on available-for-sale financial assets	*33*	1.8	–	1.8
Currency translation differences	*33*	95.3	15.8	111.1
Total comprehensive income for the year		200.4	25.1	225.5
Transactions with owners				
Issue of scrip dividend shares	*32,33*	124.6	–	124.6
Employee share option benefits	*33*	2.1	(0.1)	2.0
Release of reserves upon disposal of subsidiaries		(23.7)	(71.7)	(95.4)
– 2011 special dividend paid		(108.3)	–	(108.3)
– 2012 special dividend paid		(220.1)	–	(220.1)
Contribution from a non-controlling shareholder in a subsidiary		–	491.8	491.8
Decrease in amounts due from a non-controlling shareholder		–	12.1	12.1
Total transactions with owners		(225.4)	432.1	206.7
Balance at 31 December 2012		12,463.0	2,249.6	14,712.6

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2013

	Note	Attributable to equity holders of the Company HK$ Million	Non-controlling interests HK$ Million	Total equity HK$ Million
Balance at 1 January 2013		12,463.0	2,249.6	14,712.6
Comprehensive income				
Profit for the year		72.8	4.7	77.5
Other comprehensive income				
Fair value gains on available-for-sale financial assets	33	0.9	–	0.9
Currency translation differences	33	497.1	59.3	556.4
Total comprehensive income for the year		570.8	64.0	634.8
Transaction with owners				
Employee share option benefits	33	2.9	(1.2)	1.7
Total transaction with owners		2.9	(1.2)	1.7
Balance at 31 December 2013		13,036.7	2,312.4	15,349.1

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 HK$ Million	2012 HK$ Million
Cash flows from operating activities			
Cash generated from/(used in) operations	41(a)	24.4	(231.5)
Income tax paid, net		(54.1)	(46.0)
Net cash used in operating activities		(29.7)	(277.5)
Cash flows from investing activities			
Interest received		36.7	54.1
Dividend received		125.9	149.7
Development costs paid for investment properties under development		(328.8)	(224.9)
Additions to prepayment for property, plant and equipment and investment properties under development		(211.6)	–
Purchase of property, plant and equipment		(81.0)	(59.5)
Purchase of intangible assets		–	(0.4)
Proceeds from the disposal of			
– Property, plant and equipment		1.9	14.9
– Available-for-sale financial assets		2.5	1.4
– Subsidiaries	41(c)	–	183.8
Net cash (used in)/generated from investing activities		(454.4)	119.1
Cash flows from financing activities			
Repayment of bank borrowings and other loans		(876.4)	(1,007.0)
Increase in restricted cash		(749.9)	(40.6)
Increase in bank borrowings and other loans		1,282.8	303.0
Contribution from a non-controlling shareholder in a subsidiary		–	491.8
Dividends paid to Company's shareholders		–	(203.9)
Interest paid		(208.5)	(207.4)
Net cash used in financing activities		(552.0)	(664.1)
Net decrease in cash and cash equivalents		(1,036.1)	(822.5)
Cash and cash equivalents at 1 January		2,317.9	3,115.0
Effect of foreign exchange rate changes		82.5	25.4
Cash and cash equivalents at 31 December		1,364.3	2,317.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

HKC (Holdings) Limited (the "Company" or "HKC") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company and its subsidiaries (collectively the "Group") are principally engaged in the business of property development and investment, alternative energy investment and operation and infrastructure. The investments of the Group are mainly located in the Mainland China.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in million of Hong Kong dollars (HK$ Million), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 20 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of HKC (Holdings) Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instrument) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKFRS 7 (Amendment)	Financial instruments: disclosures – offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosures of interests in other entities: transition guidance
HKAS 1 (Amendment)	Presentation of items of other comprehensive income
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
Annual improvements project	Annual improvements to 2009-2011 cycle

Except as described below, the adoption of these standards and amendments to standards have no significant effects on the Group's financial information.

The Group adopted HKFRS 10 on 1 January 2013. The accounting policy for subsidiaries will be revised as follows:

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group assessed that adoption of HKFRS 10 did not result in any change in the determination of control over its subsidiaries.

The Group adopted HKFRS 11 on 1 January 2013. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and therefore adopt equity method of accounting to account for investments in joint ventures.

The Group also adopted HKFRS 12 on 1 January 2013 which included the disclosure requirements for all forms of interests in other entities.

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial instruments: disclosures.

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's financial information.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2013 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKAS 19 (Revised 2011)	Employee benefits
HKFRS 1 (Amendment)	Government loans
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

The following standards, amendments to standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Impairment of assets – recoverable amount disclosures	1 January 2014
HKAS 39 (Amendment)	Financial instruments: recognition and measurement – novation of derivatives	1 January 2014
HKAS 19 (2011) (Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKFRS 10, 12 and HKAS 27 (2011) (Amendment)	Consolidation for investment entities	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Annual improvements project	Annual improvements to HKFRSs 2010 – 2012 cycle	1 July 2014
Annual improvements project	Annual improvements to HKFRSs 2011 – 2013 cycle	1 July 2014
HKFRS 9	Financial instruments (hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)	Not yet announced*
HKFRS 14	Regulatory deferral accounts	1 January 2016

* The original effective date of 1 January 2015 is removed and it will be set once the other phase of HKFRS 9 is completed and finalised

The Group has not early adopted the new standards, amendments to standards and interpretation, which have been issued but are not effective for the financial year beginning 1 January 2013. The Group has commenced an assessment of the related impact but is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of the financial information will be resulted.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associated companies are recognised in the consolidated income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or other and general expenses in the consolidated income statement.

(d) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Investments in joint ventures are accounted for by the equity method of accounting. The consolidated income statement includes the Group's share of the results of joint ventures for the year, and the consolidated balance sheet includes the Group's share of the net assets of the joint ventures and goodwill (net of any accumulated impairment loss) on acquisition.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's most senior executive management that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi and the Group's presentation currency is Hong Kong dollars to facilitate analysis of the financial information of the Group, which is listed in Hong Kong.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associated company that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.5 Property, plant and equipment

Properties are interests in land and buildings other than investment properties. Leasehold land classified as finance lease, buildings, water utility plant and equipment, electric utility plant and equipment, other plant and equipment, comprising plant and machineries, motor vehicles and furniture and fixtures are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	shorter of remaining lease term or useful life
Buildings	50 years
Water utility plant and equipment	15 years
Electric utility plant and equipment	20 years
Other plant and equipment	3 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets, which are classified as construction in progress. No depreciation is provided on construction in progress until such times as the relevant assets are completed and available for intended use.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or other and general expenses in the consolidated income statement.

2.6 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields and is not occupied by the Group. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by Knight Frank Petty Limited ("Knight Frank"), an independent professional valuer.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property, others, including contingent rent payments, are not recognised in the financial statements.

Subsequently expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values are recorded as part of a valuation gain or loss in fair value adjustments on investment properties in the consolidated income statement.

The Group transfers a property from investment property to property, plant and equipment and prepaid land lease payments when and only when there is a change in use, evidenced by commencement of owner-occupation. The deemed cost of the property, plant and equipment and prepaid land lease payments is the fair value of the property at the date of change in use.

The Group transfers a property from property, plant and equipment to investment property when and only when there is a change in use, evidenced by end of owner-occupation. Any resulting decrease in carrying amount of the property is recognised in profit or loss at the date of change in use. Any resulting increase in carrying amount of the property is recognised in other comprehensive income and increases the revaluation surplus within equity at the date of change in use.

2.7 Prepaid land lease payments

Prepaid land lease payments represent prepayments for leasehold land held under operating leases, which are stated at cost and subsequently are amortised in the consolidated income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the consolidated income statement. During the course of the properties development, the amortisation is included as part of the costs of the properties under development.

2.8 Completed properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Properties remaining unsold at the end of the year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value represents the management's estimated selling price based on prevailing market conditions less costs to be incurred in selling the property.

The Company transfers a property from investment property to properties held for sale when and only when there is a change in use, evidenced by commencement of development with a view to sale. The deemed cost of the properties held for sale transferred from investment property is the fair value of the property at the date of change in use.

2.9 Properties under development

Properties under development are stated at the lower of cost and net realisable value.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development comprise construction costs, borrowing costs, amortisation of prepaid land lease payments, professional fees and other costs incurred during the development period. On completion, the properties under development are transferred to completed properties held for sale.

No depreciation is provided on properties under development.

2.10 Construction in progress

All direct and indirect costs relating to the construction of property, plant and equipment including borrowing costs during the construction period are capitalised as the costs of the assets, which are classified as construction in progress. On completion, the construction in progress is transferred to property, plant and equipment at cost less accumulated impairment losses. No depreciation is provided on construction in progress.

2.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share in net fair value of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment at each balance sheet date end and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Concession rights

The costs incurred for the construction or upgrade work or the acquisition of the toll road under the service concession arrangements of the Group with relevant local governments are accounted for an intangible asset if the Group receives a right to charge users of the toll road.

These expenditures are amortised on an units-of-usage basis, making reference to the proportion of actual traffic volume achieved for a particular period over the total projected traffic volume throughout the periods within which the Group is granted the rights to operate the toll road. The total projected volume of the respective concession right is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments are made should there be a material change.

Land use rights acquired in conjunction with the service concession arrangement which the Group has no discretion or latitude to deploy for other services other than the use in the service concession are treated as intangible assets.

(c) Other intangible assets

Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Other intangible assets have a finite useful life and are carried at cost less accumulated impairment and amortisation. Amortisation is calculated using the straight-line method over their estimated useful lives of five years.

2.12 Impairment of investments in subsidiaries, associated companies, joint ventures and non-financial assets

Assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Construction contracts

Contract costs are recognised as an expense by reference to the stage of completion of the contract activity at the balance sheet date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents the net contract position for each contract as an asset when the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within trade and other receivables.

The Group presents the net contract position for each contract as a liability when the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.14 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after balance sheet date. These are classified as non-current assets. The Group's loans and receivables are included in "trade and other receivables", "cash and cash equivalents", "restricted cash", "interests in associated companies" and "interests in joint ventures" in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within other income or other and general expenses, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale financial assets are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as other income or other and general expenses.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income which the Group's right to receive payments is established.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

For the purposes of assessing the fair value of unlisted securities, the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through profit or loss.

2.15 Derivative financial instrument

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. The change in the fair value is recognised in the consolidated income statement.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against other expenses in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited to other income in the consolidated income statement.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.20 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.22 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Financial liability at fair value through profit or loss

Financial liability at fair value through profit or loss is financial liability held for trading. A financial liability is classified in this category as designated by the Group upon initial recognition.

Gains or losses arising from changes in the fair value of the "financial liability at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise.

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associated companies and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Defined contribution plans

The Group uses a mandatory provident fund scheme ("MPF") and employee pension schemes established by municipal government in the People's Republic of China ("PRC") for the eligible employees in Hong Kong and the PRC respectively.

The Group's and the employees' contributions to the MPF comply with the related statutory requirements. The Group has no further payments obligations once the contributions have been paid. The Group's contributions to the MPF are expensed as incurred and are not reduced by contributions forfeited by those employees who leave MPF prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The assets of MPF are held separately from those of the Group in independently administered funds.

The Group's contribution to the employee pension schemes in the PRC is at a percentage in compliance with the requirements of respective municipal governments.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the balance sheet date are discounted to their present value.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan in which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets and remaining an employee of the entity over a specified time period) and including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of share options that are expected to become exercisable based on the non-marketing performance and service conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share options are exercised.

2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, properties and services in the ordinary course of the Group's activities. Revenue is shown net of business tax and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenues from infrastructure and alternative energy are generated from water supply, electricity supply and the toll road. They are recognised based on the following:

(a) Revenue arising from water supply is recognised based on water supplied as recorded by meters read during the year.

(b) Revenue arising from electricity supply is recognised when electricity is supplied to the provincial grid companies.

(c) Revenue arising from toll road is recognised when services are rendered.

(ii) Rental income from investment properties is recognised in the consolidated income statement on a straight-line basis over the terms of the respective leases.

(iii) Revenue from individual construction contracts is recognised under the percentage of completion method.

(iv) Sales of food and beverages are recognised in the consolidated income statement at the point of sale to customer.

(v) Revenue from sales of properties is recognised when the risks and rewards of the properties are passed to the purchasers. Deposits and instalments received on properties sold prior to the date of revenue recognition are included under current liabilities.

(vi) Dividend income is recognised when the right to receive payment is established.

(vii) Interest income is recognised on a time proportion basis using the effective interest method.

(viii) Property management fee income is recognised when the services are rendered.

2.28 Leases

(a) Finance leases (leasee)

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The finance charges are charged to the consolidated income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor or are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.29 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.30 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's major financial instruments include trade and other receivables, amounts due from an associated company and a joint venture, restricted cash, cash and bank balances, derivative financial instrument, financial assets at fair value through profit or loss, available-for-sale financial assets, trade and other payables, bank loans and loans from non-controlling shareholders. Details of these financial instruments are disclosed in the respective notes.

It is the policy of the Group not to enter into derivative transactions for speculative purposes. The derivatives held are not for speculative purpose and cannot be traded in the market.

The Company's Board of Directors focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in the Mainland China. Entities within the Group are exposed to foreign exchange risk arising from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entities' functional currency.

The Group currently does not have any foreign currency hedging activities. However, the management of the Group monitors the foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

If Renminbi had strengthened/weakened by 5% against the Hong Kong dollars and US dollars as at 31 December 2013 with all other variables held constant, the Group's profit before income tax would have been HK$12.6 million higher/lower (2012: the Group's profit before income tax would have been HK$23.9 million lower/higher).

(ii) Interest rate risk

The Group's interest-rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk due to fluctuation of the prevailing market interest rate. The Group's results and operating cash flows are substantially dependent of changes in market interest rates.

The Group does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposures should the need arise.

As at 31 December 2013, if the interest rate had increased/decreased 100 basis points with all other variables held constant, the Group's profit before income tax would have decreased/increased by HK$17.9 million (2012: decreased/increased by HK$21.6 million).

(iii) Price risk

The Group has insignificant exposure to price risk in the years ended 31 December 2012 and 2013.

(b) Credit risk

The Group is exposed to credit risk in its restricted cash, cash and cash equivalents, trade and other receivables, financial guarantee for facilities granted to associated companies and amounts due from an associated company and a joint venture.

The carrying amount of restricted cash, cash and cash equivalents, trade and other receivables and amounts due from an associated company and a joint venture, represent the Group's maximum exposure to credit risk in relation to its financial assets.

To manage the credit risk associated with restricted cash and cash and cash equivalents, most of the deposits are mainly placed with certain state-owned banks in the PRC which are high-credit quality financial institutions and banks with high credit rankings in Hong Kong.

To manage the credit risk associated with trade and other receivables, the Group adopts risk control to assess the credit quality of the customers and debtors, taking into account of their financial positions and past experience. The Group has monitoring procedures to ensure that follow-up action is taken to ensure overdue debts.

For alternative energy business, the Group is exposed to significant concentration of credit risk in terms of electricity sales as the Group's sales of electricity were made to state-owned provincial power grid companies. The Group normally does not require collateral from trade debtors. It normally grants credit terms of 30 days to these power grid companies. However, part of the trade receivables due from the power grid companies relate to government subsidy which are subject to government allocation of the tariff surcharge for renewable energy. Based on past experience and industry practice, these tariff premiums are generally paid in 6 to 12 months from the date of the sales recognition. Ageing analysis of the Group's trade receivables is disclosed in Note 28. Management makes periodic collective assessment as well as individual assessment of the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors.

Other than alternative energy business, there is no concentration of credit risk with respect to trade receivables from third party customers as the customer bases are widely dispersed in different sectors and industries.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, associated companies and joint ventures through exercising control, significant influence or joint control over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the course of ordinary business.

During the year, the Group complied with all externally imposed loan covenant requirements to which it is subject.

The table below analyses the Group's and the Company's contractual maturity for their financial liabilities. The amounts disclosed in the table have been drawn up with reference to the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Less than 1 year *HK$ Million*	Between 1 and 2 years *HK$ Million*	Between 2 and 5 years *HK$ Million*	Over 5 years *HK$ Million*	Total *HK$ Million*
Group					
At 31 December 2013					
Borrowings	630.5	908.1	1,677.8	1,108.1	4,324.5
Trade and other payables	1,953.2	–	–	–	1,953.2
Other non-current payables	0.9	0.9	14.1	0.5	16.4
Financial guarantee for credit facilities granted *(Note 40(c))*	165.0	–	–	–	165.0
Financial guarantee for mortgage facilities granted to certain property buyers *(Note 39(b))*	170.2	–	–	–	170.2
At 31 December 2012					
Borrowings	1,071.3	327.7	1,052.9	1,337.7	3,789.6
Trade and other payables	1,582.3	–	–	–	1,582.3
Other non-current payables	0.9	0.9	16.0	0.5	18.3
Financial guarantee for credit facilities granted *(Note 40(c))*	727.2	–	–	–	727.2
Financial guarantee for mortgage facilities granted to certain property buyers *(Note 39(b))*	81.2	–	–	–	81.2
Company					
At 31 December 2013					
Other payables	3.9	–	–	–	3.9
Financial guarantee for credit facilities granted *(Note 40(c))*	746.4	–	–	–	746.4
At 31 December 2012					
Other payables	10.9	–	–	–	10.9
Financial guarantee for credit facilities granted *(Note 40(c))*	250.5	–	–	–	250.5

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, raise new debt financing, issue new shares, share options and warrants or conduct share buy-backs.

The Group monitors its capital structure by reviewing its gearing ratio and cash flows requirements, taking into account of its future financial obligations and commitments for this purpose. The Group defines gearing ratio as total debt divided by total equity. Total debt is the aggregate of current and non-current borrowings as shown in the consolidated balance sheet and total equity is also shown in the consolidated balance sheet.

The gearing ratios at 31 December 2013 and 2012 were as follows:

	Group 2013 *HK$ Million*	2012 *HK$ Million*
Current borrowings	418.5	899.7
Non-current borrowings	3,098.4	2,092.1
Total borrowings	3,516.9	2,991.8
Total equity	15,349.1	14,712.6
Gearing ratio (total debt/equity ratio)	22.9%	20.3%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 *HK$ Million*	**Level 2** *HK$ Million*	**Level 3** *HK$ Million*	**Total** *HK$ Million*
Assets				
Available-for-sale financial assets	–	8.6	17.5	26.1
Financial assets at fair value through profit or loss	0.2	–	14.3	14.5
Total assets	0.2	8.6	31.8	40.6
Liability				
Financial liabilities at fair value through profit or loss	–	–	279.0	279.0
Total liability	–	–	279.0	279.0

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 *HK$ Million*	Level 2 *HK$ Million*	Level 3 *HK$ Million*	Total *HK$ Million*
Assets				
Available-for-sale financial assets	–	9.8	17.7	27.5
Financial assets at fair value through profit or loss	0.2	–	13.9	14.1
Total assets	0.2	9.8	31.6	41.6
Liabilities				
Derivative liability	–	2.2	–	2.2
Financial liabilities at fair value through profit or loss	–	–	260.5	260.5
Total liabilities	–	2.2	260.5	262.7

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments classified as trading securities under financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The valuation techniques and inputs used in the fair value measurements within Level 2 and Level 3 are as follows:

	Valuation technique	**Significant inputs**
Available-for-sale financial assets (Level 2)	Quoted market prices for similar instruments	Observable quoted market prices
Derivative liability (Level 2)	Binominal model	Observable quoted market price, risk-free interest rate and volatility level
Available-for-sale financial assets (Level 3)	Net asset value*(Note)*	Not applicable
Financial assets at fair value through profit or loss (Level 3)	Net asset value*(Note)*	Not applicable
Financial liabilities at fair value through profit or loss (Level 3)	Discounted cash flow	Discount rate and expected recoverable amount of underlying project

Note: The Group has determined that the reported net asset value represents fair value at 31 December 2013.

Additional information about fair value measurements using significant unobservable inputs (Level 3):

	Significant unobservable inputs	**Range**
Financial liabilities at fair value through profit or loss *(Note)*	Discount rate	10%
	Expected recoverable amount of underlying project	Not applicable

Note: The valuations are performed and reported at each of the Group's reporting dates to Group management. The higher the discount rate, the lower the fair value. The higher the expected recoverable amount of underlying project, the higher the fair value.

There were no changes in valuation techniques during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the years ended 31 December 2013 and 2012, there were no significant transfers of financial assets between Levels 1, 2 and 3 fair value hierarchy classifications.

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Amount due from an associated company, net
- Amount due from a joint venture
- Cash and cash equivalents
- Restricted cash
- Trade and other payables
- Borrowings
- Other non-current payables

The following table presents the changes in Level 3 instruments for the years ended 31 December 2013 and 2012.

	Available-for-sale financial assets *HK$ Million*	Financial assets at fair value through profit or loss *HK$ Million*	Financial liabilities at fair value through profit or loss *HK$ Million*	Total *HK$ Million*
At 1 January 2012	22.0	13.8	(261.6)	(225.8)
Disposal	(6.4)	–	–	(6.4)
Net unrealised gain recognised in profit and loss	–	–	3.1	3.1
Net gain/(loss) recognised in reserves	2.1	0.1	(2.0)	0.2
At 31 December 2012	17.7	13.9	(260.5)	(228.9)
At 1 January 2013	17.7	13.9	(260.5)	(228.9)
Disposal	(0.8)	–	–	(0.8)
Net unrealised loss recognised in profit and loss	–	–	(11.3)	(11.3)
Net gain/(loss) recognised in reserves	0.6	0.4	(7.2)	(6.2)
At 31 December 2013	17.5	14.3	(279.0)	(247.2)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually 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 resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of investment properties/recoverable amount of prepaid land lease payments

The fair value of each investment property, and the recoverable amount of prepaid land lease payments for which there are impairment indicators, are individually determined at each balance sheet date by an independent valuer based on a market value assessment. Knight Frank was engaged to carry out the independent valuation of the Group's investment property and prepaid land lease payments portfolio as at 31 December 2012. In 2013, Knight Frank has engaged to carry out the independent valuation of the Group's investment property and prepaid land lease payments portfolio excluding the property development projects achieved pre-sales stage as at 31 December 2013. This valuation was carried out in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors which defines market value as "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".

Knight Frank has derived the valuation of the Group's completed investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and where appropriate, by reference to market comparable transactions. The assumptions are based on market conditions existing at the balance sheet date.

For the prepaid land lease payments excluding the property development projects achieved pre-sales stage, management determined the recoverable amount based on the valuation report prepared by Knight Frank. Knight Frank has valued the investment properties under development/recoverable amount of prepaid land lease payments on the basis that the properties will be developed in accordance with the information provided from management. It is assumed that approvals for the development scheme will be obtained without any onerous condition which would affect the value of investment properties under development/recoverable amount of prepaid land lease payments. In arriving the opinion of value, Knight Frank has made reference to comparable transactions in the locality and has also taken into account the construction costs that will be expended to complete the development and the quality of the completed development in the development scheme.

Management has reviewed the Knight Frank valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the Knight Frank valuation of the Group's investment property portfolio and prepaid land lease payments is reasonable.

If the valuation of the investment properties had been 10% higher or lower than the value stated on the valuation report, the fair value adjustment for the year arising from the Group's investment properties would have been increased or decreased by HK$677.1 million (2012: HK$618.2 million).

(b) Provision for properties held for sales, properties under development and prepaid land lease payments

The Group assesses the carrying amounts of properties held for sales, properties under development and prepaid land lease payments according to their estimated net realisable value based on the realisability of these properties, taking into account of costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) Estimated impairment of concession right – toll road

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy. The calculations use pre-tax cash flow projections based on financial budgets approved by management.

The unit prices used for the analysis are determined by management making reference to the agreements approved by the government authorities. The average growth rate used are consistent with the forecasts expected in the industry. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

If the discount rate used in the value-in-use calculation had been 10% higher than management's estimates at 31 December 2013, there would be no further impairment on the Group's concession right (toll road).

The Group has performed impairment assessment by using the discounted cash flow model with the assumptions that traffic flow would increase by 9.3% every year on average, the tariff rate would increase by 7.5% every five years and the discount rate is 9.6%. According to the impairment assessment, the recoverable amount of Guilin Tollroad is RMB1,172.0 million, which is higher than the carrying value as at 31 December 2013.

(d) Estimated impairment of plant and equipment

Plant and equipment are reviewed by management for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use of the plant and equipment. Management makes judgements on whether such events or changes in circumstances have occurred, and makes estimates in determining the recoverable amount. In the situation where the value in use of plant and equipment cannot be assessed due to the uncertainties of the operation model in the future, management has assessed the respective recoverable amount solely based on the fair value less costs to sell. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recovered.

The Group tests whether property, plant and equipment, intangible assets, prepaid land lease payments and interests in associated companies engaged in the alternative energy businesses ("Alternative Energy Projects") have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy in Note 2.12. The Group reviews certain indicators of potential impairment such as actual electricity dispatched, tariff of electricity, market unit price of Certified Emission Reduction ("CER") and other general market conditions.

If an indication of impairment is identified, the need for recognising an impairment loss is assessed by comparing the carrying amount of the assets, to the higher of (i) the fair value less cost to sell, and (ii) the value-in-use on a project-by-project basis. The fair value is either determined by referring to recent transactions or by independent valuers whenever appropriate. The value-in-use of the assets represents estimated future cash flows from the continuous use of the assets, and requires complex assumptions and estimates such as future electricity dispatched, tariff of electricity and market unit price of CER and discount rates. The discount rates used to discount the estimated future cash flows are based on the relevant industry sector risk premium and the gearing ratio.

During the year, the Group has performed impairment assessment on the Alternative Energy Projects. The value-in-use calculation was based on the key assumptions, including (i) tariff increment at approximately 3% per annum based on management's expectation on market development and general inflation, (ii) improvement in volume of electricity dispatched based on the operational feasibility reports and historical performances, and (iii) assuming the contributions from CER is of negligible amount. The pre-tax discount rates applied to the cash flow projections are between 11.06% and 13.37% per annum.

Based on the impairment assessment, the recoverable amounts of subsidiaries operating wind farms and interests in associated companies are higher than their respective carrying amounts.

With all other variables held constant, if there is 2% tariff increment throughout the operating period, the profit before taxation would have been decreased by HK$31.1 million (2012: HK$41.3 million). Similarly, with all other variables held constant, if the volume of electricity dispatched is 10% less than management expectation, the profit before taxation would have been decreased by HK$84.8 million (2012: HK$93.6 million).

(e) Income taxes

The Group is subject to income taxes mainly in the Mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determined is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

(f) Fair value of derivatives, financial assets/liabilities at fair value through profit or loss and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (including but not limited to discounted cash flow analysis) and make assumptions that are mainly based on market conditions existing at each balance sheet date.

(g) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver construction services. The use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

(h) Determination of fair value of share-based compensation

The Group uses the Binomial Model to determine the fair value of share options issued during the year. Under this model, the value of the share options is subject to a number of assumptions such as the risk-free interest rate, the expected life of the share options and historical volatility based on annualised volatility of the closing price of the share. Therefore the value may be subjective and would change should any of the assumptions change.

(i) Allowances for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

5 SEGMENT INFORMATION

Segment information disclosed in the annual report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group is organised into the following segments: Properties development (for sale or lease upon completion of construction work), Property investment and leasing, Infrastructure, Alternative energy and Other operations.

The Group's most senior executive management assesses the performance of the operating segments based on operating profit/(loss) after interest income and expenses, taxation and share of profits/(losses) of associated companies and joint ventures. Corporate expenses mainly include the employee expenses of the head office, interest income and expenses arising from the holding companies and other administrative expenses of the head office.

The Group's segment assets exclude financial assets at fair value through profit or loss, available-for-sale financial assets which are managed on a central basis. These are part of the reconciliation to total balance sheet assets. Corporate assets mainly include the cash at bank, property, plant and equipment and other receivables held by the head office. The assets of each reportable segment comprise the inter-segment receivables.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to management is measured in a manner consistent with that in the consolidated income statement. Total segment revenue also represents the Group's turnover.

The segment information for the reportable segments for the years ended 31 December 2013 and 2012 is as follows:

	Properties development									
	Shanghai and Zhejiang	Shenyang	Tianjin	Jiangmen	Shenzhen	Property investment and leasing	Infrastructure	Alternative energy	Other operations	Total reportable segments
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Year ended 31 December 2013										
Revenue from external customers	117.9	–	758.2	267.7	–	103.9	49.2	113.7	30.4	1,441.0
Inter-segment revenue	–	–	–	–	–	0.3	–	–	15.8	16.1
Total revenue	117.9	–	758.2	267.7	–	104.2	49.2	113.7	46.2	1,457.1
Operating profit/(loss)	25.3	(29.8)	39.4	49.7	–	93.8	24.1	34.0	(47.4)	189.1
Finance income	10.2	1.2	7.1	1.3	–	2.9	0.8	2.4	1.1	27.0
Finance costs	(4.0)	(0.1)	(0.1)	(0.1)	–	(7.9)	(77.6)	(42.0)	(3.1)	(134.9)
Share of profits less losses of associated companies	–	–	–	–	–	22.0	–	78.5	–	100.5
Share of profits less losses of joint ventures	75.9	–	–	–	–	–	–	–	–	75.9
Profit/(loss) before income tax	107.4	(28.7)	46.4	50.9	–	110.8	(52.7)	72.9	(49.4)	257.6
Income tax expense	(11.7)	–	(41.7)	(5.8)	–	(4.8)	–	(8.4)	(12.6)	(85.0)
Profit/(loss) for the year	95.7	(28.7)	4.7	45.1	–	106.0	(52.7)	64.5	(62.0)	172.6
Depreciation	(1.0)	(6.3)	(8.5)	(2.1)	–	(0.4)	(0.3)	(58.4)	(6.6)	(83.6)
Amortisation	(0.4)	–	(21.3)	–	–	(0.5)	(11.5)	(0.5)	(0.1)	(34.3)
Fair value adjustments on investment properties	17.0	–	–	–	–	(15.3)	–	–	–	1.7
Provision for impairment losses	–	–	(16.1)	–	–	–	–	–	–	(16.1)

	Properties development									
	Shanghai and Zhejiang HK$ Million	Shenyang HK$ Million	Tianjin HK$ Million	Jiangmen HK$ Million	Shenzhen HK$ Million	Property investment and leasing HK$ Million	Infrastructure HK$ Million	Alternative energy HK$ Million	Other operations HK$ Million	Total reportable segments HK$ Million
Year ended 31 December 2012										
Revenue from external customers	13.5	–	12.2	–	–	98.7	65.7	99.5	39.2	328.8
Inter-segment revenue	–	–	–	–	–	–	–	–	63.5	63.5
Total revenue	13.5	–	12.2	–	–	98.7	65.7	99.5	102.7	392.3
Operating profit/(loss)	(10.6)	(23.0)	(44.0)	(17.0)	–	150.1	26.3	(0.2)	(68.2)	13.4
Finance income	5.5	1.5	1.7	0.3	–	4.8	0.6	0.8	1.3	16.5
Finance costs	(6.0)	–	–	(0.1)	–	(10.9)	(83.7)	(48.6)	(7.4)	(156.7)
Share of profits less losses of associated companies	–	–	–	–	–	51.3	–	96.7	–	148.0
Share of profits less losses of joint ventures	(2.3)	–	–	–	–	–	–	–	–	(2.3)
Profit/(loss) before income tax	(13.4)	(21.5)	(42.3)	(16.8)	–	195.3	(56.8)	48.7	(74.3)	18.9
Income tax (expense)/credit	(3.7)	–	4.8	–	–	(5.2)	(1.0)	(14.3)	(17.9)	(37.3)
Profit/(loss) for the year	(17.1)	(21.5)	(37.5)	(16.8)	–	190.1	(57.8)	34.4	(92.2)	(18.4)
Depreciation	(0.9)	(1.9)	(8.2)	(4.9)	–	(0.2)	(9.5)	(57.0)	(10.0)	(92.6)
Amortisation	(0.4)	–	(20.7)	–	–	(0.3)	(8.3)	(0.6)	(0.1)	(30.4)
Fair value adjustments on investment properties	12.4	–	–	–	–	58.6	–	–	–	71.0
Provision for impairment losses	–	–	–	–	–	(0.4)	–	(19.0)	(1.2)	(20.6)

	Properties development									
	Shanghai and Zhejiang *HK$ Million*	Shenyang *HK$ Million*	Tianjin *HK$ Million*	Jiangmen *HK$ Million*	Shenzhen *HK$ Million*	Property investment and leasing *HK$ Million*	Infrastructure *HK$ Million*	Alternative energy *HK$ Million*	Other operations *HK$ Million*	Total reportable segments *HK$ Million*
As at 31 December 2013										
Total assets	7,401.9	2,071.0	4,228.5	607.1	211.5	4,845.2	1,250.2	2,425.2	9.7	23,050.3
Total assets include:										
Interests in associated companies	–	–	–	–	–	501.2	–	824.4	–	1,325.6
Interests in joint ventures	2,218.8	–	–	–	–	–	–	–	–	2,218.8
Total liabilities	1,162.2	1,290.8	2,973.4	330.0	–	801.1	1,721.8	778.5	58.3	9,116.1
As at 31 December 2012										
Total assets	7,042.1	1,190.8	4,122.0	534.2	205.7	4,570.5	1,290.2	2,226.6	80.3	21,262.4
Total assets include:										
Interests in associated companies	–	–	–	–	–	357.4	–	814.5	–	1,171.9
Interests in joint ventures	2,082.9	–	–	–	–	–	–	–	–	2,082.9
Total liabilities	1,083.4	382.6	2,911.2	299.4	–	836.3	1,696.8	671.3	61.0	7,942.0

A reconciliation of profit/(loss) for the year of reportable segments to profit for the year of the Group is provided as follows:

	2013 *HK$ Million*	**2012** *HK$ Million*
Profit/(loss) for the year of reportable segments	172.6	(18.4)
Unallocated amounts:		
Corporate expenses, net	(106.8)	(6.6)
Gain on disposal or liquidation of subsidiaries, net of tax	2.8	137.5
Intra group elimination	8.9	0.1
Profit for the year of the Group	77.5	112.6

Reportable segments' assets are reconciled to total assets as follows:

	2013 *HK$ Million*	**2012** *HK$ Million*
Total segment assets	23,050.3	21,262.4
Head office assets	746.9	975.0
Intra group elimination	(1,716.0)	(1,756.3)
Available-for-sale financial assets	26.1	27.5
Financial assets at fair value through profit or loss	14.5	14.1
Total assets per consolidated balance sheet	22,121.8	20,522.7

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2013	2012
	HK$ Million	*HK$ Million*
Total segment liabilities	9,116.1	7,942.0
Head office liabilities	316.2	223.3
Intra group elimination	(2,659.6)	(2,355.2)
Total liabilities per consolidated balance sheet	6,772.7	5,810.1

Non-current assets other than available-for-sale financial assets are mainly located in the Mainland China.

Analysis of revenue by category:

	2013	2012
	HK$ Million	*HK$ Million*
Sales proceeds from properties held for sale	1,143.8	25.7
Rental income from investment properties	103.9	98.7
Alternative energy	113.7	99.5
Infrastructure	49.2	65.7
Others	30.4	39.2
	1,441.0	328.8

Revenue from external customers in the Mainland China for the year ended 31 December 2013 is HK$1,438.4 million (2012: HK$324.7 million) and the total of revenue from external customers from other areas is HK$2.6 million (2012: HK$4.1 million).

For the year ended 31 December 2013, there was no revenue derived from a single external customer exceeding 10% of total revenue. In 2012, revenue derived from two external customers each exceeding 10% of total revenue of approximately HK$51.7 million and HK$47.8 million was attributable to alternative energy business.

6 OTHER INCOME

	2013	2012
	HK$ Million	*HK$ Million*
Property management fee income	23.2	18.3
Income generated from properties held for sale	12.3	8.2
Fair value gain on financial assets and financial liabilities at fair value through profit or loss – net	–	7.1
Gain on disposal of property, plant and equipment – net	–	11.1
Gain on completion of liquidation of subsidiaries – net	2.8	–
Gain on disposal of subsidiaries – net	–	141.8
Recovery of receivables written off in prior years	–	49.1
Write back of costs provision	1.6	2.5
Net exchange gain	–	1.6
Others	11.8	3.5
	51.7	243.2

7 PROVISION FOR IMPAIRMENT LOSSES ON ASSETS

	2013 *HK$ Million*	2012 *HK$ Million*
Provision for impairment losses on		
- trade receivables	–	(1.6)
- property, plant and equipment	–	(18.3)
- prepaid land lease payments	–	(0.7)
- properties under development	(16.1)	–
	(16.1)	(20.6)

8 OPERATING PROFIT

Operating profit is arrived at after (charging)/crediting the following items:

	2013 *HK$ Million*	2012 *HK$ Million*
Employee benefit expenses *(Note 11)*	(127.1)	(145.4)
Employee share option benefits, net *(Note 11)*	(1.8)	(2.0)
Amortisation		
- prepaid land lease payments *(Note 17)*	(23.1)	(22.9)
- intangible assets *(Note 19)*	(11.6)	(7.8)
Depreciation of property, plant and equipment *(Note 18)*	(86.6)	(96.0)
Cost of inventories	(11.3)	(11.5)
Cost of properties sold	(894.5)	(13.5)
Direct operating expenses arising from investment properties that generate rental income	(4.0)	(6.3)
Auditor's remuneration – audit services	(5.9)	(6.0)
Operating lease payments	(13.5)	(16.4)
Net exchange (loss)/gain	(17.6)	1.6
Fair value (loss)/gain on financial assets and financial liabilities at fair value through profit or loss – net	(16.3)	7.1
(Loss)/gain on disposal of property, plant and equipment – net	(1.2)	11.1

9 FINANCE INCOME AND COSTS

	2013 *HK$ Million*	2012 *HK$ Million*
Interest expenses:		
Bank loans wholly repayable within 5 years	(86.4)	(68.2)
Bank loans not wholly repayable within 5 years	(113.3)	(131.4)
Other loans wholly repayable within 5 years	(0.9)	(1.0)
Other loans not wholly repayable within 5 years	(7.9)	(6.8)
	(208.5)	(207.4)
Less: capitalised in properties under development and construction in progress	73.0	46.9
Finance costs	(135.5)	(160.5)
Finance income	36.7	52.3
Net finance costs	(98.8)	(108.2)

Note: The capitalisation rate applied to funds borrowed was between 5.40% to 7.21% (2012: 6.69% to 7.21%) per annum during the year ended 31 December 2013.

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every director and chief executive officer for the year ended 31 December 2013 is set out below:

Name	Fees	Salary and other benefits	Discretionary bonuses	Employer's contribution to pension scheme	Sub-total	Share-based compensation[6]	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OEI Tjie Goan	–	–	–	–	–	–	–
OEI Kang, Eric*[1]	175.0	8,331.8	1,300.6	30.0	9,837.4	238.3	10,075.7
CHANG Li Hsien, Leslie[1]	175.0	9,928.3	2,954.0	30.0	13,087.3	834.3	13,921.6
CHAN Kwok Fong, Joseph[2]	33.3	720.0	201.6	5.0	959.9	–	959.9
CHUNG Wai Sum, Patrick[3]	50.0	2,765.8	–	7.5	2,823.3	(388.7)	2,434.6
YEN Teresa	100.0	–	–	–	100.0	–	100.0
WAN Ming Sun[4]	100.0	–	–	–	100.0	–	100.0
FAN Yan Hok, Philip	220.0	–	–	–	220.0	–	220.0
CHUNG Cho Yee, Mico	220.0	–	–	–	220.0	–	220.0
CHENG Yuk Wo	220.0	–	–	–	220.0	–	220.0
Albert Thomas DA ROSA, Junior	220.0	–	–	–	220.0	–	220.0
	1,513.3	21,745.9	4,456.2	72.5	27,787.9	683.9	28,471.8

* appointed as chief executive officer with effect from 1 January 2014

The remuneration of every director and chief executive officer for the year ended 31 December 2012 is set out below:

Name	Fees	Salary and other benefits	Discretionary bonuses	Employer's contribution to pension scheme	Sub-total	Share-based compensation[6]	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OEI Tjie Goan	–	–	–	–	–	–	–
OEI Kang, Eric[1]	175.0	8,106.8	1,157.5	27.5	9,466.8	–	9,466.8
CHANG Li Hsien, Leslie*[1]	175.0	9,432.8	5,250.0	27.5	14,885.3	1,970.9	16,856.2
CHUNG Wai Sum, Patrick[3]	100.0	5,334.3	1,115.8	13.7	6,563.8	543.9	7,107.7
YEN Teresa	100.0	–	–	–	100.0	–	100.0
WAN Ming Sun[4]	100.0	–	–	–	100.0	–	100.0
FAN Yan Hok, Philip	220.0	–	–	–	220.0	–	220.0
CHUNG Cho Yee, Mico	220.0	–	–	–	220.0	–	220.0
CHENG Yuk Wo	220.0	–	–	–	220.0	–	220.0
Albert Thomas DA ROSA, Junior	220.0	–	–	–	220.0	–	220.0
	1,530.0	22,873.9	7,523.3	68.7	31,995.9	2,514.8	34,510.7

* chief executive officer

Notes:

1. Mr. CHANG Li Hsien, Leslie retired as chief executive officer and executive director and Mr. OEI Kang, Eric was appointed as chief executive officer with effect from 1 January 2014.

2. Mr. CHAN Kwok Fong, Joseph was appointed as an executive director on 1 September 2013.

3. Mr. CHUNG Wai Sum, Patrick retired with effect from 1 July 2013.

4. Mr. WAN Ming Sun resigned as a non-executive director with effect from 23 January 2014.

5. Mr. LEE Shiu Yee, Daniel and Mr. WONG Jake Leong, Sammy were appointed as executive directors on 1 January 2014.

6. The balance represented the recognised portion of the estimated value of share options granted to the directors under the share option schemes of the Company and a subsidiary. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

During the years ended 31 December 2013 and 2012, Mr. OEI Tjie Goan voluntarily waived annual director's fee of HK$100,000.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2012: three) individuals whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2012: two) individuals during the year are as follows:

	2013	**2012**
	HK$ Million	*HK$ Million*
Salary and other benefits	4.3	4.2
Discretionary bonus	0.9	0.7
Share-based compensation	0.3	–
	5.5	4.9

The emoluments fell within the following bands:

	No of individuals	
	2013	**2012**
Emoluments band (in HK dollar)		
HK$2,000,001 – HK$2,500,000	–	2
HK$2,500,001 – HK$3,000,000	2	–

11 EMPLOYEE BENEFIT EXPENSES

	2013	**2012**
	HK$ Million	*HK$ Million*
Wages, salaries and other benefits	(124.5)	(142.6)
Employee share option benefits, net	(1.8)	(2.0)
Pension costs – defined contribution plan *(Note a)*	(2.6)	(2.5)
Accrual for unused annual leave	–	(0.3)
Charged to income statement, net	(128.9)	(147.4)

Notes:

(a) The Group uses the MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the scheme vest immediately. The Group's contribution to the employee pension schemes in the PRC is at a percentage in compliance with the requirements of respective municipal governments.

(b) Contributions totalling HK$0.1 million (2012: HK$0.1 million) were payable under the MPF scheme at 31 December 2013.

12 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the years ended 31 December 2013 and 2012. Mainland China income tax includes corporate income tax which has been provided on the estimated assessable profits of subsidiaries operating in the Mainland China at 25% (2012: rates ranging from 12% to 25%), and withholding tax which has been provided at rates ranging from 5% to 10% (2012: 5% to 10%) on income sourced from the Mainland China by the Group's non-tax resident enterprises, including profit on direct or indirect equity transfer transactions, interest and dividend income received and receivable.

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 40% (2012: 40%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures (including costs of land use rights and property development expenditures).

	2013	**2012**
	HK$ Million	*HK$ Million*
Current income tax		
Mainland China income tax	(61.5)	(33.2)
Mainland China land appreciation tax	(60.5)	(2.5)
	(122.0)	(35.7)
Deferred income tax *(Note 36)*		
Credited/(charged) to the income statement	37.0	(5.9)
	(85.0)	(41.6)

Note: The share of income tax expense of associated companies amounting to HK$18.8 million (2012: share of income tax credit of HK$13.3 million) and the share of income tax expense of joint ventures amounting to HK$26.3 million (2012: HK$0.8 million) are included in the Group's share of profits less losses of associated companies and share of profits less losses of joint ventures respectively.

The tax of the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits/(losses) of the consolidated entities as follows:

	2013	2012
	HK$ Million	*HK$ Million*
(Loss)/profit before income tax and share of results of associated companies and joint ventures	(13.9)	8.5
Tax credit/(charge) calculated at the domestic rates applicable to (profits)/losses in the respective countries	3.5	(2.0)
Expenses not deductible for taxation purposes	(31.1)	(8.3)
Income not subject to tax	21.8	41.2
Tax losses and temporary differences not recognised	(45.0)	(55.6)
Utilisation of previously unrecognised tax losses	34.6	–
Withholding tax on dividends from associated companies	(9.0)	(9.7)
Mainland China land appreciation tax	(60.5)	(2.5)
Deferred tax reversed/(charged) on undistributed profits	0.7	(4.7)
Tax expense	(85.0)	(41.6)

The weighted average applicable tax rate was 25.2% (2012: 23.5%).

13 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$47.7 million (2012: HK$82.5 million), including reversal of provision for impairment losses on investment in subsidiaries and amounts due from subsidiaries amounting to HK$31.6 million (2012: provision for impairment losses amounting to HK$38.5 million).

14 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to equity holders of the Company (HK$ Million)	72.8	103.3
Weighted average number of ordinary shares in issue (Million)	11,241.9	10,917.5
Basic earnings per share (HK cents per share)	0.6	0.9

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares including the share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2013	2012
Profit attributable to equity holders of the Company (HK$ Million)	72.8	103.3
Effect of assumed conversion of convertible preference shares issued by a subsidiary (HK$ Million)	(1.7)	(1.4)
	71.1	101.9
Weighted average number of ordinary shares for diluted earnings per share (Million)	11,241.9	10,917.5
Diluted earnings per share (HK cents per share)	0.6	0.9

Diluted earnings per share for the years ended 31 December 2013 and 2012 did not assume the exercise of the share options of the Company and the share options, convertible notes and subscription rights for convertible preference shares of subsidiaries outstanding during the year since the exercise would have an anti-dilutive effect.

15 DIVIDENDS

On 22 March 2012, the Board of Directors proposed a special cash dividend of HK1.0 cent per ordinary share payable in cash, with an option to elect new and fully paid ordinary shares of the Company in lieu of cash under the scrip dividend scheme. The new shares would, on issue, rank pari passu in all other respects with the existing shares. Shareholders who did not elect for scrip shares would be paid in cash. The special cash dividend was approved at the annual general meeting held on 1 June 2012. In July 2012, 172,213,833 scrip shares were issued and cash dividend of HK$52.7 million was paid.

On 23 August 2012, the Board of Directors proposed a special cash dividend of HK2.0 cents per ordinary share payable in cash, with an option to elect new and fully paid ordinary shares of the Company in lieu of cash under the scrip dividend scheme. The new shares would, on issue, rank pari passu in all other respects with the existing shares. Shareholders who did not elect for scrip shares would be paid in cash. The dividend would be made out of contributed surplus of the Company. The special cash dividend was approved at the special general meeting held on 19 October 2012. In December 2012, 236,083,717 scrip shares were issued and cash dividend of HK$151.2 million was paid.

On 23 August 2012, the Board of Directors also proposed to implement a share premium reduction to reduce the amount standing to the credit of its share premium account by HK$800.0 million. The credit thus arising would be transferred to the contributed surplus account of the Company. The Company would apply its contributed surplus as enlarged to set-off and eliminate its entire accumulated losses outstanding as at 30 June 2012 and to make the distributions contemplated under the special dividend. By a special resolution passed on 19 October 2012, the share premium reduction became unconditional and effective.

(a) Special cash dividend

	2013 *HK$ Million*	**2012** *HK$ Million*
No special cash dividend proposed (2012: Special dividend (with scrip option) of HK2.0 cents per ordinary share paid)	–	220.1

On 22 March 2012, a special cash dividend of HK1.0 cent (with scrip option) per ordinary share was approved and the amounts were reflected as an appropriation of contributed surplus accounts for the year ended 31 December 2012. The amounts were paid in July 2012.

On 23 August 2012, a special cash dividend of HK2.0 cents (with scrip option) per ordinary share was approved and the amounts were reflected as an appropriation of contributed surplus accounts for the year ended 31 December 2012. The amounts were paid in December 2012.

(b) Final dividend

The Board of Directors do not recommend the payment of final dividend for the years ended 31 December 2012 and 2013.

16 INVESTMENT PROPERTIES

	Group	
	2013	**2012**
	HK$ Million	*HK$ Million*
At 1 January	6,182.1	5,966.3
Currency translation differences	174.5	47.2
Additions	373.8	236.2
Finance lease payments capitalised	28.2	40.4
Transfer to prepaid land lease payments	(11.8)	–
Transfer from property, plant and equipment	25.4	24.0
Transfer to property, plant and equipment	(2.8)	–
Transfer to properties held for sale *(Note a)*	–	(203.0)
Fair value adjustments, net	1.7	71.0
At 31 December	6,771.1	6,182.1

Notes:

(a) Management changed its intention to sell the investment properties and the change in use was evidenced by commencement of development. The deemed cost of the properties held for sale transferred from investment property is the fair value of the properties at the date of change in use.

(b) At 31 December 2013, investment properties in the Mainland China of HK$5,535.1 million (2012: HK$1,787.7 million) were pledged as securities for the Group's borrowings (Note 34).

(c) The Group's interests in investment properties at their carrying values and the lease terms are analysed as follows:

	2013	**2012**
	HK$ Million	*HK$ Million*
In the Mainland China, held on:		
Leases of between 10 to 50 years	6,397.7	5,856.9
Leases less than 10 years	373.4	325.2
	6,771.1	6,182.1

(d) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by the valuer, Knight Frank to determine the fair value of the investment properties as at 31 December 2013 and 2012. The following table analyses the investment properties carried at fair value using significant unobservable inputs (Level 3) in fair value measurements:

	At 31 December 2013 *HK$ Million*	**At 31 December 2012** *HK$ Million*
Investment properties:		
– Commercial properties under development in Shanghai	4,249.8	3,765.0
– Commercial properties in Nanxun, Beijing and Shenzhen	2,521.3	2,417.1

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the years ended 31 December 2013 and 2012.

Valuation processes of the Group

The Group measures its investment properties at fair value. The fair value of the Group's investment properties at 31 December 2013 has been determined on the basis of valuations carried out by an independent qualified valuer not related to the Group, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. The Group employed Knight Frank to value its investment properties. For all investment properties, their current use equates to the highest and best use. Discussion of valuation processes and results are held between the Group's senior management and valuers at least once every six months, in line with the Group's interim and annual reporting dates. At each reporting date the Group's senior management:

- verifies all major data inputs to the independent valuation report;
- assess property valuations movements when compared to the prior period valuation report;
- holds discussions with the independent valuer.

Changes in Level 3 fair values are also analysed at each reporting date by the Group's senior management.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of commercial properties under development in Shanghai are derived from using the residual method. This valuation method is essentially a means of valuing the project by reference to its development potential by deducting future development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

Fair values of completed commercial properties in Nanxun, Beijing and Shenzhen are generally derived from using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have been referenced to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the years ended 31 December 2013 and 2012.

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Commercial properties under development in Shanghai	Residual method	Market unit rate	RMB48,500 per square meter for commercial properties and RMB250,000 per unit for carparks	The higher the market unit rate, the higher the fair value
		Interest rate	6.15%	The higher the interest rate, the lower the fair value
		Estimated costs to completion	RMB1,844.0 million	The higher the estimated costs, the lower the fair value
		Estimated profit margin required of the development	8.0%	The higher the profit margin required, the lower the fair value
Commercial properties in Nanxun, Beijing and Shenzhen	Income capitalisation method	Capitalisation rate	4.8%-6.5%	The higher the capitalisation rate, the lower the fair value
		Average market rental	RMB2.2-RMB8.8 per square meter per day	The higher the daily rental value, the higher the fair value

17 PREPAID LAND LEASE PAYMENTS

The Group's interest in leasehold land and land use rights representing prepaid operating lease payments and their net carrying values is analysed as follows:

	Group			
	2013	**2013**	**2012**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1 January		3,214.4		3,370.0
Currency translation differences		89.7		25.4
Additions		23.5		–
Transfer to properties held for sale		(670.7)		(104.9)
Transfer from investment properties		11.8		–
Disposals		(0.6)		–
Disposal of a subsidiary		–		(10.1)
Impairment loss		–		(0.7)
Amortisation				
– Capitalised in properties under development	(43.4)		(42.4)	
– Charged to income statement *(Note 8)*	(23.1)	(66.5)	(22.9)	(65.3)
At 31 December		2,601.6		3,214.4
In Mainland China, held on:				
Leases of over 50 years		1,339.6		1,323.9
Leases of between 10 to 50 years		1,262.0		1,890.5
		2,601.6		3,214.4

Certain bank borrowings are secured by the Group's prepaid land lease payments with carrying values of HK$735.5 million (2012: HK$1,009.3 million) (Note 34).

18 PROPERTY, PLANT AND EQUIPMENT

	Group					
	Construction in progress	**Electric utility plant and equipment**	**Water utility plant and equipment**	**Other plant and equipment**	**Land and buildings**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1 January 2012						
Cost	47.9	1,229.3	294.2	285.6	334.0	2,191.0
Accumulated depreciation and impairment	–	(242.6)	(127.4)	(254.2)	(148.7)	(772.9)
Net book amount	47.9	986.7	166.8	31.4	185.3	1,418.1
Year ended 31 December 2012						
Opening net book amount	47.9	986.7	166.8	31.4	185.3	1,418.1
Currency translation differences	0.5	7.1	(1.7)	–	0.5	6.4
Additions	20.9	0.3	–	38.3	–	59.5
Transfer to investment properties	–	–	–	–	(24.0)	(24.0)
Costs adjustment	–	0.4	–	–	–	0.4
Disposals	–	–	–	(1.8)	(2.0)	(3.8)
Disposal of a subsidiary	–	–	(156.4)	(0.5)	(7.1)	(164.0)
Impairment loss	–	(18.3)	–	–	–	(18.3)
Depreciation	–	(55.4)	(8.7)	(24.4)	(7.9)	(96.4)
Closing net book amount	69.3	920.8	–	43.0	144.8	1,177.9
At 31 December 2012						
Cost	69.3	1,239.6	–	315.6	281.3	1,905.8
Accumulated depreciation and impairment	–	(318.8)	–	(272.6)	(136.5)	(727.9)
Net book amount	69.3	920.8	–	43.0	144.8	1,177.9

	Group				
	Construction in progress	Electric utility plant and equipment	Other plant and equipment	Land and buildings	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Year ended 31 December 2013					
Opening net book amount	69.3	920.8	43.0	144.8	1,177.9
Currency translation differences	4.7	24.7	0.8	1.8	32.0
Additions	182.2	0.3	3.1	–	185.6
Transfer from investment properties	–	–	–	2.8	2.8
Transfer to investment properties	–	–	–	(25.4)	(25.4)
Disposals	–	–	(1.9)	(8.0)	(9.9)
Transfer from/(to)	(5.3)	5.3	–	–	–
Depreciation	–	(56.8)	(24.4)	(5.4)	(86.6)
Closing net book amount	250.9	894.3	20.6	110.6	1,276.4
At 31 December 2013					
Cost	250.9	1,280.2	106.3	127.3	1,764.7
Accumulated depreciation and impairment	–	(385.9)	(85.7)	(16.7)	(488.3)
Net book amount	250.9	894.3	20.6	110.6	1,276.4

In 2012, depreciation expenses for property, plant and equipment of HK$0.4 million had been capitalised in properties under development and included as part of the additions. Depreciation expenses of HK$86.6 million (2012: HK$96.0 million) have been charged in the income statement (Note 8).

Certain bank borrowings are secured by certain of the Group's properties, plant and equipment with carrying values of HK$1,224.8 million (2012: HK$1,009.4 million) (Note 34).

The Group's interests in land and buildings at their carrying values and the lease terms are analysed as follows:

	2013	2012
	HK$ Million	*HK$ Million*
In Hong Kong, held on:		
Leases of between 10 to 50 years	80.1	82.1
In Mainland China, held on:		
Leases of between 10 to 50 years	30.5	35.5
Leases less than 10 years	–	27.2
	110.6	144.8

19 INTANGIBLE ASSETS

	Group			
	Goodwill	**Concession rights – toll road**	**Other intangible assets**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1 January 2012				
Cost	409.5	1,711.2	54.1	2,174.8
Accumulated amortisation and impairment	(409.5)	(508.8)	(50.4)	(968.7)
Net book amount	–	1,202.4	3.7	1,206.1
Year ended 31 December 2012				
Opening net book amount	–	1,202.4	3.7	1,206.1
Currency translation differences	–	9.3	–	9.3
Additions	–	–	0.4	0.4
Disposal of a subsidiary	–	–	(3.4)	(3.4)
Amortisation *(Note 8)*	–	(7.6)	(0.2)	(7.8)
Closing net book amount	–	1,204.1	0.5	1,204.6
At 31 December 2012				
Cost	409.5	1,724.5	0.8	2,134.8
Accumulated amortisation and impairment	(409.5)	(520.4)	(0.3)	(930.2)
Net book amount	–	1,204.1	0.5	1,204.6
Year ended 31 December 2013				
Opening net book amount	–	1,204.1	0.5	1,204.6
Currency translation differences	–	33.8	–	33.8
Amortisation *(Note 8)*	–	(11.5)	(0.1)	(11.6)
Closing net book amount	–	1,226.4	0.4	1,226.8
At 31 December 2013				
Cost	409.5	1,773.2	0.8	2,183.5
Accumulated amortisation and impairment	(409.5)	(546.8)	(0.4)	(956.7)
Net book amount	–	1,226.4	0.4	1,226.8

20 PROPERTIES UNDER DEVELOPMENT

	Group 2013	2012
	HK$ Million	*HK$ Million*
Properties under development comprise:		
Construction costs and capitalised expenditure	1,635.8	1,425.1
Amortisation of prepaid land lease payments	107.7	83.9
	1,743.5	1,509.0

The properties under development are all located in the Mainland China.

At 31 December 2013, certain bank borrowings are secured by the Group's properties under development with carrying values of HK$1,097.1 million (2012: Nil) (Note 34).

21 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	2013	2012
	HK$ Million	*HK$ Million*
Unlisted shares, at cost	232.7	226.4
Provision for impairment losses	(62.9)	(57.8)
	169.8	168.6
Amounts due from subsidiaries	10,219.3	9,976.5
Provision for impairment losses	(361.5)	(396.6)
	9,857.8	9,579.9
	10,027.6	9,748.5

The balances with subsidiaries are unsecured, interest free, and repayable within the next twelve months. Their carrying amounts approximate their fair values. The balances are mainly denominated in Renminbi.

Particulars of the principal subsidiaries are set out on pages 218 to 225.

Material non-controlling interests

The total non-controlling interests as at 31 December 2013 is HK$2,312.4 million, of which HK$794.3 million is for China Renewable Energy Investment Limited and HK$1,577.9 million is attributed to Shanghai Guangtian Real Estate Development Company Limited. The non-controlling interests in respect of these subsidiary companies are material to the Group.

Set out below are the summarised financial information (before inter-company eliminations) for each subsidiary that has non-controlling interests that are material to the Group.

Summarised income statement for the year ended 31 December

	China Renewable Energy Investment Limited		Shanghai Guangtian Real Estate Development Company Limited	
	2013	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Revenue	113.7	99.5	–	–
Profit/(loss)for the year from continuing operations	27.6	(94.7)	1.2	(0.6)
Profit for the year from discontinued operations	–	0.1	–	–
Profit/(loss) for the year	27.6	(94.6)	1.2	(0.6)
Total comprehensive income	70.7	(86.9)	109.4	34.5
Profit/(loss) for the year allocated to non-controlling interests	11.8	(2.2)	0.5	(0.2)
Dividends to non-controlling interests	–	–	–	–

Summarised balance sheet as at 31 December

	China Renewable Energy Investment Limited		Shanghai Guangtian Real Estate Development Company Limited	
	2013	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Non-current assets	2,324.5	2,120.4	4,405.8	3,765.7
Current assets	377.3	399.3	585.1	906.0
Total assets	2,701.8	2,519.7	4,990.9	4,671.7
Non-current liabilities	602.2	593.8	701.0	533.3
Current liabilities	308.2	205.4	345.8	303.8
Total liabilities	910.4	799.2	1,046.8	837.1

Summarised cash flows for the year ended 31 December

	China Renewable Energy Investment Limited		Shanghai Guangtian Real Estate Development Company Limited	
	2013	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Net cash generated from/(used in) operating activities	109.1	(48.1)	247.8	(257.9)
Net cash (used in)/generated from investing activities	(45.0)	69.2	(507.2)	(236.9)
Net cash (used in)/generated from financing activities	(48.5)	(117.5)	(322.6)	297.2
Net increase/(decrease) in cash and cash equivalents	15.6	(96.4)	(582.0)	(197.6)

22 INTERESTS IN ASSOCIATED COMPANIES

	2013	**2012**
	HK$ Million	*HK$ Million*
Group's share of net assets	1,186.3	1,032.6
Amount due from an associated company, net	139.3	139.3
	1,325.6	1,171.9

Amount due from an associated company is unsecured, interest free and not repayable within the next twelve months. The carrying amount approximates its fair values. The balance is denominated in Hong Kong dollar.

The following financial information represents the Group's aggregate share of revenue and results of associated companies, all of which are unlisted, and is summarised as below:

	2013	**2012**
	HK$ Million	*HK$ Million*
Revenue	325.9	296.3
Profit before income tax	119.3	134.7
Income tax (expense)/credit	(18.8)	13.3
Profit for the year	100.5	148.0

Material associated companies

Hong Kong Construction SMC Development Limited, CECIC HKC (Gansu) Wind Power Company Limited and CECIC HKC Wind Power Company Limited are the associated companies that are material to the Group.

Details of principal associated companies are set out on page 226.

Set out below are the summarised financial information for the material associated companies. The information reflects the amounts presented in the financial statements of the associated companies adjusted for differences in accounting policies between the Group and the associated companies.

Summarised income statement for the year ended 31 December

	Hong Kong Construction SMC Development Limited		CECIC HKC (Gansu) Wind Power Company Limited		CECIC HKC Wind Power Company Limited		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Revenue	106.6	89.2	240.2	190.7	293.4	277.5	640.2	557.4
Profit for the year	55.0	128.2	69.5	53.1	119.6	162.6	244.1	343.9
Other comprehensive income	392.1	–	21.7	5.7	22.3	5.9	436.1	11.6
Total comprehensive income	447.1	128.2	91.2	58.8	141.9	168.5	680.2	355.5
Dividends from the associated companies	35.1	59.0	18.3	11.2	60.5	57.2	113.9	127.4

Summarised balance sheet as at 31 December

	Hong Kong Construction SMC Development Limited		CECIC HKC (Gansu) Wind Power Company Limited		CECIC HKC Wind Power Company Limited		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Non-current assets	1,576.5	1,129.8	1,628.3	1,693.7	1,474.7	1,513.2	4,679.5	4,336.7
Current assets	95.6	111.3	401.6	569.3	310.5	603.0	807.7	1,283.6
Total assets	1,672.1	1,241.1	2,029.9	2,263.0	1,785.2	2,116.2	5,487.2	5,620.3
Non-current liabilities	702.3	551.1	–	–	–	–	702.3	551.1
Current liabilities	65.3	144.8	1,220.1	1,498.5	958.5	1,279.9	2,243.9	2,923.2
Total liabilities	767.6	695.9	1,220.1	1,498.5	958.5	1,279.9	2,946.2	3,474.3
Net assets	904.5	545.2	809.8	764.5	826.7	836.3	2,541.0	2,146.0

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material associated companies:

	Hong Kong Construction SMC Development Limited		CECIC HKC (Gansu) Wind Power Company Limited		CECIC HKC Wind Power Company Limited		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Net assets	904.5	545.2	809.8	764.5	826.7	836.3	2,541.0	2,146.0
Group's share of net assets	361.8	218.1	323.9	305.8	330.7	334.5	1,016.4	858.4
Amount due from an associated company, net	139.3	139.3	–	–	–	–	139.3	139.3
Carrying amount	501.1	357.4	323.9	305.8	330.7	334.5	1,155.7	997.7

The Group has interests in a number of individually immaterial associated companies. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these associated companies.

	2013	**2012**
	HK$ Million	*HK$ Million*
Share of profit for the year	2.9	10.5
Share of other comprehensive income	4.7	1.2
Share of total comprehensive income	7.6	11.7
Carrying amount of interests in these associated companies	169.9	174.2

23 INTERESTS IN JOINT VENTURES

	2013	**2012**
	HK$ Million	*HK$ Million*
Group's share of net assets	2,060.4	1,928.9
Amount due from a joint venture	158.4	154.0
	2,218.8	2,082.9

Amount due from a joint venture is unsecured, interest free and not repayable within the next twelve months. The carrying amount approximates its fair values. The balance is denominated in Renminbi.

There are no material contingent liabilities relating to the Group's interests in the joint ventures and no contingent liabilities within the respective entities as at 31 December 2013 and 2012.

The following financial information represents the Group's aggregate share of results of the joint ventures and is summarised as below:

	2013	2012
	HK$ Million	*HK$ Million*
Profit/(loss) before income tax	102.2	(1.5)
Income tax expense	(26.3)	(0.8)
Profit/(loss) for the year	75.9	(2.3)

Material joint venture

Shanghai Jingang North Bund Real Estate Company Limited is the joint venture that is material to the Group.

The Group has interests in a number of individually immaterial joint ventures. The share of results of these joint ventures for the years ended 31 December 2013 and 2012 and the share of their carrying amounts as at 31 December 2013 and 2012 are nil.

Details of the principal joint ventures are set out on page 227.

Set out below are the summarised financial information for the joint venture that is material to the Group. The information reflects the amounts presented in the financial statements of the joint venture adjusted for differences in accounting policies between the Group and the joint venture.

Summarised income statement for the year ended 31 December

	Shanghai Jingang North Bund Real Estate Company Limited	
	2013	**2012**
	HK$ Million	*HK$ Million*
Revenue	–	–
Fair value adjustments on investment properties	421.5	12.8
Depreciation and amortisation	(11.0)	(10.7)
Interest income	0.2	0.1
Interest expense	–	–
Profit/(loss) before income tax	408.9	(6.0)
Income tax expenses	(105.2)	(3.2)
Profit/(loss) for the year	303.7	(9.2)
Other comprehensive income	239.7	64.3
Total comprehensive income	543.4	55.1
Dividend from a joint venture	–	–

Summarised balance sheet as at 31 December

	Shanghai Jingang North Bund Real Estate Company Limited	
	2013	**2012**
	HK$ Million	*HK$ Million*
Non-current assets	12,567.5	11,077.7
Current assets		
Cash and cash equivalents	9.2	14.5
Others	1.8	2.6
Total current assets	11.0	17.1
Non-current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	1,727.6	1,291.2
Others	1,364.5	1,223.0
Total non-current liabilities	3,092.1	2,514.2
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	–	–
Others	1,244.8	865.0
Total current liabilities	1,244.8	865.0
Net assets	8,241.6	7,715.6

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in its material joint venture:

	Shanghai Jingang North Bund Real Estate Company Limited	
	2013	**2012**
	HK$ Million	*HK$ Million*
Net assets	8,241.6	7,715.6
Group's share of net assets	2,060.4	1,928.9
Amount due from a joint venture	158.4	154.0
Carrying amount	2,218.8	2,082.9

24 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2013 HK$ Million	2012 HK$ Million
At 1 January	27.5	31.8
Currency translation differences	0.5	0.3
Disposal	(2.8)	(6.4)
Net gains recognised in equity *(Note 33)*	0.9	1.8
At 31 December	26.1	27.5
Available-for-sale financial assets include the following:		
Unlisted securities		
Equity securities – PRC	17.5	17.7
Club debentures	8.6	9.8
	26.1	27.5

Available-for-sale financial assets are denominated in the following currencies:

	2013 HK$ Million	2012 HK$ Million
Hong Kong dollars	8.1	9.3
Renminbi	18.0	18.2
	26.1	27.5

25 FINANCIAL INSTRUMENTS BY CATEGORY

	Group			
	Loans and receivables HK$ Million	Assets at fair value through profit or loss HK$ Million	Available-for-sale financial assets HK$ Million	Total HK$ Million
Assets as per consolidated balance sheet				
At 31 December 2012				
Available-for-sale financial assets *(Note 24)*	–	–	27.5	27.5
Financial assets at fair value through profit or loss *(Note 27)*	–	14.1	–	14.1
Amount due from an associated company, net *(Note 22)*	139.3	–	–	139.3
Amount due from a joint venture *(Note 23)*	154.0	–	–	154.0
Trade and other receivables under current assets *(Note 28)*	586.2	–	–	586.2
Restricted cash *(Note 30)*	314.1	–	–	314.1
Cash and cash equivalents *(Note 31)*	2,317.9	–	–	2,317.9
Total	3,511.5	14.1	27.5	3,553.1

	Group			
	Loans and receivables	**Assets at fair value through profit or loss**	**Available-for-sale financial assets**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 31 December 2013				
Available-for-sale financial assets *(Note 24)*	–	–	26.1	26.1
Financial assets at fair value through profit or loss *(Note 27)*	–	14.5	–	14.5
Amount due from an associated company, net *(Note 22)*	139.3	–	–	139.3
Amount due from a joint venture *(Note 23)*	158.4	–	–	158.4
Trade and other receivables under current assets *(Note 28)*	285.5	–	–	285.5
Other receivables under non-current assets *(Note 28(g))*	24.3	–	–	24.3
Restricted cash *(Note 30)*	1,064.0	–	–	1,064.0
Cash and cash equivalents *(Note 31)*	1,364.3	–	–	1,364.3
Total	3,035.8	14.5	26.1	3,076.4

	Group		
	Liabilities at fair value through profit or loss	**Other financial liabilities at amortised cost**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*
Liabilities as per consolidated balance sheet			
At 31 December 2012			
Borrowings *(Note 34)*	–	2,991.8	2,991.8
Derivative liability *(Note 37)*	2.2	–	2.2
Trade and other payables *(Note 35)*	260.5	1,321.8	1,582.3
Other non-current payables	–	13.7	13.7
Total	262.7	4,327.3	4,590.0
At 31 December 2013			
Borrowings *(Note 34)*	–	3,516.9	3,516.9
Derivative liability *(Note 37)*	–	–	–
Trade and other payables *(Note 35)*	279.0	1,674.2	1,953.2
Other non-current payables	–	13.7	13.7
Total	279.0	5,204.8	5,483.8

	Company Loans and receivables HK$ Million
Assets as per balance sheet	
At 31 December 2012	
Amounts due from subsidiaries, net of provision *(Note 21)*	9,579.9
Other receivables *(Note 28)*	1.7
Cash and cash equivalents *(Note 31)*	93.5
Total	9,675.1
At 31 December 2013	
Amounts due from subsidiaries, net of provision *(Note 21)*	9,857.8
Other receivables *(Note 28)*	0.7
Cash and cash equivalents *(Note 31)*	39.2
Total	9,897.7

	Company Other financial liabilities at amortised cost HK$ Million
Liabilities as per balance sheet	
At 31 December 2012	
Other payables *(Note 35)*	10.9
At 31 December 2013	
Other payables *(Note 35)*	3.9

26 PROPERTIES HELD FOR SALE

At 31 December 2013, certain properties held for sale with carrying value of HK$991.4 million (2012: HK$111.9 million) was pledged as securities for the Group's borrowings (Note 34).

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2013 *HK$ Million*	**2012** *HK$ Million*
Equity securities:		
– Listed in Hong Kong at market value	0.2	0.2
– Unlisted	14.3	13.9
	14.5	14.1

The fair value of equity securities is based on the current bid price quoted in the market at the balance sheet date.

28 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Non-current				
Prepayments and other receivables *(Note g)*	466.4	–	–	–
Current				
Trade receivables	86.4	139.2	–	–
Less: provision for impairment of receivables	(10.9)	(12.4)	–	–
Trade receivables – net	75.5	126.8	–	–
Bills receivable	2.0	3.1	–	–
Retention receivables	15.7	20.1	–	–
Prepaid taxes	12.0	11.9	–	–
Prepayments, other receivables and deposits, net of provisions	178.9	418.9	0.7	1.7
Gross amounts due from customers for contract works *(Note 29)*	1.4	5.4	–	–
	285.5	586.2	0.7	1.7
	751.9	586.2	0.7	1.7

Notes:

(a) The ageing analysis of trade receivables by the Group's revenue recognition policy at year end, net of provision for impairment, was as follows:

	Group	
	2013	**2012**
	HK$ Million	*HK$ Million*
0 to less than 2 months	27.0	24.2
2 to less than 6 months	8.7	7.7
6 to less than 12 months	2.3	14.4
12 months and more	37.5	80.5
	75.5	126.8

The ageing analysis of trade receivables by invoice due date at year end, net of provision for impairment, was as follows:

	Group	
	2013	**2012**
	HK$ Million	*HK$ Million*
0 to less than 2 months	54.9	83.6
2 to less than 6 months	–	1.3
6 to less than 12 months	1.6	2.1
12 months and more	19.0	39.8
	75.5	126.8

(i) The Group's credit terms for the contracting business are negotiated with and entered into under normal commercial terms with its trade customers. Various group companies have different credit policies depending on the requirements of their markets and the businesses which they operate. Retention money receivables in respect of contracting services are settled in accordance with the terms of respective contracts.

(ii) For alternative energy business, the Group allows a credit period of 30 days to its trade customers. The electricity tariff receivables due from the government have to go through an approval procedure before issuing invoices, which the related receivables of which invoices were not issued as at 31 December 2013 of HK$36.1 million (2012: HK$66.8 million) are classified as 0 to less than 2 months in the ageing analysis. Trade receivables that are less than 30 days past due are not considered impaired. As at 31 December 2013, trade receivables of HK$16.3 million (2012: HK$21.7 million) on alternative energy business were past due but not impaired. These relate to the government subsidies on the electricity tariff which have not been allocated and distributed. Based on past experience and industry practice, these tariff premiums are generally paid in 6 to 12 months from the date of the sales recognition. The amount included HK$14.8 million (2012: HK$19.8 million) trade receivables on alternative energy business being past due over 12 months. No impairment has been provided for these receivables as the balances are not in dispute and there is no indication that the amount will not be collectible.

(iii) Other than alternative energy business, trade receivables that are less than 12 months past due are not considered impaired. As at 31 December 2013, trade receivables of HK$4.2 million (2012: HK$20.0 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. No other receivables were past due or impaired.

(iv) Other than alternative energy business, there is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

(b) As at 31 December 2013, trade receivables of HK$10.9 million (2012: HK$12.4 million) were impaired. A total provision of HK$10.9 million (2012: HK$12.4 million) was made against the receivables at the year end date.

(c) The carrying amounts of the Group's prepayments, trade and other receivables are denominated in the following currencies:

	2013 *HK$ Million*	**2012** *HK$ Million*
Hong Kong dollars	8.9	9.9
Renminbi	743.0	576.2
US dollars	–	0.1
	751.9	586.2

(d) There is a bank borrowing secured against a trade receivable with carrying value of HK$40.9 million (2012: HK$70.7 million) (Note 34).

(e) Movements on the provision for impairment of trade receivables are as follows:

	2013 *HK$ Million*	**2012** *HK$ Million*
At 1 January	12.4	11.6
Currency translation differences	0.2	0.1
(Write back of provision for)/provision for impairment losses	(0.5)	1.6
Trade receivables written off during the year as uncollectible	(1.2)	(0.9)
At 31 December	10.9	12.4

(f) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(g) Included in prepayments and other receivables were (i) deposits held for property resettlement schemes of HK$409.3 million (2012: Nil) and (ii) input value-added taxation recoverable of HK$24.3 million (2012: Nil) arising from purchases of property, plant and equipment.

29 CONSTRUCTION CONTRACTS IN PROGRESS

	Group	
	2013	**2012**
	HK$ Million	*HK$ Million*
Contract costs incurred plus attributable profits recognised less provision for foreseeable losses	1,455.0	1,568.9
Progress payments received and receivable	(1,453.6)	(1,563.5)
	1.4	5.4
Representing:		
Gross amounts due from customers for contract works included in trade and other receivables *(Note 28)*	1.4	5.4

30 RESTRICTED CASH

	Group	
	2013	**2012**
	HK$ Million	*HK$ Million*
Restricted cash represents:		
Deposits placed with banks		
– for securing banking facilities granted to certain buyers of properties of the Group	3.2	5.2
– for securing performance bonds	–	1.1
Escrow account relating to an alternative energy project	–	1.0
Escrow accounts relating to various deposits held for property development projects	1,060.8	306.8
	1,064.0	314.1

31 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Cash and cash equivalents comprises the following:				
Cash at bank and in hand	872.1	1,144.6	1.4	2.1
Short-term bank deposits	1,556.2	1,487.4	37.8	91.4
	2,428.3	2,632.0	39.2	93.5
Less: Restricted cash *(Note 30)*	(1,064.0)	(314.1)	–	–
	1,364.3	2,317.9	39.2	93.5

	Group 2013 HK$ Million	Group 2012 HK$ Million	Company 2013 HK$ Million	Company 2012 HK$ Million
Cash and cash equivalents and restricted cash				
(a) Placed in banks in the PRC:				
– denominated in Renminbi	1,835.1	1,393.1	–	–
– denominated in Hong Kong dollars	143.0	279.2	–	–
– denominated in US dollars	3.3	558.3	–	–
(b) Placed in banks in Hong Kong:				
– denominated in Renminbi	339.8	301.1	37.8	91.4
– denominated in Hong Kong dollars	105.9	98.5	1.3	1.6
– denominated in US dollars	1.2	1.8	0.1	0.5
	2,428.3	2,632.0	39.2	93.5

The effective interest rates at the balance sheet date were as follows:

	2013 HK$	2013 US$	2013 RMB	2012 HK$	2012 US$	2012 RMB
Short-term bank deposits	0.01%-2.91%	–	0.35%-3.23%	0.01%-2.15%	0.71%-0.81%	0.35%-3.15%

The maximum exposure to credit risk at the reporting date is the carrying value of the cash and bank balances stated above.

The short-term bank deposits of the Group and the Company have original maturities of three months or less.

Cash and short-term deposits of HK$1,981.4 million (2012: HK$2,230.6 million) are held in the Mainland China and are subject to local exchange control regulations, under which the balances could not be exported freely out of the Mainland China. The repatriation of fund out from the Mainland China is possibly conducted by way of dividends or other means as complied to the regulations.

32 SHARE CAPITAL

	Note	Number of shares (Million)	Ordinary shares HK$ Million
Authorised			
At 1 January and 31 December 2012, 1 January and 31 December 2013		30,000.0	300.0
Issued and fully paid			
At 1 January 2012		10,833.6	108.3
Issue of scrip dividend shares	*(a)*	408.3	4.1
At 31 December 2012, 1 January and 31 December 2013		11,241.9	112.4

Notes:

(a) The Company offered to its shareholders a scrip dividend alternative under which the shareholders could elect to receive ordinary shares of HK$0.01 each in lieu of cash dividend during the following special cash dividend declaration and ordinary shares were issued in accordance with the scrip dividend scheme.

All ordinary shares issued during the year ranked pari passu in all respects with the existing shares.

	Number of new ordinary shares issued	Issue price per share *HK$*	Date of issue
Second special dividend for the year ended 31 December 2011	172,213,833	0.323	19 July 2012
Special dividend for the year ended 31 December 2012	236,083,717	0.292	24 December 2012
Total scrip dividend shares issued during the year ended 31 December 2012	408,297,550		

(b) Share options are granted to employees, senior executives or officers, managers, directors or consultants of any members of the Group or any Invested Entity.

The exercise price must be at least the higher of

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

An option must be exercised within ten years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of the grant of an option shall remain open for acceptance for a period of ten business days from the date of offer and a consideration of HK$1 must be paid upon acceptance.

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

	Average exercise price in HK dollar per share	Number of share options
At 1 January 2012	1.168	185,079,000
Adjustment for issue of scrip dividend shares	–	17,777,601
Lapsed	1.255	(12,574,255)
At 31 December 2012	1.053	190,282,346
At 1 January 2013	1.053	190,282,346
Granted	0.269	107,500,000
Cancelled/lapsed	1.014	(25,270,082)
At 31 December 2013	0.747	272,512,264

The share options outstanding at 31 December 2013 had a weighted average remaining contractual life of approximately 3.37 years.

Number of outstanding share options at 31 December 2013 and 2012 are as follows:

Date of grant	Exercise period	Exercise price per share (adjusted) *(HK$)*	At 31 December 2013	At 31 December 2012
15 December 2006	15 December 2007 to 14 December 2016	1.066	7,097,698	7,630,858
15 December 2006	15 December 2008 to 14 December 2016	1.066	12,162,732	12,962,473
15 December 2006	15 December 2009 to 14 December 2016	1.066	11,662,901	12,995,804
3 July 2007	15 December 2007 to 2 July 2017	1.726	6,664,518	6,664,518
3 July 2007	15 December 2008 to 2 July 2017	1.726	3,332,259	3,332,259
3 July 2007	15 December 2009 to 2 July 2017	1.726	3,332,259	3,332,259
1 February 2008	1 February 2009 to 31 January 2018	1.242	16,661,271	19,860,238
1 February 2008	1 February 2010 to 31 January 2018	1.242	24,991,920	29,790,371
1 February 2008	1 February 2011 to 31 January 2018	1.242	41,653,213	49,650,633
1 September 2010	1 September 2011 to 31 August 2013	0.443	–	6,609,440
1 September 2010	1 September 2012 to 31 August 2014	0.443	9,914,160	9,914,160
1 September 2010	1 September 2013 to 31 August 2015	0.443	16,523,601	16,523,601
10 June 2011	10 June 2012 to 9 June 2014	0.327	2,203,146	2,203,146
10 June 2011	10 June 2013 to 9 June 2015	0.327	3,304,720	3,304,720
10 June 2011	10 June 2014 to 9 June 2016	0.327	5,507,866	5,507,866
15 April 2013	15 April 2014 to 14 April 2016	0.269	21,500,000	–
15 April 2013	15 April 2015 to 14 April 2017	0.269	32,250,000	–
15 April 2013	15 April 2016 to 14 April 2018	0.269	53,750,000	–
Total			272,512,264	190,282,346
Number of share options exercisable			159,504,398	164,946,159

Other details of the share option schemes are set out in the Report of the Directors.

33 RESERVES

Group

	Share premium (Note a) HK$ Million	Capital reduction reserve (Note c) HK$ Million	Capital redemption reserve (Note b) HK$ Million	Capital reserve HK$ Million	Contributed surplus (Note d) HK$ Million	Other reserve (Note e) HK$ Million	Employee share-based compensation reserve HK$ Million	Exchange reserve HK$ Million	Available-for-sale investments reserve HK$ Million	Retained earnings HK$ Million	Total HK$ Million
Balance at 1 January 2012	8,858.2	594.1	14.6	47.2	1,028.3	8.1	63.4	1,663.2	0.7	101.9	12,379.7
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	–	–	1.8	–	1.8
Currency translation differences	–	–	–	–	–	–	–	95.3	–	–	95.3
Issue of scrip dividend shares	120.5	–	–	–	–	–	–	–	–	–	120.5
Employee share option benefits	–	–	–	–	–	–	2.1	–	–	–	2.1
Transfer between reserves	(800.0)	–	–	–	(98.9)	–	–	–	–	898.9	–
Release of reserves											
– upon disposal of subsidiaries	–	–	–	–	–	–	–	(23.7)	–	–	(23.7)
– upon lapse of share options	–	–	–	–	–	–	(8.6)	–	–	8.6	–
2011 second special cash dividend	–	–	–	–	(108.3)	–	–	–	–	–	(108.3)
2012 first special cash dividend	–	–	–	–	(220.1)	–	–	–	–	–	(220.1)
Profit for the year	–	–	–	–	–	–	–	–	–	103.3	103.3
Balance at 31 December 2012	8,178.7	594.1	14.6	47.2	601.0	8.1	56.9	1,734.8	2.5	1,112.7	12,350.6
Retained by:											
Company and subsidiaries	8,178.7	594.1	14.6	47.2	601.0	8.1	56.9	1,362.1	2.5	303.4	11,168.6
Associated companies	–	–	–	–	–	–	–	84.0	–	150.8	234.8
Joint ventures	–	–	–	–	–	–	–	288.7	–	658.5	947.2
	8,178.7	594.1	14.6	47.2	601.0	8.1	56.9	1,734.8	2.5	1,112.7	12,350.6
Balance at 1 January 2013	8,178.7	594.1	14.6	47.2	601.0	8.1	56.9	1,734.8	2.5	1,112.7	12,350.6
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	–	–	0.9	–	0.9
Currency translation differences	–	–	–	–	–	–	–	497.2	(0.1)	–	497.1
Employee share option benefits	–	–	–	–	–	–	1.6	–	–	–	1.6
Release of reserves upon cancelled/lapse of share options	–	–	–	–	–	–	(4.2)	–	–	5.5	1.3
Profit for the year	–	–	–	–	–	–	–	–	–	72.8	72.8
Balance at 31 December 2013	8,178.7	594.1	14.6	47.2	601.0	8.1	54.3	2,232.0	3.3	1,191.0	12,924.3
Retained by:											
Company and subsidiaries	8,178.7	594.1	14.6	47.2	601.0	8.1	54.3	1,620.2	3.3	205.3	11,326.8
Associated companies	–	–	–	–	–	–	–	263.1	–	251.3	514.4
Joint ventures	–	–	–	–	–	–	–	348.7	–	734.4	1,083.1
	8,178.7	594.1	14.6	47.2	601.0	8.1	54.3	2,232.0	3.3	1,191.0	12,924.3

Company

	Share premium (Note a) HK$ Million	Contributed surplus (Note d) HK$ Million	Employee share-based compensation reserve HK$ Million	Exchange reserve HK$ Million	Accumulated losses HK$ Million	Total HK$ Million
Balance at 1 January 2012	8,858.2	1,158.0	63.4	852.0	(997.7)	9,933.9
Currency translation differences	–	–	–	74.8	–	74.8
Issue of scrip dividend shares	120.5	–	–	–	–	120.5
Employee share option benefits	–	–	2.1	–	–	2.1
Transfer between reserves	(800.0)	(98.9)	–	–	898.9	–
Release of reserve upon cancelled/lapse of share options	–	–	(8.6)	–	8.6	–
2011 second special cash dividend	–	(108.3)	–	–	–	(108.3)
2012 first special cash dividend	–	(220.1)	–	–	–	(220.1)
Loss for the year	–	–	–	–	(82.5)	(82.5)
Balance at 31 December 2012	8,178.7	730.7	56.9	926.8	(172.7)	9,720.4
Balance at 1 January 2013	8,178.7	730.7	56.9	926.8	(172.7)	9,720.4
Currency translation differences	–	–	–	276.9	–	276.9
Employee share option benefits	–	–	1.6	–	–	1.6
Release of reserve upon cancelled/lapse of share options	–	–	(4.2)	–	4.2	–
Loss for the year	–	–	–	–	(47.7)	(47.7)
Balance at 31 December 2013	8,178.7	730.7	54.3	1,203.7	(216.2)	9,951.2

Notes:

(a) The application of the share premium account is governed by the Companies Act 1981 of Bermuda (as amended).

(b) The application of the capital redemption reserve account is governed by section 49H of the Hong Kong Companies Ordinance.

(c) On 30 September 2005, by virtue of special resolutions of the Company with the sanction of an order of the High Court of the Hong Kong SAR, the nominal value of all the issued and paid up capital was reduced from HK$1.00 to HK$0.01 each, thereby reducing the issued and paid up capital of the Company by HK$2,305.1 million and such amount was transferred to the Capital Reduction Reserve Account.

(d) By a special resolution passed on 19 October 2012, the share premium account was reduced by HK$800.0 million. The credit thus arising was transferred to the contributed surplus account of the Company. The Company applied its contributed surplus as enlarged to set-off and eliminate its accumulated losses as at 30 June 2012 and to reduce against special dividend in 2012.

(e) On 12 May 2010, the Group's wholly-owned subsidiary entered into sales and purchase agreement ("S&P") with the Group's non-wholly-owned subsidiary to dispose of the alternative energy business ("Target Business"). Based on the S&P, the purchase consideration is settled by way of issuing and allotting 1,385,170,068 convertible preference shares by such non-wholly-owned subsidiary. The fair value of which, on the S&P date, was HK$1,018.1 million. On 31 August 2010, the acquisition was completed and the fair value of the respective convertible preference shares changed to HK$853.8 million. As the Target Business remains as the Group's subsidiary upon the disposal, such disposal transaction is considered as a transaction with non-controlling shareholders. As a result, the Group has recognised a decrease in non-controlling interests of HK$8.1 million and an increase in other reserve in equity of the same amount.

34 BORROWINGS – GROUP

	2013	2012
	HK$ Million	*HK$ Million*
Non-current		
Bank borrowings	2,914.6	1,926.7
Finance lease liabilities	131.0	114.0
Loans from non-controlling shareholders	52.8	51.4
	3,098.4	2,092.1
Current		
Bank borrowings	392.9	879.5
Finance lease liabilities	14.1	9.8
Loans from non-controlling shareholders	11.5	10.4
	418.5	899.7
Total borrowings	3,516.9	2,991.8

In 2013, the Group's bank borrowings are secured by the investment properties, prepaid land lease payments, properties, plant and equipment, toll road income, properties under development, properties held for sale and trade receivables of the Group (Notes 16, 17, 18, 19, 20, 26 and 28), certain of which are also secured by the corporate guarantee provided by the Company or its subsidiaries.

In 2012, the Group's bank borrowings are secured by the investment properties, prepaid land lease payments, properties, plant and equipment, toll road income, properties held for sale, and trade receivables of the Group (Notes 16, 17, 18, 19, 26 and 28), certain of which are also secured by the corporate guarantee provided by the Company or certain of its subsidiaries.

(a) At the balance sheet date, the Group's secured bank borrowings were repayable as follows:

	2013	2012
	HK$ Million	*HK$ Million*
Within one year	392.9	879.5
In the second year	714.8	181.2
In the third to fifth year	1,327.2	703.6
After the fifth year	872.6	1,041.9
	3,307.5	2,806.2
Wholly repayable within five years	1,585.9	1,030.5
Wholly repayable after five years	1,721.6	1,775.7
	3,307.5	2,806.2

(b) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2013	**2012**
	HK$ Million	*HK$ Million*
6 months or less	3,038.4	2,540.3
6 to 12 months	478.5	451.5
	3,516.9	2,991.8

(c) The Group has finance lease liabilities at the balance sheet date as follows:

	2013	**2012**
	HK$ Million	*HK$ Million*
Gross finance lease liabilities – minimum lease payments		
Within one year	22.6	17.3
In the second year	23.3	17.8
In the third to fifth year	74.2	56.8
After the fifth year	62.3	69.3
	182.4	161.2
Future finance charges on finance leases	(37.3)	(37.4)
Present value of finance lease liabilities	145.1	123.8
The present value of finance lease liabilities is as follows:		
Within one year	14.1	9.8
In the second year	15.6	11.0
In the third to fifth year	57.7	41.0
After the fifth year	57.7	62.0
	145.1	123.8

(d) The loans from non-controlling shareholders are unsecured and interest free. The loans that are not expected to be repayable within twelve months are classified as non-current liabilities. The balance is mainly denominated in Renminbi.

(e) The effective interest rates at the balance sheet date were as follows:

	2013		**2012**	
	HK$	*RMB*	*HK$*	*RMB*
Bank borrowings	0.95%-3.21%	5.90%-7.21%	0.96%-3.28%	6.22%-8.00%

(f) The carrying amounts of the borrowings are denominated in the following currencies:

	2013	2012
	HK$ Million	*HK$ Million*
Hong Kong dollars	180.9	80.3
Renminbi	3,336.0	2,911.5
	3,516.9	2,991.8

(g) The Group has the following undrawn borrowing facilities:

	2013	2012
	HK$ Million	*HK$ Million*
Floating rate		
– expiring within one year	151.0	204.9
– expiring beyond one year	3,083.5	2,854.5
	3,234.5	3,059.4

(h) The carrying amounts and fair value of the non-current borrowings are approximately the same.

35 TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Trade payables	135.5	59.3	–	–
Retention payables	193.3	121.5	–	–
Properties sale deposits received	530.8	668.6	–	–
Other payables and accruals	1,093.6	732.9	3.9	10.9
	1,953.2	1,582.3	3.9	10.9

(a) The ageing analysis of the Group's trade payables at year end was as follows:

	2013	2012
	HK$ Million	*HK$ Million*
0 to less than 2 months	123.6	43.4
2 to less than 6 months	1.9	2.6
6 to less than 12 months	0.2	3.9
12 months and more	9.8	9.4
	135.5	59.3

(b) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2013	2012
	HK$ Million	*HK$ Million*
Hong Kong dollars	41.5	114.5
Renminbi	1,632.7	1,207.3
US dollars	279.0	260.5
	1,953.2	1,582.3

(c) As of 31 December 2013, the fair value of financial liabilities at fair value through profit or loss is HK$279.0 million (2012: HK$260.5 million).

36 DEFERRED INCOME TAX LIABILITIES

The deferred income tax liabilities recognised and movements are as follows:

	Group			
	Fair value adjustments on investment properties	**Adjustments on prepaid land lease payments**	**Other items**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1 January 2012	667.8	444.3	3.9	1,116.0
Currency translation differences	7.3	3.4	0.2	10.9
Net of amortisation capitalised in properties under development	–	(6.1)	–	(6.1)
Charged/(Credited) to income statement *(Note 12)*	6.8	(5.4)	4.5	5.9
At 31 December 2012	681.9	436.2	8.6	1,126.7
At 1 January 2013	681.9	436.2	8.6	1,126.7
Currency translation differences	27.0	11.8	2.1	40.9
Net of amortisation capitalised in properties under development	–	(6.2)	–	(6.2)
(Credited)/charged to income statement *(Note 12)*	3.8	(41.2)	0.4	(37.0)
At 31 December 2013	712.7	400.6	11.1	1,124.4

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$343.3 million (2012: HK$399.3 million) in respect of tax losses of HK$1,667.5 million (2012: HK$1,899.4 million) to carry forward against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$801.5 million (2012: HK$1,064.6 million) which will expire at various dates up to and including 2018 (2012: 2017).

37 DERIVATIVE LIABILITY

A subsidiary of the Group allotted and issued 300,000,000 convertible preference shares at HK$0.65 each on 23 November 2010 to STAR Butterfly Energy Ltd ("STAR"), a subsidiary of TPG. STAR may at any time during 4 years following the completion of the initial investment require the subsidiary to issue to them up to a maximum of 260,000,000 additional preference shares at a price of HK$0.75 per each preference share. Derivative liability represented the subscription right granted to STAR, and was fair valued at 31 December 2013 and 2012.

38 COMMITMENTS – GROUP

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	Group 2013 HK$ Million	2012 HK$ Million
(i) Capital commitments undertaken by the Group		
(a) Property, plant and equipment		
– Contracted but not provided for	141.4	86.9
– Authorised but not contracted for	–	227.8
(b) Property development projects		
– Contracted but not provided for	2,615.2	2,031.8
	2,756.6	2,346.5
(ii) Capital commitments undertaken by the joint venture		
Property development project Contracted but not provided for		
– the Group's share	1,136.4	1,138.0

(b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2013 HK$ Million	2012 HK$ Million
No later than 1 year	3.6	12.2
Later than 1 year and no later than 5 years	2.7	19.2
Later than 5 years	–	16.1
	6.3	47.5

(c) Future minimum rental receivable

The future aggregate minimum rental receivable under non-cancellable operating leases is as follows:

	2013 HK$ Million	2012 HK$ Million
No later than 1 year	99.9	92.7
Later than 1 year and no later than 5 years	263.9	213.4
Later than 5 years	107.7	118.3
	471.5	424.4

The Group leases out investment properties under operating leases. The lease runs for an initial period of one to ten years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. No contingent rent was recognised in the years ended 31 December 2012 and 2013.

39 CONTINGENT LIABILITIES

Group

(a) The Group's investment property located in Shenzhen, the PRC is subject to housing facility fund pursuant to 《深圳經濟特區住宅區物業管理條例》 adopted on 1 November 1994. Contingent liabilities of RMB75.8 million (equivalent to approximately HK$96.9 million) (2012: RMB75.8 million (equivalent to approximately HK$94.3 million)) arising in this respect have been assessed by management with reference to the legal opinion previously obtained. Management have requested relief from the relevant local government authorities on the grounds that certain amounts of maintenance costs were already spent for the purposes as specified under the requirement of housing facility fund, hence no further provision for the fund is considered necessary.

(b) As at 31 December 2013 and 2012, the Group arranged bank financing for certain property buyers and provided guarantees in relation to the repayment obligations for those buyers. The Group had not suffered from any loss resulting from the above guarantees in the past, which was mainly because the guarantees concerned were only a transitional arrangement for property buyers prior to the completion of mortgage registration and were pledged against property rights, in addition to the fact that they will be released once the mortgage registration is completed. Considering the above factors, the Board is of the view that the possibility of default by buyers is minimal, thus the financial guarantees measured at fair value is immaterial.

	2013	**2012**
	HK$ Million	*HK$ Million*
Financial guarantee for mortgage facilities granted to certain purchasers of properties	170.2	81.2

Company

At 31 December 2013, the Company provided guarantee in respect of certain facilities granted to its subsidiaries of HK$746.4 million (2012: HK$250.5 million).

40 RELATED PARTY TRANSACTIONS

Other than the transactions and balances disclosed elsewhere in these financial statements, the material related party transactions during the year were:

(a)

	Note	2013 HK$ Million	2012 HK$ Million
Income from supply of water to Jinhai Paper Pulping Industrial Company Limited ("Jinhai")	*(i), (ii)*	–	17.9

Notes:

(i) Yangpu Water Supply Company Limited ("Yangpu Water"), a former subsidiary of which 65% equity interest held by the Group, entered into a water supply agreement and a supplemental agreement with Jinhai, a company indirectly controlled by the OEI family, for a period of three years commencing from 1 January 2009. Income from Jinhai was conducted on terms as set out in the agreement and the supplemental agreement governing this transaction. On 8 December 2011, the Group entered into the supplemental agreement with Jinhai for extending the terms of the water supply agreement for a further three years from 1 January 2012.

The provision of water supply services contemplated under the water supply agreement and the supplemental agreement constituted a non-exempt continuing connected transaction as defined in Chapter 14A of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

(ii) On 22 May 2012, the Group entered into an agreement with Hainan Jinhai Trading (Hong Kong) Company Limited (the "Purchaser"), a company indirectly controlled by the OEI family, for the sale of its entire equity interest in Treasure Island Investment Holdings Limited ("Treasure Island") at a cash consideration of HK$162.3 million. Treasure Island, an directly wholly owned subsidiary of the Group, is the owner of 65% equity interest of and in Yangpu Water. The Purchaser also undertook to procure Treasure Island repaying a loan of HK$92.3 million due to the Group. The transaction was completed in June 2012.

The transaction constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

(b) In June 2010, the Company entered into a supplemental agreement with Genesis Capital Group Limited, one of the substantial shareholders of the Company, for amending and supplementing the revolving loan agreement dated 8 October 2007, under which the Company might borrow up to HK$1,000.0 million for a period of ninety-six months from the date of the said loan agreement. The loan is unsecured and carried interest at the Hong Kong dollar prime rate plus 2% per annum. The Company is required to repay the loan and accrued interest thereon at the expiry of the said agreement.

There has been no outstanding loan balance since 31 December 2011.

The transaction did not constitute a connected transaction as defined in Chapter 14A of the Listing Rules.

(c) At 31 December 2013, certain subsidiaries of the Group provided guarantee in respect of facilities granted to certain associated companies of HK$165.0 million (2012: HK$727.2 million).

At 31 December 2013, the Company provided guarantee in respect of certain facilities granted to its subsidiaries of HK$746.4 million (2012: HK$250.5 million).

The transactions did not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(d) Key management compensation

Key management solely represents directors of the Company. The compensation paid or payable to key management is shown as below:

	2013 *HK$ Million*	2012 *HK$ Million*
Director's fees	1.5	1.5
Salary and other benefits	26.2	30.4
Employer's contribution to pension scheme	0.1	0.1
Share option benefits	0.7	2.5
	28.5	34.5

41 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash generated from/(used in) operations

	2013 *HK$ Million*	2012 *HK$ Million*
Profit before income tax	162.5	154.2
Finance income	(36.7)	(52.3)
Depreciation and amortisation	121.3	126.7
Employee share option benefits, net *(Note 11)*	1.8	2.0
Fair value adjustments on investment properties	(1.7)	(71.0)
Provision for impairment losses on assets *(Note 7)*	16.1	20.6
Gain on completion of liquidation of subsidiaries – net	(2.8)	–
Gain on disposal of subsidiaries – net	–	(141.8)
Net exchange loss/(gain)	17.6	(1.6)
Loss/(gain) on disposal of property, plant and equipment – net	1.2	(11.1)
Fair value loss/(gain) on financial assets and financial liabilities at fair value through profit or loss – net	16.3	(7.1)
Recovery of receivables written off in prior years	–	(49.1)
Write back of costs provision	(1.6)	(2.5)
Finance costs	135.5	160.5
Share of profits less losses of associated companies	(100.5)	(148.0)
Share of profits less losses of joint ventures	(75.9)	2.3
Operating profit/(loss) before working capital changes	253.1	(18.2)
Increase in properties under development	(1,150.8)	(714.3)
Increase in prepaid land lease payments	(23.0)	–
Decrease in properties held for sale	910.4	13.7
Decrease in inventories	2.8	1.4
Decrease in other non-current receivables and trade and other receivables	59.8	97.0
(Decrease)/increase in other non-current payables and trade and other payables	(27.9)	387.2
Increase in non-controlling interests	–	1.7
Cash generated from/(used in) operations	24.4	(231.5)

(b) Disposal of subsidiaries

	2012
	HK$ Million
Net assets disposed:	
Prepaid land lease payments	10.1
Intangible assets	3.4
Cash and cash equivalents	70.8
Trade and other receivables	42.7
Property, plant and equipment	164.0
Trade and other payables	(0.1)
Other loans	(93.1)
Non-controlling interests	(61.3)
	136.5
Release of exchange reserve upon disposal	(23.7)
Gain on disposal of subsidiaries	141.8
Cash consideration	254.6

(c) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2012
	HK$ Million
Cash consideration	254.6
Cash and cash equivalents disposed	(70.8)
	183.8

42 COMPARATIVE FIGURES

Certain comparative figures as set out in the consolidated financial statements and the related notes thereto have been reclassified to conform with the current year's presentations.

(C) MATERIAL CHANGES

As at the Latest Practicable Date, there had been no known material changes in the financial or trading position or outlook of the Group since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

(D) INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding borrowings of approximately HK$3,937.9 million, comprising secured bank loans of approximately HK$3,658.0 million, unsecured loans from minority shareholders of approximately HK$266.7 million and convertible bonds carrying at a book value of HK$13.2 million.

The Group's bank loans were secured by legal charges on fixed assets, including investment properties, prepaid land lease payments, properties, plant and equipment with an aggregate carrying value of approximately HK$8,101.5 million, properties under development of approximately RMB1,161.9 million (equivalent to approximately HK$1,438.1 million), properties held for sale of approximately RMB1,222.9 million (equivalent to approximately HK$1,513.6 million), trade receivables of approximately RMB53.7 million (equivalent to approximately HK$66.5 million), pledged deposits of RMB240 million (equivalent to HK$297.0 million), right over certain revenue accounts and corporate guarantees provided by the Company and its subsidiaries with an aggregate amount of HK$1,628.8 million.

The convertible bonds will be matured on 22 December 2016 at their nominal values of approximately HK$13.2 million or can be converted into shares at the holder's option at the maturity date at the rate of 1 share per HK$41.6982.

In addition, the Group had contingent liabilities in the sum of RMB75.8 million (equivalent to approximately HK$93.8 million) in respect of a further provision for the housing facility fund (the "Fund") relating to the Group's investment property located in Shenzhen, the PRC pursuant to《深圳經濟特區住宅區物業管理條例》adopted on 1 November 1994. The amount has been assessed by management with reference to the legal opinion previously obtained. Management have requested relief from the relevant local government authorities on the grounds that certain amounts of maintenance costs were already spent for the purposes as specified under the requirement of the Fund, hence no provision for the Fund is considered necessary.

As at 31 January 2015, the Group had arranged bank financing for certain property buyers and provided guarantees of RMB246.9 million (equivalent to approximately HK$305.5 million) in relation to the repayment obligations for those buyers. The guarantees were only a transitional arrangement for property buyers prior to the completion of mortgage registration and were pledged against property rights. They will be released once the mortgage registration is completed.

As at 31 January 2015, the Group provided a guarantee against borrowing of its associated company, which amounted to RMB120 million (equivalent to approximately HK$148.5 million).

Balances denominated in Renminbi have been translated into Hong Kong dollars based on the exchange rate of RMB1.00 to HK$1.2377.

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debts securities issued and outstanding or authorised or otherwise created but unissued or other similar borrowings or indebtedness in the nature of borrowings including bank overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, any guarantees or other material contingent liabilities as at the close of business on 31 January 2015.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 January 2015.

The following is the text of the letter, a summary of values and the valuation certificate received from Knight Frank Petty Limited, an independent property valuer, prepared for the purpose of incorporation in this Composite Document, in connection with its valuation of the property interests held by the Group as at 31 January 2015.

Knight Frank Petty Ltd
4/F, Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

T +852 2840 1177
F +852 2840 0600
www.knightfrank.com

The Directors
HKC (Holdings) Limited
9th Floor of Tower I
South Seas Centre
No 75 Mody Road
Kowloon, Hong Kong

16 April 2015

Dear Sirs

Valuation of Various Properties in Hong Kong and The People's Republic of China

In accordance with your instructions for us to value various property interests exhibited to us and held by Hong Kong Construction (Holdings) Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the Hong Kong Special Administration Region ("Hong Kong") and the People's Republic of China (the "PRC"), 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 market values of these properties as at 31 January 2015 for the purpose of incorporation into the Composite Document issued by the Group.

Basis of Valuation

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

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

Valuation Methodology

We have valued properties in Group I, Group III and Group IV by direct comparison approach whenever market comparable transactions are available and assumed sale of the property with the benefit of vacant possession.

We have valued properties in Group II on the basis of capitalization of the net incomes shown on the documents handed to us by the Group and where appropriate by reference to sales evidence as available on the market. We have allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential.

We have valued the property interest of property in Group V which is leased by the Group with reference to its profit rent originate from the lease term interest and its rights in sub-letting and/or transferring the lease term interest of the property.

We have valued the properties in Group VI which are held by the Group under development in the PRC and properties in Group VII which are held by the Group for future development in the PRC on the basis that the properties will be developed and completed in accordance with the development proposals provided to us. We have assumed that the approvals for the proposals have been obtained. In arriving at our opinion of value, we have made reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the developments to reflect the quality of the completed development.

Title Documents and Encumbrances

We have not been provided with any extracts of title documents relating to the properties in Hong Kong but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership. We have been provided with extracts of documents in respect of the title to the properties situated in the PRC. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a very considerable extent on the information given by the Group and the opinion giver by the Group's PRC legal advisor, Junhe Law Firm. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/or the Group's legal advisor which is material to the valuation.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property interests nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions, title defects and outgoings of an onerous nature which could affect their values.

Source of Information

We have relied to a very considerable extent on the information given by the Group and the legal opinion regarding the titles to the properties in the PRC from the PRC legal adviser of the Group. We have no reason to doubt the truth and the accuracy of the information provided by the Group and/or the PRC legal adviser of the Group which is material to the valuation. We have accepted advice given by the Group on such matters as identification of the properties, planning approvals or statutory notices, easements, tenure, development proposal, development schemes, budgeted construction cost, construction costs expended and site and floor areas. Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

Inspection and Measurement

We have inspected the exterior and, where possible, the interior of the properties valued and the inspection was carried out by Kenneth Lok, our Manager, in January 2015 for the properties in Group I and Clement Leung, our Executive Director, Forest Xu, our Associate Director, Eddie Lo, our Senior Manager, Ocean Ruan, our Manager and Winnie Wen, our Assistant Valuer in January 2015 for the properties in Group II to VII. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

Structural Condition

We are not instructed to undertake any surveys or test on the services of the properties. Our valuation has been undertaken on the basis that the properties were all in satisfactory repair and condition with the services functioned satisfactorily and were free of rot, infestation or any other structural defects. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory.

Identity of Property to be valued

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the properties, identified by the property address in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the properties to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the properties had been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that for any use of the properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

Contamination

We are not instructed to arrange for any investigation to be carried out to determine whether any deleterious or hazardous material have been used in the construction of the properties and therefore assumed in our valuations that none of the said material is contained in the properties. However, should it be established subsequently that contamination exists at the properties or any neighboring land, or that the properties have been or are being put to any contaminative use, we reserve the right to adjust the value reported herein.

Remarks

In preparing our valuation report, we have complied with "The HKIS Valuation Standards (2012 Edition)" published by the Hong Kong Institute of Surveyors and the requirements contained in the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of Code on Takeovers and Mergers and Share Buy-backs of Securities and Futures Commission.

Currency

Unless otherwise stated, all money amounts stated are in Renminbi or Hong Kong dollars and the exchange rate adopted for conversion is HK$1=RMB0.806, which was approximately the prevailing exchange rate as at the date of valuation, and there has been no significant fluctuation in exchange rate for Renminbi against Hong Kong dollars between that date and the date of this letter.

For the property of Group I, there is no potential tax liability. For the properties of Group II to VII, there may be potential tax liability which would arise if the property interests were to be sold. Should disposal of the property interests located in the PRC be conducted, the potential tax liabilities arising may include business tax (5% on the transaction amount), urban maintenance and construction tax (7% on the business tax), educational surtax and surcharge (3% on the business tax), corporation income tax (25% on net profit upon disposal); stamp duty (0.05% on transaction amount) and land appreciation tax (the applicable rate is ranging from 30% and 60% on the net appreciated amount less deductibles). For the properties of Group II, III, V to VII, the likelihood of the relevant tax liability being crystallized is remote as the Group has no detail planning for the disposal of such properties yet.

For the properties of Group IV, those properties will be sold in due course. Thus, the likelihood of the relevant tax liability being crystallized is high.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MCIREA MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation

Note: Clement W M Leung, MCIREA, MHKIS, MRICS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since 1999 and has about 19 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People's Republic of China and Asia Pacific regions.

SUMMARY OF VALUES

	Property	Market value in existing state as at 31 January 2015	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 January 2015
	Group I – Properties held by the Group for owner-occupation in Hong Kong			
1.	Units 1 to 6 and S1 on 9th Floor of Tower I, South Seas Centre, No 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	HK$135,000,000	100%	HK$135,000,000
2.	Car Parking Spaces Nos 52 and 53 on Basement 2 East Ocean Centre, No 98 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong	HK$2,600,000	100%	HK$2,600,000
3.	Carpark No P5 on the Basement Floor, South Seas Centre, No 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	HK$1,300,000	100%	HK$1,300,000
	Total (Group I):	**HK$138,900,000**		**HK$138,900,000**
	Group II – Properties held by the Group for investment in the PRC			
4.	Three apartment units, portions of the retail podium and car parks of CITIC Plaza No 233 Tianhe Road North, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB1,223,730,000	40%	RMB489,492,000

	Property	Market value in existing state as at 31 January 2015	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 January 2015
5.	Portion of 1st floor, 2nd floor and 58th floor, Shun Hing Square (also known as "King Land Building"), No 5002 Shennan Road East, Luohu District, Shenzhen, Guangdong Province, The PRC	RMB183,120,000	100%	RMB183,120,000
6.	Shopping mall and car parking spaces of Shun Hing Square (also known as "King Land Building"), No 5002 Shennan Road East, Luohu District, Shenzhen, Guangdong Province, The PRC	RMB1,051,000,000	100%	RMB1,051,000,000
7.	Units 1 to 7 on 28th Floor, City Centre, Junctions of Xikang Road and Chengdu Road, Heping District, Tianjin, The PRC	RMB27,500,000	100%	RMB27,500,000

	Property	Market value in existing state as at 31 January 2015	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 January 2015
8.	Portion of retail units on Levels 1, 2 and 3 of Zones B and C of Nanxun International Construction Materials Market located at Nanxun Economic Development Zone No 2333 Qiang Hua Road, Nanxun, Huzhou, Zhejiang Province, The PRC	RMB437,100,000	100%	RMB437,100,000
	Sub-total:	**RMB2,922,450,000**		**RMB2,188,212,000**
	Group III – Properties held by the Group for owner-occupation in the PRC			
9.	Two office units No 208 and 209 of Shun Hing Square (also known as "King Land Building"), No 5002 Shennan Road East, Luohu District, Shenzhen, Guangdong Province, The PRC	RMB11,800,000	100%	RMB11,800,000
10.	A chemical plant located at Chongqing Chemical Industrial Park, Changshou District, Chongqing, The PRC	No Commercial Value	70.65%	No Commercial Value
	Sub-total:	**RMB11,800,000**		**RMB11,800,000**

	Property	Market value in existing state as at 31 January 2015	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 January 2015
	Group IV – Properties held by the Group for sale in the PRC			
11.	All shop units on Levels 1 to 3 of the retail/recreational podium (excluding Unit 105 on Level 1) and 69 car parking spaces in the Basement of South Ocean Centre, No 2071 Dongmen Road Central, Luohu District, Shenzhen, Guangdong Province, The PRC	RMB175,130,000	100%	RMB175,130,000
12.	Phases 1 and 2 of Eka Garden located at Linjiang Road, Jiangmen, Guangdong Province, The PRC	RMB373,000,000	100%	RMB373,000,000
13.	Eka Garden located at South Hongqi Road, Nankai District, Tianjin, The PRC	RMB1,870,000,000	75%	RMB1,402,500,000
14.	Portion of retail units on Levels 1, 2 and 3 of Zones B and C of Nanxun International Construction Materials Market located at Nanxun Economic Development Zone No 2333 Qiang Hua Road, Nanxun, Huzhou, Zhejiang Province, The PRC	RMB137,300,000	100%	RMB137,300,000
	Sub-total:	**RMB2,555,430,000**		**RMB2,087,930,000**

	Property	Market value in existing state as at 31 January 2015	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 January 2015
	Group V – Property leased by the Group in the PRC			
15.	Legation Quarter, No 23 Qianmen Dong Dajie, Dongcheng District, Beijing, The PRC	No Commercial Value	70.9%	No Commercial Value
	Sub-total:	**No Commercial Value**		**No Commercial Value**
	Group VI – Properties held by the Group under development in the PRC			
16.	Two parcels of land located at No 4 Sichuan North Road, Hongkou District, Shanghai, The PRC	RMB4,527,000,000	60%	RMB2,716,200,000
17.	Three parcels of lands located at Ningbo Road, Heping District, Shenyang, Liaoning Province, The PRC	RMB1,940,000,000	100%	RMB1,940,000,000
18.	Phase 3 of Eka Garden located at Linjiang Road Jiangmen, Guangdong Province, The People's Republic of China	RMB216,000,000	100%	RMB216,000,000
	Sub-total:	**RMB6,683,000,000**		**RMB4,872,200,000**

	Property	Market value in existing state as at 31 January 2015	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 January 2015
	Group VII – Properties held by the Group for future development in the PRC			
19.	A parcel of land located at eastern part of Tuanbo Lake within the Planned Tuanbo New City, Jinghai County, Tianjin, The PRC	RMB1,710,000,000	100%	RMB1,710,000,000
20.	A parcel of land located at Nanxun Economic Development Zone No 2333 Qiang Hua Road, Nanxun, Huzhou, Zhejiang Province, The PRC	RMB14,500,000	100%	RMB14,500,000
	Sub-total:	**RMB1,724,500,000**		**RMB1,724,500,000**
	Total (Groups II to VII):	**RMB13,897,180,000**		**RMB10,884,642,000**

VALUATION CERTIFICATE

Group I – Properties held by the Group for owner-occupation in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
1.	Units 1 to 6 and S1 on 9th Floor of Tower I South Seas Centre No 75 Mody Road Tsim Sha Tsui Kowloon Hong Kong 631/26,000th undivided shares of and in the Kowloon Inland Lot No 10549.	Tower I of South Seas Centre is a 10-storey office building (3/F to 12/F) erected over a 6-storey podium comprising a basement car park, 3-storey shopping arcade (LG/F, G/F, UG/F) and 2-storey offices (1/F to 2/F). The building was complete in 1982. The property comprises six office units and a storeroom on the 9th Floor of Tower 1 of South Seas Centre with a total gross area of approximately 1,350.98 sq m (14,542 sq ft). Kowloon Inland Lot No 10549 is held under Conditions of Sale No UB11135 for a term of 75 years commencing from 14 October 1977 renewable for a further term of 75 years. The annual Government Rent payable for the lot is HK$1,000.	As at the valuation date, the property was owner-occupied.	HK$135,000,000 (100% interest attributable to the Group: HK$135,000,000)

Notes:

1. As at the valuation date, the registered owner of the property was Sky Universe Limited, a wholly-owned subsidiary of the Group.

2. As at the valuation date, the property was subject to the following encumbrances registered in the Land Registry:

   (i) Occupation Permit No K6/82 vide memorial no UB2221695 dated 24 February 1982.

   (ii) Deed of Mutual Covenant (re-registered vide memorial no UB2318649 dated 4 May 1982) vide memorial no UB2280641 dated 4 May 1982.

   (iii) Letter of Compliance from Director of Public Works, Public Works Department (Crown Lands & Survey Office) vide memorial no UB2715206 dated 30 March 1982.

   (iv) Letter of Compliance from Registrar General (Land Officer) vide memorial no UB2715207 dated 1 April 1982.

   (v) Mortgage in favour of Dah Sing Bank, Limited vide memorial no 07052900890035 dated 30 April 2007.

   (vi) Second mortgage in favour of Dah Sing Bank, Limited vide memorial no 08050901350023 dated 30 April 2008.

3. According to the Draft Tsim Sha Tsui Outline Zoning Plan No S/K1/28 exhibited on 3 December 2013, the property was situated within an area zoned for “Commercial” uses as at the valuation date.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
2.	Car Parking Spaces Nos 52 and 53 on Basement 2 East Ocean Centre No 98 Granville Road Tsim Sha Tsui Kowloon Hong Kong 4/8,000th undivided shares of and in Kowloon Inland Lot No 10601.	East Ocean Centre is a 15-storey office building built over two levels of basement completed in 1982. The whole of Basement Level 2 is designed for car parking purposes whilst the whole of Basement Level 1, Ground Floor and the 1st Floor are for retail purposes. The remaining upper floors of the building from 2nd Floor to 14th Floor is planned to accommodate office units. The property comprises 2 covered car parking spaces on Basement Level 2. Kowloon Inland Lot No 10601 is held under Conditions of Sale No UB11285 for a term of 75 years commencing from 9 January 1979 renewable for a further term of 75 years. The annual Government Rent payable for the lot is HK$1,000.	As at the valuation date, the property was owner-occupied.	HK$2,600,000 (100% interest attributable to the Group: HK$2,600,000)

Notes:

1. As at the valuation date, the registered owner of the property was Hong Kong Construction (Hong Kong) Ltd., a wholly-owned subsidiary of the Group.

2. As at the valuation date, the property was subject to the following encumbrances as registered in the Land Registry:

    (i) Deed of Covenant vide memorial no UB2260984 dated 1 May 1982.

    (ii) Re-Registration of Deed of Covenant memorial no UB2260984 vide memorial no UB5190556 dated 1 May 1982.

    (iii) Deed of Confirmation and Rectification of Assignments and Deed of Mutual Covenants vide memorial no UB5252264 dated 30 April 1992.

    (iv) Deed of Confirmation of Assignment memorial no UB2319549 vide memorial no UB5299061 dated 30 March 1992.

3. According to the Draft Tsim Sha Tsui Outline Zoning Plan No S/K1/28 exhibited on 3 December 2013, the property was situated within an area zoned for "Commercial" uses as at the valuation date.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
3.	Carpark No P5 on the Basement Floor South Seas Centre No 75 Mody Road Tsim Sha Tsui Kowloon Hong Kong 6/26,000th undivided shares of and in the Kowloon Inland Lot No 10549.	South Seas Centre comprises two 10-storey office buildings (3/F to 12/F) erected over a 6-storey podium including a basement car park, 3-storey shopping arcade (LG/F, G/F, UG/F) and 2-storey offices (1/F to 2/F). The building was complete in 1982. The property comprises a covered carparking space on the Basement Floor of South Sea Centre. Kowloon Inland Lot No 10549 is held under Conditions of Sale No UB11135 for a term of 75 years commencing from 14 October 1977 renewable for a further term of 75 years. The annual Government Rent payable for the lot is HK$1,000.	As at the valuation date, the property was owner-occupied.	HK$1,300,000 (100% interest attributable to the Group: HK$1,300,000)

Notes:

1. As at the valuation date, the registered owner of the property was Sky Universe Limited, a wholly-owned subsidiary of the Group.

2. As at the valuation date, the property was subject to the following encumbrances registered in the Land Registry:

   (i) Occupation Permit No K6/82 vide memorial no UB2221695 dated 24 February 1982.

   (ii) Deed of Mutual Covenant (re-registered vide memorial no UB2318649 dated 4 May 1982) vide memorial no UB2280641 dated 4 May 1982.

   (iii) Letter of Compliance from Director of Public Works, Public Works Department (Crown Lands & Survey Office) vide memorial no UB2715206 dated 30 March 1982.

   (iv) Letter of Compliance from Registrar General (Land Officer) vide memorial no UB2715207 dated 1 April 1982.

3. According to the Draft Tsim Sha Tsui Outline Zoning Plan No S/K1/28 exhibited on 3 December 2013, the property was situated within an area zoned for "Commercial" uses as at the valuation date.

Group II – Properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
4.	Three Apartment units, portion of the retail podium and Car parks of CITIC Plaza No 233 Tianhe Road North Tianhe District Guangzhou Guangdong Province The PRC (Please see Note 1 for details)	CITIC Plaza (the "Development") is situated on a parcel of land of approximately 23,126.80 sq m located at the northern side of Tianhe Road North, Tianhe District in Guangzhou. The Development comprises a 75-storey office tower and two 38-storey twin-block apartment towers, all erected over a 5-storey retail/recreation podium plus 2 car parking basement levels underneath. The Development was complete in 1997. The property comprises 3 apartment units, portion of the retail podium and 658 car parking spaces of the Development. Details of the property schedule are listed in Note (1) below. Details of the approximate gross floor area of apartment and retail of the property are listed as follows:	Portion of the retail portion of the property with a total lettable area of approximately 34,676 sq m is currently let under various tenancies with the last term expiring in September 2025 yielding a total monthly rental of approximately RMB5,440,000 exclusive of management fees and services charges. The car parking spaces of the property on the two basement levels are operated as a public fee-paying carpark. The remaining portion of the property is vacant.	RMB1,223,730,000 (40% interest attributable to the Group RMB489,492,000)

Portion	Approximate Gross Floor Area *(sq m)*
Apartment	392.08
Retail	34,984.88
Total:	35,376.96

The land use rights of the property have been granted for a term expiring on 29 September 2034 and 29 September 2064 for commercial and apartment uses respectively.

Notes:

1. The property comprises the following units:

   Apartment

   Unit No 3 on Level 24, Unit No 2 on Level 36 and Unit No 2 on Level 37 in Apartment Tower 2.

   Retail

   Portion of the shop units on Levels 1 to 4 of the retail podium (except Unit Nos 121 to 123, 137 to 140, 147, 250 and 251A) and portion on Level 5 of the retail podium.

   Car Park

   658 car parking spaces on Basement Levels 1 and 2.

2. Pursuant to 5 Real Estate Title Certificates Nos Yue Fang Di Zheng Zi Di C2286636 to C2286640 all dated 3 December 2003 issued by Guangzhou Land Resource and Real Estate Administration Bureau, retail portion of the property with a total gross floor area of 34,297.59 sq m is held by Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) for a term of 40 years commencing from 30 September 1994 for commercial use.

3. Pursuant to Real Estate Title Certificate No Sui Zi Di 0140080260 dated 30 July 2009 issued by Guangzhou Land Resources and Real Estate Administration Bureau, retail portion of the property with a gross floor area of 687.29 sq m is held by Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) for a term of 40 years commencing from 30 September 1994 for commercial use.

4. Pursuant to Real Estate Title Certificate No Sui Zi Di 0150235029 dated 30 July 2009 issued by Guangzhou Land Resources and Real Estate Administration Bureau, apartment portion of the property with a gross floor area of 128.16 sq m is held by Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) for a term of 70 years commencing from 30 September 1994 for residential use.

5. Pursuant to Real Estate Title Certificate No Sui Zi Di 0150235300 dated 30 July 2009 issued by Guangzhou Land Resources and Real Estate Administration Bureau, apartment portion of the property with a gross floor area of 128.16 sq m is held by Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) for a term of 70 years commencing from 30 September 1994 for residential use.

6. Pursuant to Real Estate Title Certificate No Sui Zi Di 0150235302 dated 30 July 2009 issued by Guangzhou Land Resources and Real Estate Administration Bureau, apartment portion of the property with a gross floor area of 135.76 sq m is held by Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) for a term of 70 years commencing from 30 September 1994 for residential use.

7. As advised by the Group, Kumagai SMC Development (Guangzhou) Limited is a wholly-owned subsidiary of Hong Kong Construction SMC Development Limited, which is a 40% owned associate of the Group.

8. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) has legally obtained the land use rights and building ownership of the apartment and retail portion of the property;

   (ii) Kumagai SMC Development (Guangzhou) Limited (熊谷蜆殼發展(廣州)有限公司) can occupy and use the property; and is also entitled to transfer, lease, mortgage or in other ways dispose of the property under the land use rights term; and

   (iii) the property is free from mortgages and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
5.	Portion of 1st floor, 2nd floor and 58th floor Shun Hing Square (also known as "King Land Building") No 5002 Shennan Road East Luohu District Shenzhen Guangdong Province The PRC	Shun Hing Square (the "Development") is a large-scale commercial/residential composite development comprising a 27-storey apartment tower erected over a 5-storey shopping arcade and a 72-storey office tower completed in 1996. The development is also equipped with car parking facilities in the lower ground floor and basement levels. The property comprises the office area on 1st floor, 2nd floor (excluding the unit 208 and 209) and 58th floor of the office tower. The total gross floor area of the property is approximately 5,609.59 sq m. The land use rights of the property have been granted for a term of 50 years commencing on 2 January 1995 and expiring on 1 January 2045.	Portion of the property with a total gross floor area of approximately 5,178.69 sq m is currently leased under various tenancies with the last term expiring in April 2018 yielding a total monthly rental of approximately RMB840,000 exclusive of management fees and services charges.	RMB183,120,000 (100% interest attributable to the Group RMB183,120,000)

Notes:

1. Pursuant to 3 Real Estate Title Certificates, the title to portion of the Development with a total gross floor area of 6,535.97 sq m is vested in Karbony Real Estate Development (Shenzhen) Co., Ltd. for a land use rights term expiring on 1 January 2045 for office use. The details of the certificates are shown as follows:

Certificate Nos	Unit	Owner	Gross Floor Area *(sq m)*	Date of Issue
Shen Fang Di Zi Di 2000473445	Whole of 1/F	Karbony Real Estate Development (Shenzhen) Co., Ltd.	2,162.62	7 December 2009
Shen Fang Di Zi Di 2000473444	Whole of 2/F	Karbony Real Estate Development (Shenzhen) Co., Ltd.	2,162.62	7 December 2009
Shen Fang Di Zi Di 2000473441	Whole of 58/F	Karbony Real Estate Development (Shenzhen) Co., Ltd.	2,210.73	7 December 2009

2. As advised by the Group, Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) is a wholly-owned subsidiary of Karbony Investment Limited, which is 100% owned by the Group.

3. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) has legally obtained the land use rights and building ownership of the property;

   (ii) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) can occupy and use the property; and is also entitled to transfer, lease, mortgage or in other ways dispose of the property under the land use rights term; and

   (iii) the property is free from mortgages and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
6.	Shopping mall and car parking spaces Shun Hing Square (also known as "King Land Building") No 5002 Shennan Road East Luohu District Shenzhen Guangdong Province The PRC	Shun Hing Square (the "Development") is a large-scale commercial/residential composite development comprising a 27-storey apartment tower erected over a 5-storey shopping arcade and a 72-storey office tower completed in 1996. The development also equipped with car parking facilities in the lower ground floor and basement levels. The property comprises the whole five retail levels of the shopping mall (Lower Ground Level, Upper Ground Level and Levels 2 to 4, except Shop Nos 109 to 110 on Upper Ground Floor) and 895 car parking spaces in the lower ground level and basement levels of the development. According to the information provided, the total gross floor area and saleable area of the shopping mall are approximately 25,037.47 sq m and 15,362.81 sq m respectively. The land use rights of the property have been granted for a term of 50 years commencing on 2 January 1995 and expiring on 1 January 2045 for retail use.	Portion of the shopping mall with a total saleable area of approximately 13,783 sq m is subject to various tenancies with the last term expiring in November 2019 yielding a total monthly rental income of approximately of RMB3,096,000 exclusive of management fees and services charges. The car parks on lower ground level and 2 basement levels are operated as a public fee-paying car park. The remaining portion of the property is vacant.	RMB1,051,000,000 (100% interest attributable to the Group RMB1,051,000,000)

Notes:

1. Pursuant to five Real Estate Title Certificate Nos Shen Fang Di Zi Nos 2000245799 and 2000245800 both dated 18 March 2005, 2000048557 dated 14 June 2000, 2000466960 dated 30 October 2009 and 2000483730 dated 3 February 2010, the retail portion of the property is held by Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) for a term of 50 years commencing on 2 January 1995 and expiring on 1 January 2045.

2. As advised by the Group, Lower Ground Level of the retail portion of the property is subject to a mortgage in favour of Dah Sing Bank, Shenzhen Branch for a consideration of RMB70,000,000 for a term from 3 November 2009 to 3 November 2016. The mortgage bank loan as at the valuation date was RMB21,349,201.29.

3. As advised by the Group, Upper Ground Level, Level 2 and Level 4 of the retail portion of the property is subject to two mortgages in favour of China Construction Bank for a consideration of RMB84,000,000 for a term of 10 years commencing from 28 March 2007 and a consideration of RMB166,000,000 for a term of 9 years commencing from 19 February 2008. The mortgage bank loans as at the valuation date were RMB23,490,017.26 and RMB48,581,608.76 respectively.

4. As advised by the Group, Level 3 of the retail portion of the property is subject to a mortgage in favour of Ping An Bank for a consideration of RMB80,000,000 for a term of 10 years commencing from 22 March 2010. The mortgage bank loan as at the valuation date was RMB42,000,000.

5. As advised by the Group, Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) is a wholly-owned subsidiary of Karbony Investment Limited.

6. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) has legally obtained the land use rights and building ownership of the retail portion of the property;

   (ii) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) can occupy and use the property; and is also entitled to transfer, lease, mortgage or in other ways dispose of the property under the land use rights term;

   (iii) the property is subject to mortgages; and

   (iv) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) has to obtain the mortgagee's prior written consent before transferring, leasing or in other ways dispose of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
7.	Units 1 to 7 on 28th Floor City Centre Junctions of Xikang Road and Chengdu Road Heping District Tianjin The PRC	City Centre is a composite development comprising a 28-storey office building and two 30-storey residential buildings completed in 2006. The property comprises the whole 28th floor (Units 1 to 7) of the office building in City Centre. The approximate gross floor areas of the property are listed as follows:	The property is subject a tenancy with a term expiring in October 2017 yielding a monthly rental income of approximately RMB149,000 exclusive of management fees and service charges.	RMB27,500,000 (100% interest attributable to the Group RMB27,500,000)

Unit	Gross Floor Area *(sq m)*
2801	222.66
2802	259.97
2803	259.79
2804	220.16
2805	259.97
2806	151.78
2807	113.27
Total:	1,487.60

The land use rights of the property have been granted for a term expiring on 4 April 2055 for non-residential use.

Notes:

1. Pursuant to 7 Real Estate Title Certificates all issued by Tianjin Land Resources and Real Estate Administration Bureau, the title to the property was vested in Shenzhen Kumagai Property Management Limited (深圳熊谷物業管理有限公司). Details of the real estate title certificates are as follows:

Certificate No	Unit	Gross Floor Area *(sq m)*	Use of Building	Expiry Date	Date of Issue
Fang Di Zheng Jin Zi Di 101020800600 Hao	2801	222.66	Non-residential	4 April 2055	25 January 2008
Fang Di Zheng Jin Zi Di 101020800609 Hao	2802	259.97	Non-residential	4 April 2055	25 January 2008
Fang Di Zheng Jin Zi Di 101020800601 Hao	2803	259.79	Non-residential	4 April 2055	25 January 2008
Fang Di Zheng Jin Zi Di 101020800602 Hao	2804	220.16	Non-residential	4 April 2055	25 January 2008
Fang Di Zheng Jin Zi Di 101020800603 Hao	2805	259.97	Non-residential	4 April 2055	25 January 2008
Fang Di Zheng Jin Zi Di 101020800610 Hao	2806	151.78	Non-residential	4 April 2055	25 January 2008
Fang Di Zheng Jin Zi Di 101020800611 Hao	2807	113.27	Non-residential	4 April 2055	25 January 2008

2. As advised by the Group, Shenzhen Kumagai Property Management Co., Ltd. is a wholly-owned subsidiary of the Group.

3. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Shenzhen Kumagai Property Management Co., Ltd (深圳熊谷物業管理有限公司) has legally obtained the land use rights and building ownership of the property;

   (ii) Shenzhen Kumagai Property Management Co., Ltd (深圳熊谷物業管理有限公司) can occupy and use the property; and is also entitled to transfer, lease, mortgage or in other ways dispose of the property under the land use rights term; and

   (iii) the property is free from mortgages and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
8.	Portion of retail units on Levels 1, 2 and 3 of Zones B and C of Nanxun International Construction Materials Market located at Nanxun Economic Development Zone No 2333 Qiang Hua Road Nanxun Huzhou Zhejiang Province The PRC	Nanxun International Construction Materials Market is a 3 to 6 storeys construction materials and ornaments mall erected on a parcel of land with a site area of approximately 165,845.00 sq m. The market is divided into three zones and their approximate site areas are as follows:	Portion of the property with a total lettable area of approximately 82,768.30 sq m is leased under various tenancies with the last term expiring in December 2020 yielding a total monthly rental of approximately RMB1,894,000 exclusive of management fees and services charges. The remaining portion of the property is currently vacant.	RMB437,100,000 (100% interest attributable to the Group RMB437,100,000)

Zone	**Site Area** *(sq m)*
Zone A	13,834.00
Zone B	82,291.00
Zone C	69,720.00
Total:	165,845.00

The development is to be developed by two phases. Phase 1 comprises Zones B and C which comprise 29 (mainly 3-storey) commercial blocks providing a total gross floor area of approximately 186,051.04 sq m and 907 car parking spaces. Phase I was complete in May 2009. Phase 2 comprises Zone A and there is no detailed development scheme as at the valuation date.

The property comprises retail units scattered on levels 1, 2 and 3 of Zones B and C with a total gross floor area of approximately 96,634.32 sq m. The breakdown of the gross floor area is as follows:

	Gross Floor Area *(sq m)*
Zone B	
Level 1	14,155.97
Level 2	17,480.06
Level 3	19,884.37
Sub-Total:	51,520.40
Zone C	
Level 1	13,111.64
Level 2	15,867.31
Level 3	16,134.97
Sub-Total:	45,113.92
Total:	96,634.32

The land use rights of the property have been granted for a term expiring on 25 February 2047 for commercial use.

Notes:

1. Pursuant to State-owned Land Use Rights Certificate No Hu Tu Guo Yong (2010) Di 31-19323 Hao (湖土國用(2007)第31-19323號) dated 26 August 2010, the land use rights of the property with a site area of approximately 165,844.30 sq m has been granted by Huzhou City Land Resources Administration Bureau to Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) for a term expiring on 25 February 2047 for commercial use.

2. Pursuant to the Construction Land Planning Permit No 330503200800002 dated 15 May 2008 in favour of Huzhou Nanxun International Building Market Center Co., Ltd, the development of a parcel of land comprising a site area of 207,628.00 sq m was permitted.

3. Pursuant to the Construction Engineering Planning Permit No 330503200800005 dated 16 May 2008, a development on Zones B and C having a total gross floor area of approximately 206,806.00 sq m was permitted.

4. Pursuant to the Construction Works Commencement Permit No 330509200806020101 dated 2 June 2008, Huzhou Nanxun International Building Market Center Co., Ltd obtained the approval for the commencement of construction works on Zones B and C for gross floor area of approximately 206,806.00 sq m.

5. Pursuant to Pre-sale Permit No (2008)027, Huzhou Nanxun International Building Market Center Co., Ltd has obtained permission from Huzhou City Planning and Construction Bureau for the pre-sale of a gross floor area of Zone B of approximately 48,669 sq m.

6. Pursuant to 1,090 Building Ownership Certificates all issued by Huzhou City Planning and Development Bureau, the building ownership of potion of Zone B and Zone C of the development with a total gross floor area of 141,138.37 sq m was vested in Huzhou Nanxun International Building Market Center Co., Ltd. (湖州南潯國際建材城有限公司) for commercial use.

7. According to the Investment Agreement entered into between the People's Government of Nanxun District in Huzhou of Jiezhang Province ("Party A") and the Company on 19 April 2006, not more than 50% of the operation area of Phase I of Nanxun International Construction Materials Market can be sold in the market and the Company can lease the remaining portion or dispose of the remaining portion to Party A or any purchaser specified by Party A.

   As advised by the Group, the property comprises the remaining portion as stated in the said Investment Agreement. Although the remaining portion can only be dispose of to Party A or any purchaser specified by Party A, there is no restriction of the price and therefore we have assumed in our valuation that the Group can sell the property to Party A or any purchaser specified by Party A at a price at market level.

8. As advised by the Group, Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) is a wholly-owned subsidiary of the Group.

9. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) has legally obtained the land use rights for Zone B and Zone C and the building ownership of the property;

   (ii) for the contracted sold portions of Zone B and Zone C of the property, buyers are entitled to transfer the land use rights and building ownership of such portions of the property to themselves after the considerations involved have been settled in full;

   (iii) other than the contracted sold portions of the property, the property can be legally occupied, used, transferred, leased, mortgaged or handled in other ways by Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) subject to relevant laws, regulations and the agreement with the People's Government of Nanxun District in Huzhou of Jiezhang Province; and

   (iv) other than the contracted sold portions, the property is free from mortgages and other encumbrances.

Group III – Properties held by the Group for owner-occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
9.	Two office units No 208 and 209 of Shun Hing Square (also known as "King Land Building") No 5002 Shennan Road East Luohu District Shenzhen Guangdong Province The PRC	Shun Hing Square (the "Development") is a large-scale commercial/residential composite development comprising a 27-storey apartment tower erected over a 5-storey shopping arcade and a 72-storey office tower completed in 1996. The development also equipped with car parking facilities in the lower ground floor and basement levels. The property comprises two office units 208 and 209 of the office tower. The total gross floor area of the property is approximately 409.88 sq m. The land use rights of the property have been granted for a term of 50 years commencing on 2 January 1995 expiring on 1 January 2045 for office use.	The property is currently occupied by the Company as office.	RMB11,800,000 (100% interest attributable to the Group RMB11,800,000)

Notes:

1. Pursuant to Real Estate Certificate No. Shen Fang Di Zi Di 2000473444 (深房地字第2000473444), the title to Level 2 of the Development with a total gross area of 2,162.62 sq m is vested in Karbony Real Estate Development (Shenzhen) Co., Ltd. for a land use term expiring on 1 January 2045 for office use.

2. As advised by the Group, Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) is a wholly-owned subsidiary of Karbony Investment Limited, which is 100% owned by the Group.

3. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) has legally obtained the land use rights and building ownership of the property;

   (ii) Karbony Real Estate Development (Shenzhen) Co., Ltd. (祈福房地產開發(深圳)有限公司) can occupy and use the property; and is also entitled to transfer, lease, mortgage or in other ways dispose of the property under the land use rights term; and

   (iii) the property is free from mortgages and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
10.	A chemical plant located at Chongqing Chemical Industrial Park Changshou District Chongqing The PRC	The property comprises a chemical plant erected upon a parcel of land with a site area of approximately 335,855.00 sq m situated at the southern side of Huanan Road within Chongqing Chemical Industrial Park. The property comprising various single to 3-storey buildings of brick/concrete construction with a total gross floor area of approximately 20,991.10 sq m (225,948 sq ft) and various structures with super structure completed in phases since 2006. The remaining portion of the land of the property with a site area of approximately 318,147.84 sq m is pending for development. The land use rights of the property have been granted for a term 50 years expiring on 28 June 2055 for industrial use.	The property is occupied by the Group.	No Commercial Value

Notes:

1. Pursuant to State-owned Land Use Rights Certificate No Chang Guo Yong (2005) Zi Di 850 Hao (長國用(2005)字第850號) issued by Chongqing Land Resources Bureau (重慶市國土資源局) dated 4 July 2005, the land use rights of the property with a site area of 335,855.00 sq m were granted to Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) for a term expiring on 28 June 2055 for industrial use.

2. The market value of the land portion of the property as at the date of valuation, assuming sale with the benefit of immediate vacant possession, was RMB77,200,000.

3. As advised by the Group, Chongqing Global Petrochemical Limited is a 70.65% owned subsidiary of the Group.

4. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) according to the relevant State-owned Land Grant Contract of the property, the agreed land premium is RMB36,000,000. Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) has paid RMB32,280,000 only and as advised by Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司), the agreed amount of RMB36,000,000 is based on a site area of 400,000 sq m and as the actual granted site area is 335,855 sq m, the land premium should be RMB32,280,000. As confirmed by Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司), the relevant authorities have not requested Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) to pay the residual land premium;

   (ii) Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) has obtained the relevant State-owned Land Use rights Certificate Chang Guo Yong (2005) Zi Di 850 Hao and if the relevant authorities agree to change the land premium of RMB36,000,000 to RMB32,280,000, Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) will legally obtain the land use rights of the property with a site area of 335,855 sq m as stated in the aforesaid State-owned Land Use rights Certificate;

(iii) the land use rights of the property has been frozen by Chongqing Jiulongpo People's Court (重慶市九龍坡區人民法院) for a claim amount of approximately RMB1,000,000 principal and relative interests. During the freezing period, Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) cannot transfer or in other ways dispose of the land use rights;

(iv) the property is subject a mortgage in favour to the China Construction Bank of Chongqing Changshou Branch;

(v) Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司) can occupy and use the land use right; and is entitled to transfer, lease, mortgage or in other ways dispose of the land use rights of the property under the land use rights term subject to the aforesaid mortgage and court; and

(vi) as of the issue date of legal opinion by the Group's PRC legal adviser, according to the documents provided by Chongqing Global Petrochemical Company Limited (重慶環球石化有限公司), Phase I of the development with a gross floor area of 20,991.10 sq m has been constructed but the relevant Certificate of Completion of Construction Works and Real Estate Title Certificate have not been obtained.

5. As the Group has not obtained the relevant Certificate of Completion of Construction Works and Real Estate Title Certificate of the buildings of Phase I of the property, we have not ascribed a market value to the building portion of the property.

Group IV – Properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
11.	All shop units on Levels 1 to 3 of the retail/ recreational podium (excluding Unit No 105 on Level 1) and 69 car parking spaces in the Basement of South Ocean Centre No 2071 Dongmen Road Central Luohu District Shenzhen Guangdong Province The PRC	South Ocean Centre (the "Development") comprises two 25-storey residential towers erected on a 4-storey common retail/recreational podium plus two car parking basement levels underneath. The Development with a site area of approximately 5,523.00 sq m was completed in 1995. The property comprises all shop units in Levels 1 to 3 of the retail/recreational podium (excluding Unit No 105 on Level 1) and 69 car parking spaces in the Basement. The total gross floor area of the property, according to the information provided, is approximately 6,363.54 sq m. The land use rights of the property have been granted for a term of 50 years commencing on 28 May 1993 and expiring on 27 May 2043 for commercial uses.	Portion of the retail/recreational podium with a total gross floor area of approximately 4,930 sq m is currently leased under various tenancies with the last term expiring in August 2018 yielding a total monthly rental of approximately RMB843,000 exclusive of management fees and services charges. The remaining portion of the commercial podium is vacant. The basement carpark is operated as a public fee-paying carpark.	RMB175,130,000 (100% interest attributable to the Group RMB175,130,000)

Notes:

1. Pursuant to 7 Real Estate Title Certificates all issued by Shenzhen Real Estate Ownership Registration Center, the title to the property was vested in Hong Kong Construction (China) Engineering Co., Ltd. (香港建設(中國)工程有限公司). Details of the real estate title certificates are as follows:

Certificate No	Unit	Gross Floor Area *(sq m)*	Use of Building	Expiry Date	Date of Issue
Shen Feng Di Zi Di 2000599131	101	348.89	Commercial	27 May 2043	13 November 2013
Shen Feng Di Zi Di 2000599133	102	442.32	Commercial	27 May 2043	13 November 2013
Shen Feng Di Zi Di 2000599130	103	93.66	Commercial	27 May 2043	13 November 2013
Shen Feng Di Zi Di 2000599129	104	305.20	Commercial	27 May 2043	13 November 2013
Shen Feng Di Zi Di 2000599125	106	94.75	Commercial	27 May 2043	13 November 2013
Shen Feng Di Zi Di 2000293526	Whole of 2/F	2,401.02	Commercial	27 May 2043	22 March 2006
Shen Feng Di Zi Di 2000294280	Whole of 3/F	2,677.70	Commercial	27 May 2043	24 March 2006

2. As advised by the Group, Hong Kong Construction (China) Engineering Co., Ltd. is a wholly-owned subsidiary of the Group.

3. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Hong Kong Construction (China) Engineering Co., Ltd. (香港建設(中國)工程有限公司) has legally obtained the land use rights and building ownership of the retail portion of the property;

   (ii) Hong Kong Construction (China) Engineering Co., Ltd. (香港建設(中國)工程有限公司) can occupy and use the property; and is also entitled to transfer, lease, mortgage or in other ways dispose the property under the land use rights term; and

   (iii) the property is free from mortgages and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
12.	Phases 1 and 2 of Eka Garden located at Linjiang Road Jiangmen Guangdong Province The PRC	Eka Garden (the "Development") is a residential development is situated at Linjiang Road near the junction of Jinou Road, which is within approximately a minutes' driving distance from Jiangmen Port in Jiangmen, Guangdong Province. The Development is erected on a parcel of land with a site area of approximately 94,555 sq m and comprising villas, high-rise apartments, a commercial podium and ancillary car parking spaces. The Development will be completed in 3 phases whilst Phases 1 and 2 were completed in 2010's. The property comprises Phases 1 and 2 of the Development with a total gross floor area of approximately 37,384.62 sq m. The property also comprises 173 basement car parking spaces and 255 outdoor car parking spaces. Details of the gross floor area of the property are as follows:	The property is currently vacant.	RMB373,000,000 (100% interest attributable to the Group RMB373,000,000)

Usage	**Gross Floor Area** *(sq m)*
Phase 1	
Villa	14,563.03
Apartment	406.67
Clubhouse and shop	5,221.05
Subtotal:	20,190.75
Phase 2	
Villa	4,906.24
Apartment	12,287.63
Subtotal:	17,193.87
Total:	37,384.62

The land use rights of the property have been granted for a term expiring on 17 April 2038 and 17 April 2068 for commercial and residential uses respectively.

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No. (2008) 301595 (江國用(2008)第301595號) dated 13 June 2008, the land use rights of the property with a site area of approximately 94,555 sq m have been granted by Jiangmen City People's Government to Hong Kong Construction (Jiangmen) Property Development Company Limited (香港建設 (江門) 物業發展有限公司) for a term expiring on 17 April 2038 and 17 April 2068 for commercial and residential uses respectively.

2. Pursuant to the Construction Land Use Planning Permit No Jiang Gui Di Zi Di 2011 0072 dated 28 October 2011 in favour of Hong Kong Construction (Jiangmen) Property Development Company Limited, the development of a parcel of land comprising a site area of 94,555 sq m was permitted.

3. Pursuant to 16 Construction Engineering Planning Permits all issued by Jiangmen Urban and Rural planning Bureau, portion of the Development with a total gross floor area of 225,728.50 sq m is permitted to be constructed. Details of the permits are as follows:

Permit No	**Gross Floor Area** *(sq m)*	**Date of Issue**
Jiang Gui Jian Zi Di 20110080 Hao	3,149.00	24 December 2014
Jiang Gui Jian Zi Di 20110081 Hao	2,072.00	24 December 2014
Jiang Gui Jian Zi Di 20110082 Hao	5,994.00	24 December 2014
Jiang Gui Jian Zi Di 20110083 Hao	5,922.00	24 October 2011
Jiang Gui Jian Zi Di 20110084 Hao	8,851.00	24 December 2014
Jiang Gui Jian Zi Di 20110085 Hao	7,320.00	24 December 2014
Jiang Gui Jian Zi Di 20110228 Hao	24,894.00	24 December 2014
Jiang Gui Jian Zi Di 20110258 Hao	4,906.00	26 November 2014
Jiang Gui Jian Zi Di 20110259 Hao	21,906.00	20 August 2012
Jiang Gui Jian Zi Di 20110260 Hao	20,618.50	20 August 2012
Jiang Gui Jian Zi Di 20110261 Hao	8,051.00	26 November 2014
Jiang Gui Jian Zi Di 20110533 Hao	2,241.00	13 November 2013
Jiang Gui Jian Zi Di 20110534 Hao	5,201.00	13 November 2013
Jiang Gui Jian Zi Di 20110535 Hao	258.00	13 November 2013
Jiang Gui Jian Zi Di 20110536 Hao	18,101.00	13 November 2013
Jiang Gui Jian Zi Di 20110537 Hao	86,244.00	13 November 2013

4. Pursuant to 17 Construction Works Commencement Permit all issued by Jiangmen Jianghai District Real Estate and Urban and Rural Development Bureau, Hong Kong Construction (Jiangmen) Property Development Company Limited obtained the approval for the commencement of construction works for a total gross floor area of approximately 225,724.50 sq m. Details of the permits are as follows:

Permit No	**Gross Floor Area** *(sq m)*	**Date of Issue**
44070420 111111253	5,994.00	11 November 2011
44070420 111111254	5,922.00	11 November 2011
44070420 111111255	8,851.00	11 November 2011
44070420 111111256	7,320.00	11 November 2011
44070420 111111257	2,072.00	11 November 2011
44070420 111111258	3,145.00	11 November 2011
44070420 111111259	24,894.00	11 November 2011
44070420 1212200701	20,618.50	20 December 2012
44070420 1212200801	21,906.00	20 December 2012
44070420 1212200901	4,906.00	20 December 2012
44070420 1212201001	8,051.00	20 December 2012
44070420 1310140318	0.00	14 October 2013
44070420 1404291401	2,241.00	29 April 2014
44070420 1404291501	5,201.00	29 April 2014

Permit No	Gross Floor Area *(sq m)*	Date of Issue
44070420 1404291601	258.00	29 April 2014
44070420 1404291701	18,101.00	29 April 2014
44070420 1404291801	86,244.00	29 April 2014

5. Pursuant to 13 Pre-sale Permits issued by Jiangmen Real Estate Bureau, pre-sale of portion of the property with a total gross floor area of 96,851 sq m is permitted. Details of the permits are as follows:

Permit No	Gross Floor Area *(sq m)*	Date of Issue
Jiang Yu Xu Zi Di 2012055 Hao	8,738	8 June 2012
Jiang Yu Xu Zi Di 2012056 Hao	7,199	8 June 2012
Jiang Yu Xu Zi Di 2012057 Hao	5,869	8 June 2012
Jiang Yu Xu Zi Di 2012044 Hao	5,842	20 April 2012
Jiang Yu Xu Zi Di 2012026 Hao	9,102	2012
Jiang Yu Xu Zi Di 2012001 Hao	13,590	12 January 2012
Jiang Yu Xu Zi Di 2013070 Hao	7,100	16 August 2013
Jiang Yu Xu Zi Di 2013071 Hao	6,156	16 August 2013
Jiang Yu Xu Zi Di 2013085 Hao	7,673	5 September 2013
Jiang Yu Xu Zi Di 2013093 Hao	7,673	11 September 2013
Jiang Yu Xu Zi Di 2013094 Hao	7,156	11 September 2013
Jiang Yu Xu Zi Di 2013095 Hao	5,847	11 September 2013
Jiang Yu Xu Zi Di 2014131 Hao	4,906	29 April 2014

6. Pursuant to 54 Commodity Housing Title Proofs the title to portion of the property with a total gross floor area of 15,039.04 sq m was vested in Hong Kong Construction (Jiangmen) Property Development Company Limited expiring on 17 April 2068 for residential use.

7. As advised by the Company, portion of the property with a total gross floor area of approximately 2,009.27 sq m has been sold at a total consideration of RMB14,896,089. As advised by the Company, the title to the sold portion is still held by Hong Kong Construction (Jiangmen) Property Development Company Limited as at date of valuation and is thus included in this valuation. We have also taken this into consideration in the course of our valuation.

8. As advised by the Group, Hong Kong Construction (Jiangmen) Property Development Company Limited is a wholly-owned subsidiary of the Group.

9. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Hong Kong Construction (Jiangmen) Property Development Company Limited has legally obtained the land use rights of the property, the property can be legally occupied, used, developed, transferred, leased, mortgaged or handled in other ways by Hong Kong Construction (Jiangmen) Property Development Company Limited according to relevant laws and regulations;

   (ii) portion of the property is subject to mortgage;

   (iii) the mortgaged portion of the property can be legally transferred, leased or handled in other ways by Hong Kong Construction (Jiangmen) Property Development Company Limited subject to relevant laws, regulations and written approval from the mortgagee; and

   (iv) Hong Kong Construction (Jiangmen) Property Development Company Limited has obtained relevant permits, approvals and Construction Works Completion Certificates for phase 2 of the property. There will be no substantial legal obstacle for Hong Kong Construction (Jiangmen) Property Development Company Limited in obtaining relevant Building Ownership Certificate after compliance with relevant regulations and procedures.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
13.	Eka Garden located at South Hongqi Road Nankai District Tianjin The PRC	Eka Garden (the "Development") is a residential development comprising townhouses, high-rise/low-rise apartment, club house and basement car park. The Development was developed by phases and completed in 2014. The Development comprises a parcel of land with a site area of approximately 53,557.20 sq m. The property comprises serviced apartment units, residential units and townhouses of the Development with a total gross floor area of approximately 103,510.17 sq m. The property also comprises 775 basement car parking spaces. Details of the gross floor area of the property are as follows:	The property is currently vacant.	RMB1,870,000,000 (75% interest attributable to the Group RMB1,402,500,000)

Usage	Gross Floor Area *(sq m)*
Serviced apartment	44,745.09
High-rise apartment	41,004.70
Townhouse	17,760.38
Total:	103,510.17

The land use rights of the property have been granted for a term expiring on 19 March 2048 and 19 March 2058 for commercial, finance and mixed residential uses respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. CR2007075 dated 20 March 2007 entered into between Tianjin City Land Resources and Building Administration Bureau ("Party A") and 天津金港置業投資有限公司 (Tianjin Jingang Real Estate Investment Co., Ltd) ("Party B"), the land use rights of the property, having a total site area of 60,733.60 sq m, were granted by Party A to Party B for a term of 40 years for commercial and finance uses.

2. Pursuant to the Supplementary Contract dated 20 March 2008 entered into between Party A and Party B, Party A and Party B agreed to swap the original site for a new site with site area of 53,557.20 sq m. The salient conditions as stipulated in the Supplementary Contract are, inter alia, cited as follows:

(i)	Use	:	Commercial and finance (can develop hotel-typed apartments and mixed apartments)
(ii)	Gross Floor Area	:	Not more than 150,000 sq m (hotel-typed apartments: not more than 50,000 sq m & mixed apartments: not more than 100,000 sq m)
(iii)	Land use right term	:	40 years
(iv)	Building height	:	100 metres

3. Pursuant to 590 Real Estate Title Certificates, portion of Development including the property with a total site area of 38,555.2 sq m and a total gross floor area of 147,752.93 sq m was granted to Tianjin Jingang Real Estate Investment Co., Ltd for residential use and non-residential use expiring on 19 March 2058 and 19 March 2048 respectively.

4. Pursuant to the Construction Land Planning Permit No 2008 Jin Di Zheng 0147 dated 7 March 2008 in favour of Tianjin Jingang Real Estate Investment Co., Ltd, the development of a parcel of land comprising a site area of 53,557.20 sq m and a total gross floor area of 150,000 sq m was permitted.

5. Pursuant to the Construction Engineering Planning Permit No.2010 Nan Ke Jian Zheng 0008 issued by Tianjin Planning Bureau dated 3 December 2010, a development having a total gross floor area of approximately 2,095 sq m was permitted.

6. Pursuant to the Construction Engineering Planning Permit No.2011 Nan Ke Jian Zheng 0007 issued by Tianjin Planning Bureau dated 18 April 2011, a development having a total gross floor area of approximately 136,196.17 sq m was permitted.

7. Pursuant to the Construction Works Commencement Permit No. 12104080201104026 dated 29 April 2011, Party B obtained the approval for the commencement of construction works for gross floor area of approximately 185,755 sq m.

8. As advised by the Company, portion of the property with a total gross floor area of approximately 3,351.79 sq m has been sold at a total consideration of RMB65,465,719. As advised by the Company, the title to the sold portion is still held by Tianjin Jingang Real Estate Investment Co., Ltd as at date of valuation and is thus included in this valuation. We have also taken this into consideration in the course of our valuation.

9. As advised by the Group, Tianjin Jingang Real Estate Co., Ltd is a 75% owned subsidiary of the Group.

10. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

    (i) Tianjin Jingang Real Estate Investment Co., Ltd (天津市金港置業投資有限公司) has legally obtained the land use rights and the building ownership of the property, the property can be legally occupied, used, developed, transferred, leased, mortgaged or handled in other ways by Tianjin Jingang Real Estate Investment Co., Ltd (天津市金港置業投資有限公司) according to relevant laws and regulations;

    (ii) Building No. 4 of the property, having a gross floor area of 983.06 sq m, cannot be sold but Tianjin Jingang Real Estate Investment Co., Ltd is entitled to lease or mortgage this building according to the relevant laws and regulations;

    (iii) for the contracted sold portions of the property, buyers are entitled to transfer the land use rights and building ownership of such portions of the property to themselves after the considerations involved have been settled in full;

    (iv) portion of the property is subject to mortgage; and

    (v) the mortgaged portion of the property can be legally transferred, leased or handled in other ways by Tianjin Jingang Real Estate Investment Co., Ltd (天津市金港置業投資有限公司) subject to relevant laws, regulations and written approval from the mortgagee.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
14.	Portion of retail units on Levels 1, 2 and 3 of Zones B and C of Nanxun International Construction Materials Market located at Nanxun Economic Development Zone No 2333 Qiang Hua Road Nanxun Huzhou Zhejiang Province The PRC	Nanxun International Construction Materials Market is a 3 to 6 storeys construction materials and ornaments mall erected on a parcel of land with a site area of approximately 165,845.00 sq m. The market is divided into three zones and their approximate site areas are as follows:	Portion of the property with a total lettable area of approximately 26,574.31sq m is leased under various tenancies with the last term expiring in December 2017 yielding a total monthly rental of approximately RMB434,600 exclusive of management fees and services charges.	RMB137,300,000 (100% interest attributable to the Group RMB137,300,000)

Zone	**Site Area** *(sq m)*
Zone A	13,834.00
Zone B	82,291.00
Zone C	69,720.00
Total:	165,845.00

The development is to be developed by two phases. Phase 1 comprises Zones B and C which comprise 29 (mainly 3-strorey) commercial blocks providing a total gross floor area of approximately 186,051.04 sq m and 907 car parking spaces. Phase I was completed in May 2009. Phase 2 comprises Zone A and there is no detailed development scheme as at the valuation date.

The property comprises retail units scattered on Levels 1, 2 and 3 of Zones B and C with a total gross floor area of approximately 36,339.83 sq m. The breakdown of the gross floor area is as follows:

	Gross Floor Area *(sq m)*
Zone B	
Level 1	337.80
Level 2	9,587.85
Level 3	17,814.64
Sub-Total:	27,740.29
Zone C	
Level 1	255.36
Level 2	1,848.96
Level 3	6,495.22
Sub-Total:	8,599.54
Total:	36,339.83

The land use rights of the property have been granted for a term expiring on 25 February 2047 for commercial use.

Notes:

1. Pursuant to State-owned Land Use Rights Certificate No Hu Tu Guo Yong (2010) Di 31-19323 Hao (湖土國用(2007)第31-19323號) dated 26 August 2010, the land use rights of the property with a site area of approximately 165,844.30 sq m has been granted by Huzhou City Land Resources Administration Bureau to Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) for a term expiring on 25 February 2047 for commercial use.

2. Pursuant to the Construction Land Planning Permit No 330503200800002 dated 15 May 2008 in favour of Huzhou Nanxun International Building Market Center Co., Ltd, the development of a parcel of land comprising a site area of 207,628.00 sq m was permitted.

3. Pursuant to the Construction Engineering Planning Permit No 330503200800005 dated 16 May 2008, a development on Zones B and C having a total gross floor area of approximately 206,806.00 sq m was permitted.

4. Pursuant to the Construction Works Commencement Permit No 330509200806020101 dated 2 June 2008, Huzhou Nanxun International Building Market Center Co., Ltd obtained the approval for the commencement of construction works on Zones B and C for gross floor area of approximately 206,806.00 sq m.

5. Pursuant to Pre-sale Permit No (2008)027, Huzhou Nanxun International Building Market Center Co., Ltd has obtained permission from Huzhou City Planning and Construction Bureau for the pre-sale of a gross floor area of Zone B of approximately 48,669 sq m.

6. Pursuant to Real Estate Title Certificates Huzhou Shi Zi Di 00219913 to 00219915, 00219920 and 00219921 and 00219925 issued by Huzhou City Planning and Development Bureau, Zone C portion of the property is held by Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) for commercial use.

7. Pursuant to 1,090 Building Ownership Certificates all issued by Huzhou City Planning and Development Bureau, the building ownership of potion of Zone B and Zone C of the development with a total gross floor area of 141,138.37 sq m was vested in Huzhou Nanxun International Building Market Center Co., Ltd. (湖州南潯國際建材城有限公司) for commercial use.

8. According to Clause 9.2(4) of the Investment Agreement entered into between the People's Government of Nanxun District in Huzhou of Jiezhang Province ("Party A") and the Company, the saleable portion of Phase I of Nanxun International Construction Materials Market cannot be more than 50% of the total area and the Company can lease out the remaining portion or dispose of the remaining portion to Party A or any purchaser specified by Party A.

9. As advised by the Company, portion of the property with a total gross floor area of 7,971.15 sq m has been pre-sold at a total consideration of RMB32,556,617. As advised by the Company, the title of the sold portion is still held by Huzhou Nanxun International Building Market Center Co., Ltd as at date of valuation and is thus included in this valuation. We have also taken this into consideration in the course of our valuation.

10. As advised by the Group, Huzhou Nanxun International Building Market Center Co., Ltd is a wholly-owned subsidiary of the Group.

11. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

    (i) Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) has legally obtained the land use rights and the building ownership of the property;

    (ii) for the contracted sold portions of Zone B and Zone C of the property, buyers are entitled to transfer the land use rights and building ownership of such portions of the property to themselves after the considerations involved have been settled in full;

    (iii) other than the contracted sold portions of the property, the property can be legally occupied, used, transferred, leased, mortgaged or handled in other ways by Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) subject to relevant laws, regulations and the agreement with the People's Government of Nanxun District in Huzhou of Jiezhang Province; and

    (iv) other than the contracted sold portions, the property is free from mortgages and other encumbrances.

Group V – Property Leased by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
15.	Legation Quarter No 23 Qianmen Dong Dajie Dongcheng District Beijing The PRC	The Legation Quarter comprises various historic blocks of 2-storey buildings erected over a roughly rectangular-shaped site. Some of the buildings are equipped with newly built extensions and 1 to 2 basement levels. The central portion of the subject site is an open space and a 2-level basement is constructed underneath. The property has a total gross floor area of approximately 17,181.00 sq m. The property is leased by the Group for term as detailed in note (1) below.	The property is currently leased by the Group and a portion of the property with a total gross floor area of approximately 8,442 sq m is currently further sub-leased to third parties for various terms mostly for teams of 10 years, with the last term expiring in April 2021 yielding a total monthly base rental of approximately RMB2,480,000 exclusive of management fees and services charges.	No Commercial Value

Notes:

1. Pursuant to the Tenancy Agreement (釣魚台前門賓館房屋租賃合同) entered into between 釣魚台賓館管理局 ("Party A") and Legation Quarter Limited (previously known as Courtyard Investment Management and Operation Ltd) (四合投資經營管理公司) ("Party B") and the Supplemental Tenancy Agreement (釣魚台前門賓館房屋租賃合同補充協議) entered into among Party A, Party B and The Legation Quarter Limited (東江米巷(北京)餐飲有限公司) ("Party C") dated 10 August 2006, Party A agreed to lease the property to Parties B and C for a term of 15 years from 1 May 2006 to 30 April 2021 at an annual rent of RMB13,000,000 for the first year and an annual increment of 3% for the occupation of prime restaurants, fashion boutiques, art galleries, private clubs and theaters, etc.

2. Pursuant to another Supplemental Tenancy Agreement (〈釣魚台前門賓館房屋租賃合同〉補充協議) entered into among Party A, Party B and Party C dated 3 November 2006, Party A agreed to provide an option to renew the tenancy for a further term of 10 years to 30 April 2031 at the then market rent. Party A also agreed that Parties B and C can invite other businesses to operate in the property subject to obtaining prior written consent from Party A.

3. Pursuant to three letters issued by Party A to Party C on 19 June 2008 and 17 July 2008 respectively, three business operators had been permitted to operate in the property by Party A.

4. We have valued the property interest of the property with reference to its profit rent derived from its substantial and transferable leasehold interests arising from sub-letting the property to other third parties.

5. As advised by the Group, Legation Quarter Limited is a 70.9% owned subsidiary of the Group.

6. Since the rights to sub-lease the property by Party A and the validity of the Tenancy Agreement cannot be ascertained, we have assigned no commercial value to the property.

7. The market value of the property as at the date of valuation, assuming Party A has the rights to sub-lease the property and the Tenancy Agreement is valid, was RMB134,500,000.

8. We have been provided with a legal opinion, dated 16 April 2015 on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) according to a Proof issued by Government Offices Administration of the State Council to Beijing Municipal Commission of Urban Planning on 10 July 2006, the title to the property is vested in the central government institution in Beijing and there is no ownership dispute;

   (ii) if Party A has been properly authorized by Government Offices Administration of the State Council to operate, manage and lease the property and completed the relevant procedures to lease the property, the aforesaid tenancy agreements are legal and valid;

   (iii) as confirmed by Parties B and C, no objection regarding the operation in the property by other third parties has been received from Party A, any third parties or any government authorizes;

   (iv) if Parties B and C has obtained the consent from Party A to invite third parties to operate business in the property, Parties B and C have not violate the conditions of the relevant tenancy agreement and its supplementary agreements as they allowed third parties to occupy the property; and

   (v) according to the existing information, the rights to lease the property by Party A mentioned in (ii) and the validity of the Tenancy Agreement mentioned in (iv) cannot be ascertained.

Group VI – Properties Held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
16.	Two parcels of land located at No 4 Sichuan North Road Hongkou District Shanghai The PRC	The property comprises two parcels of adjoining land with site areas of approximately 26,820 sq m and 2,000 sq m respectively. The property is proposed to be developed into a large-scale composite development comprising a shopping arcade, an office tower with ancillary car parking spaces. The proposed total gross floor area of the property approximately 248,494.81 sq m and will be completed in 2016. The details of the proposed development are as follows:	One parcel of land with site area of 2,000 sq m is being occupied by a number of low to medium-rise buildings due to be demolished. Another parcel of land is currently under construction.	RMB4,527,000,000 (60% interest attributable to the Group RMB2,716,200,000)

Usage	**Gross Floor Area** *(sq m)*
Above Ground	
Office	108,104.00
Retail	41,326.42
Accessory building	11,475.00
Subtotal:	160,905.42
Below Ground	
Retail	19,106.39
Car park & others (1,008 car parking spaces)	68,483.00
Subtotal:	87,589.39
Total:	248,494.81

The land use rights of a parcel of land with site area of approximately 26,820 sq m of the property have been granted for a term from 19 January 1994 to 18 January 2044 for composite use.

Notes:

1. Pursuant to Real Estate Ownership Certificate No Hu Fang Di Hong Zi (2005) Di 016913 issued by Shanghai Real Estate Administration Bureau dated 22 September 2005, land use right of the property with a site area of 26,820 sq m for composite use is vested in (上海廣田房地產開發有限公司) for a term from 19 January 1994 to 18 January 2044.

2. Pursuant to the Notice of Construction Work Planning and Design Requirement No Hu Hong She (2005)09051028B00598 dated 28 October 2005, the salient conditions as stipulated in the notice are as follows:

(i)	Construction Land Area	:	29,820 sq m (including a parcel of land at No 4 Sichuan North Road of 26,820 sq m, another parcel of land on eastern side of 2,000 sq m and a further parcel of land planned for the use of public road of 1,000 sq m)		
(ii)	Land Use	:	commercial and office		
(iii)	Gross Floor Area	:	subject to approved development scheme		
(iv)	Plot Ratio	:	Land at No 4 Sichuan Road North	:	Not more than 5.5
			Land on eastern side	:	Not more than 4.0
			Overall	:	Not more than 5.3
(v)	Site Coverage	:	not more than 50%		
(vi)	Green Area	:	not less than 20%		
(vii)	Building Height	:	high-rise main building(s) not more than 120 metres and multi-storey building(s) not more than 24 metres		
(viii)	Others	:	the existing buildings on the Land on eastern side should be demolished. Planning of the whole development should be consolidated and should be constructed in phases.		

3. Pursuant to the condition (viii) of note (2) as above-mentioned, and as advised by the Company, compensation and resettlement for demolition of the existing buildings on eastern side with site area of 2,000 sq m is required for the development of the property. According to the information provided by the Company as at the valuation date, the Company is required to pay approximately RMB420,576,713 for the demolition and compensation costs. In the course of our valuation, we have taken into account the aforesaid costs.

4. We are advised by the Company that the estimated total construction cost to complete the proposed development and the costs of construction incurred as at the valuation date are approximately RMB2,484,322,952 and RMB837,386,927 respectively. In the course of our valuation, we have taken into account of the aforesaid costs. In our opinion, the gross development value of the proposed development of the property, assuming they were completed as at the date of valuation, was estimated approximately RMB8,429,000,000.

5. Pursuant to the Construction Land Use Planning Permit No Di Zi Di Hu Hong Di (2011) EA3101092011166 Hao dated 26 August 2011 issued by Shanghai Hongkou District Planning and Land Administration Bureau, a development with a site area of 26,820 sq m and a total gross floor area of 248,538.5 sq m was permitted to be constructed.

6. Pursuant to the Construction Engineering Planning Permit No Jiang Zi Di Hu Hong Jiang (2014) FA31010920145274 Hao dated 16 September 2014 issued by Shanghai Hongkou District Planning and Land Administration Bureau, a development with a total gross floor area of 117,426.5 sq m was permitted to be constructed.

7. Pursuant to the Construction Engineering Planning Permit No Jiang Zi Di Hu Hong Jiang (2014) FA31010920145591 Hao dated 17 November 2014 issued by Shanghai Hongkou District Planning and Land Administration Bureau, a development with a total gross floor area of 43,478.5 sq m was permitted to be constructed.

8. Pursuant to 4 Construction Works Commencement Permits all issued by Shanghai Construction Industry Management Office, the construction works of the property with a total gross floor area of 248,494.21 sq m was permitted to be commenced. Details of the construction work commencement permits are as follows:

Permit No	**Gross Floor Area** *(sq m)*	**Date of Issue**
1101HK0006D01	N/A (foundation work)	13 December 2011
1101HK0006D02	87,589.21	2 July 2013
1101HK0006D03	117,426.5	30 September 2014
1101HK0006D04	43,478.5	4 December 2014

9. As advised by the Group, 上海廣田房地產開發有限公司 is a 60% owned subsidiary of the Group.

10. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

    (i) 上海廣田房地產開發有限公司 has legally obtained the land use rights of the land with site area of 26,820 sq m of the property; the relevant portion of the property can be legally occupied, used, developed, transferred, leased, mortgaged or handled in other ways by上海廣田房地產開發有限公司 according to relevant laws and regulations;

    (ii) after the construction works of the property have been completed, 上海廣田房地產開發有限公司 can apply for Realty Title Certificates with relevant Realty Title Certificate, Construction Land Planning Permit, Construction Engineering Planning Permit, Construction Works Commencement Permit and Construction Works Completion Certificate;

    (iii) portion of the property is subject to mortgage; and

    (iv) the mortgaged portion of the property can be legally transferred, leased or handled in other ways by 上海廣田房地產開發有限公司 subject to relevant laws, regulations and written approval from the mortgagee.

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market value in existing state as at 31 January 2015</th></tr>
<tr><td>17.</td><td>Three parcels of lands located at Ningbo Road Heping District Shenyang Liaoning Province The PRC</td><td>The property comprises three parcels of roughly irregular shaped lands with a total site area of approximately 67,305.40 sq m. The site area of each parcel of land is as follows:

Land | Site Area (sq m)
A | 23,895.40
B | 28,349.20
C | 15,060.80
Total: | 67,305.40

The property is proposed to be developed into a residential development with ancillary car parking spaces on basement with a total gross floor area of approximately 320,664.04 sq m and schedule to be fully completed in 2019.

Details of the proposed development of the property are as follows:

Usage | Gross Floor Area (sq m)
<u>Above Ground</u>
High-rise apartment | 190,683.06
Townhouse | 21,785.49
Resettlement houses | 51,564.68
Others | 800.00
Retail | 1,135.45
Subtotal: | 265,968.68
<u>Below Ground</u>
Car park & Others (892 car parking spaces) | 54,695.36
Subtotal: | 54,695.36
Total: | 320,664.04

The land use rights of the property have been granted for terms expiring on 9 September 2058 and 9 September 2048 for residential and commercial use respectively.</td><td>Phase 1 and portion of Phase 2 of the property is currently under construction.

The remaining portion of the property is currently being occupied by various low to medium-rise buildings due to be demolished.</td><td>RMB1,940,000,000

(100% interest attributable to the Group RMB1,940,000,000)</td></tr>
</table>

Notes:

1. Pursuant to the State-owned Land Use Right Grant Contract (the "Contract") No. (2008)0071 dated 8 July 2008 entered into between Shenyang City Planning and Land Resources Administration Bureau ("Party A") and Xingang Real Estate (Shenyang) Co., Ltd ("Party B"), the land use rights of the property, having a total site area of about 67,305.40 sq m, was granted by Party A to Party B for a term of 50 years (40 years for the portion of commercial use) for residential use at a consideration of RMB741,167,064.80. The salient conditions as stipulated in the Contract are, inter alia, cited as follows:

(i)	Use of main buildings	:	Residential
(ii)	Use of ancillary buildings	:	Commercial
(iii)	Land use right term	:	50 years (40 years for the commercial portion)
(iv)	Plot ratio	:	Not more than 4.0
(v)	Building height	:	100 metres

2. Pursuant to the State-owned Land Use Rights Grant Supplementary Contract No. (2008)0061 dated 31 December 2008 entered into between Party A and Party B, the commencement date of land use rights of the property had been revised to 31 December 2010.

3. Pursuant to 3 State-owned Land Use Rights Certificates all issued by the People's Government of Shenyang, the land use rights of the property are granted to Xingang Real Estate (Shenyang) Co. Details of the land use rights certificates are as follows:

Certificate No	**Site Area** *(sq m)*	**Land Use**	**Expiry Date**
Shen Yang Guo Yong (2008) Di 0184 Hao	28,349.2	Composite Residential	Residential: 9 September 2058 Commercial: 9 September 2048
Shen Yang Guo Yong (2008) Di 0185 Hao	23,895.4	Composite Residential	Residential: 9 September 2058 Commercial: 9 September 2048
Shen Yang Guo Yong (2008) Di 0186 Hao	15,060.8	Composite Residential	Residential: 9 September 2058 Commercial: 9 September 2048

4. Pursuant to the Construction Land Use Planning Permit Shen Gui Tu Zheng Zi 2007 Nian 0254 Hao dated 26 December 2007 in favour of Party B, the development of a site area of 760,000 sq m was permitted.

5. Pursuant to the Construction Engineering Planning Permit No Jian Zi Di 210100201200514 dated 30 March 2012 issued by Shenyang Urban and Rural Construction Committee, a development with a total gross floor area of 172,411.60 sq m was permitted to be constructed.

6. Pursuant to Construction Works Commencement Permit No 210100201208233001 issued by Shenyang Urban and Rural Construction Committee dated 23 August 2012, the construction works of portion of the property was permitted to be commenced.

7. Pursuant to Construction Engineering Planning Permit No Jian Zi Di 210100201200507 Hao issued by Shenyang Planning and Land Resources Bureau dated 6 March 2012, a development with a total gross floor area of 73,988.09 sq m was permitted to be constructed.

8. Pursuant to Construction Works Commencement Permit No 210100201206263501 issued by Shenyang Urban and Rural Construction Committee dated 26 June 2012, the construction works of portion of the property was permitted to be commenced.

9. Pursuant to 3 Shenyang Commodity Housing Pre-sale Permits, pre-sale of portion of the property was permitted. Details of the Commodity Housing Pre-sale Permits are as follows:

Permit No	**Gross Floor Area** *(sq m)*	**Date**
Shen Fang Yu Shou Di 12467 Hao	57,814.73	29 September 2009
Shen Fang Yu Shou Di 13144 Hao	61,318.76	28 April 2013
Shen Fang Yu Shou Di 13048 Hao	3,117.33	15 March 2013

10. As advised by the Company, the Company is required to provide residential units with total gross floor area of approximately 51,564.68 sq m for resettlement upon completion of the development. As advised by the Company, the total consideration of portion of the said resettlement units with a total gross floor area of 31,673.78 sq m was approximately of RMB138,223,569. As per your instruction, in the course our valuation such resettlement units, we have taken into account the aforesaid consideration in this valuation.

11. As advised by the Company, portion of the property with a total gross floor area of approximately 31,236.92 sq m has been pre-sold at a total consideration of RMB413,449,844. According to the Company's instruction, the pre-sold units are included in this valuation. We have also taken this into consideration in the course of our valuation.

12. We are advised by the Company that the estimated total construction cost to complete the proposed development and the costs of construction incurred as at the valuation date are approximately RMB1,272,945,215 and RMB871,455,177 respectively. In the course of our valuation, we have taken into account of the aforesaid costs. In our opinion, the gross development value of the proposed development of the property, assuming they were completed as at the date of valuation, was estimated approximately RMB2,247,900,000.

13. As advised by the Group, Xingang Real Estate (Shenyang) Co. is a wholly-owned subsidiary of the Group.

14. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

    (i) Xingang Real Estate (Shenyang) Co. has legally obtained the land use rights of the property, the property can be legally occupied, used, transferred, leased, mortgaged or handled in other ways by Xingang Real Estate (Shenyang) Co. according to relevant laws and regulations;

    (ii) Xingang Real Estate (Shenyang) Co. has obtained the Commodity Housing Pre-sale Permits for portion of the property and is entitled to pre-sell such portion of the property according the said permits. Moreover, buyers are entitled to transfer the land use rights and building ownership of such portions of the property to themselves after the considerations involved have been settled in full;

    (iii) for Phase II of the property, Xingang Real Estate (Shenyang) Co. has obtained relevant permits and approvals and is entitled to construct such portion of the property according to the said permits. Moreover, Xingang Real Estate (Shenyang) Co. is entitled to sell such portions of the property (except of C5# and C6# of phase II), after complying with the sales/pre-sale requirements given by relevant authorities. C5# and C6# of Phase II of the property should primarily be used for resettlement purpose, and only after fulfillment of the resettlement requirements can the remaining portions be sold to the public;

    (iv) after the construction works of the property have been completed, Xingang Real Estate (Shenyang) Co. can apply for Realty Title Certificates with relevant Realty Title Certificate, Construction Land Planning Permit, Construction Engineering Planning Permit, Construction Works Commencement Permit and Construction Works Completion Certificate;

    (v) portion of the property is subject to mortgage; and

    (vi) the mortgaged portion of the property can be legally transferred, leased or handled in other ways by Xingang Real Estate (Shenyang) Co. subject to relevant laws, regulations and written approval from the mortgagee.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
18.	Phase 3 of Eka Garden located at Linjiang Road Jiangmen Guangdong Province The PRC	Eka Garden (the "Development") is a residential development is situated at Linjiang Road near the junction of Jinou Road, which is within approximately a minutes' driving distance from Jiangmen Port in Jiangmen, Guangdong Province. The Development erected on a parcel of land with a site area of approximately 94,555 sq m comprising villas, high-rise apartments, a commercial podium and ancillary car parking spaces. The Development will be developed in 3 phases. Phase 3 of the Development is scheduled to be completed in 2016. The property comprises the Phase 3 of the Development with a total gross floor area of approximately 93,934.70 sq m. The property also comprises 548 basement car parking spaces and 403 outdoor car parking spaces. Details of the approximate gross floor area of the property are as follows:	The property is currently under construction.	RMB216,000,000 (100% interest attributable to the Group RMB216,000,000)

Usage	Gross Floor Area *(sq m)*
Phase 3	
Villa	5,201.80
Apartment	86,233.90
Ancillary facilities	2,499.00
Total:	93,934.70

The land use rights of the property have been granted for terms expiring on 17 April 2038 and 17 April 2068 for commercial and residential uses respectively.

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No. (2008) 301595 dated 13 June 2008, the land use right of the property with a site area of approximately 94,555 sq m has been granted by Jiangmen City People's Government to Hong Kong Construction (Jiangmen) Property Development Company Limited (香港建設 (江門) 物業發展有限公司) for a term expiring on 17 April 2038 and 17 April 2068 for commercial and residential uses respectively.

2. Pursuant to the Construction Land Use Planning Permit No Jiang Gui Di Zi Di 2011 0072 dated 28 October 2011 in favour of Hong Kong Construction (Jiangmen) Property Development Company Limited, the development of a parcel of land comprising a site area of 94,555 sq m was permitted.

3. Pursuant to 16 Construction Engineering Planning Permits all issued by Jiangmen Urban and Rural planning Bureau, portion of the Development with a total gross floor area of 225,728.50 sq m is permitted to be constructed. Details of the permits are as follows:

Permit No	**Gross Floor Area** *(sq m)*	**Date of Issue**
Jiang Gui Jian Zi Di 20110080 Hao	3,149.00	24 December 2014
Jiang Gui Jian Zi Di 20110081 Hao	2,072.00	24 December 2014
Jiang Gui Jian Zi Di 20110082 Hao	5,994.00	24 December 2014
Jiang Gui Jian Zi Di 20110083 Hao	5,922.00	24 October 2011
Jiang Gui Jian Zi Di 20110084 Hao	8,851.00	24 December 2014
Jiang Gui Jian Zi Di 20110085 Hao	7,320.00	24 December 2014
Jiang Gui Jian Zi Di 20110228 Hao	24,894.00	24 December 2014
Jiang Gui Jian Zi Di 20110258 Hao	4,906.00	26 November 2014
Jiang Gui Jian Zi Di 20110259 Hao	21,906.00	20 August 2012
Jiang Gui Jian Zi Di 20110260 Hao	20,618.50	20 August 2012
Jiang Gui Jian Zi Di 20110261 Hao	8,051.00	26 November 2014
Jiang Gui Jian Zi Di 20110533 Hao	2,241.00	13 November 2013
Jiang Gui Jian Zi Di 20110534 Hao	5,201.00	13 November 2013
Jiang Gui Jian Zi Di 20110535 Hao	258.00	13 November 2013
Jiang Gui Jian Zi Di 20110536 Hao	18,101.00	13 November 2013
Jiang Gui Jian Zi Di 20110537 Hao	86,244.00	13 November 2013

4. Pursuant to 17 Construction Works Commencement Permit all issued by Jiangmen Jianghai District Real Estate and Urban and Rural Development Bureau, Hong Kong Construction (Jiangmen) Property Development Company Limited obtained the approval for the commencement of construction works for a total gross floor area of approximately 225,724.50 sq m. Details of the permits are as follows:

Permit No	**Gross Floor Area** *(sq m)*	**Date of Issue**
44070420 111111253	5,994.00	11 November 2011
44070420 111111254	5,922.00	11 November 2011
44070420 111111255	8,851.00	11 November 2011
44070420 111111256	7,320.00	11 November 2011
44070420 111111257	2,072.00	11 November 2011
44070420 111111258	3,145.00	11 November 2011
44070420 111111259	24,894.00	11 November 2011
44070420 1212200701	20,618.50	20 December 2012
44070420 1212200801	21,906.00	20 December 2012
44070420 1212200901	4,906.00	20 December 2012
44070420 1212201001	8,051.00	20 December 2012
44070420 1310140318	0.00	14 October 2013
44070420 1404291401	2,241.00	29 April 2014
44070420 1404291501	5,201.00	29 April 2014
44070420 1404291601	258.00	29 April 2014
44070420 1404291701	18,101.00	29 April 2014
44070420 1404291801	86,244.00	29 April 2014

5. We are advised by the Company that the estimated total construction cost to complete the proposed development and the costs of construction incurred as at the valuation date are approximately RMB402,710,365 and RMB113,447,071 respectively. In the course of our valuation, we have taken into account of the aforesaid costs. In our opinion, the gross development value of the proposed development of the property, assuming they were completed as at the date of valuation, was estimated approximately RMB664,300,000.

6. As advised by the Group, Hong Kong Construction (Jiangmen) Property Development Company Limited is a wholly-owned subsidiary of the Group.

7. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Hong Kong Construction (Jiangmen) Property Development Company Limited has legally obtained the land use rights of the property, the property can be legally occupied, used, developed, transferred, leased, mortgaged or handled in other ways by Hong Kong Construction (Jiangmen) Property Development Company Limited according to relevant laws and regulations;

   (ii) portion of the property is subject to mortgage;

   (iii) the mortgaged portion of the property can be legally transferred, leased or handled in other ways by Hong Kong Construction (Jiangmen) Property Development Company Limited subject to relevant laws, regulations and written approval from the mortgagee;

   (iv) Hong Kong Construction (Jiangmen) Property Development Company Limited has obtained relevant permits and approvals and is entitled to construct the property according to relevant laws and regulations; and

   (v) after the construction works of the property have been completed, Hong Kong Construction (Jiangmen) Property Development Company Limited can apply for Housing Ownership Certificate with relevant Realty Title Certificate, Construction Land Planning Permit, Construction Engineering Planning Permit, Construction Works Commencement Permit and Construction Works Completion Certificate.

Group VII – Properties Held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
19.	A parcel of land located at eastern part of Tuanbo Lake within the Planned Tuanbo New City Jinghai County Tianjin The PRC	The property comprises a parcel of land on an offshore area with a site area of approximately 804,000 sq m. The property is proposed to be developed into a large-scale residential development with associated commercial and communal facilities. The proposed total gross floor area is approximately 883,300 sq m. Details of the proposed development are as follows:	The property is pending for development.	RMB1,710,000,000 (100% interest attributable to the Group RMB1,710,000,000) (Please see note 6)

Usage	**Gross Floor Area** *(sq m)*
Above Ground	
Apartment	521,120
House	225,120
Serviced apartment	40,000
Commercial	23,700
Communal facilities	26,060
Subtotal:	836,000
Below Ground	
Car Park & others	47,300
Total:	883,300

The land use rights of the property have been granted for terms expiring on 23 January 2076 and 23 January 2046 for residential use and commercial/service use respectively.

Notes:

1. Pursuant to the State-owned Land Use Right Grant Contract No 2005-29 (靜國地讓II 2005-29號) dated 21 November 2005 entered into between Jinghai County Planning and Land Resources Administration Bureau ("Party A") and Tianjin Renai Property Development Company Limited (天津市仁愛建設集團有限公司) ("Party B"), the land use right of a site (comprising two islands), having a total site area of about 3,000 mu, was granted by Party A to Party B for a term of 40 years for commercial/service uses and 70 years for residential use. The aforesaid site should be reclaimed by Party B to formed two islands.

2. Pursuant to a Supplementary Contract dated 7 December 2005 entered into between Party A and Party B and Tianjin Renai Property Development Company Limited (天津市仁愛置業發展有限公司) ("Party C"), Party A agreed that the land use right of portion of granted site with site area of 1,206 mu (one of the island) will be transferred from Party B to Party C.

3. Pursuant to another Supplementary Contract dated 15 July 2008 entered into between Party A and Party C, Party C agreed to commence the reclamation work before 15 December 2008 and the reclamation should be completed on 15 December 2010. The construction of buildings should be commenced before 15 June 2011 and completed on 15 June 2016.

4. Pursuant to the State-owned Land Use Rights Certificate No (2006)020 (靜單國用(2006)第020號) dated 24 January 2006, the land use right of the Property with a total site area of 804,000 sq m is granted to Tianjin Renai Property Development Company Limited (天津仁愛置業發展有限公司) for residential and commercial/service uses for terms expiring on 23 January 2076 and 23 January 2046 respectively.

5. Pursuant to the Construction Land Use Planning Permit No 2006-006 dated 25 May 2006 in favour of Tianjin Renai Property Development Company Limited, the development of a site area of 804,000 sq m was permitted.

6. We were advised by the Company that reclamation work of the development is bounded by a contract entered into between Tianjin Renai Property Development Company Limited (天津仁愛置業發展有限公司) and Tianjin Tuanbo Lake Construction Engineering Company Limited (天津團泊湖建築工程有限公司). As advised by the Company, the contract sum of RMB240,000,000 for the reclamation work will be borne by a wholly-owned subsidiary of the Company through the acquisition of interest in Tianjin Renai Property Development Company Limited. We are advised by the Company that the cost of reclamation paid as at the valuation date was approximately RMB240,000,000. In the course of our valuation, we have taken into account of the aforesaid reclamation costs.

7. As advised by the Group, Tianjin Renai Property Development Company Limited is a wholly-owned subsidiary of the Group.

8. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Tianjin Renai Property Development Company Limited has legally obtained the land use rights of the property; the property can be legally occupied, used, developed, transferred, leased, mortgaged or handled in other ways by Tianjin Renai Property Development Company Limited subject to relevant laws, regulations;

   (ii) Tianjin Renai Property Development Company Limited can start the construction works of the property after obtaining relevant permits and approvals and complying with relevant regulations and procedures; and

   (iii) the property is free from mortgages and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
20.	A parcel of land located at Nanxun Economic Development Zone No 2333 Qiang Hua Road Nanxun Huzhou Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 13,834 sq m. The land use rights of the property have been granted for a term expiring on 25 February 2047 for commercial use.	The property is currently vacant.	RMB14,500,000 (100% interest attributable to the Group RMB14,500,000)

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No (2007) 31-6974 (湖土國用(2007) 第31-6974號) dated 23 April 2007, the land use right of the property with a site area of approximately 207,628.00 sq m has been granted by Huzhou City Land Resources Administration Bureau to Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) for a term expiring on 25 February 2047 for commercial use.

2. As advised by the Group, Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) is a wholly-owned subsidiary of the Group.

3. We have been provided with a legal opinion, dated 16 April 2015 on the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following:–

   (i) Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) has legally obtained the land use rights of the property;

   (ii) there will be no substantial legal obstacle for Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) is re-applying for State-owned Land Use Rights Certificate for the property. The State-owned Land Use Rights Certificate will prove that Huzhou Nanxun International Building Market Center Co., Ltd (湖州南潯國際建材城有限公司) is the legal owner of the land use rights of such portions of the property; and

   (iii) the property is free from mortgages and encumbrances.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror and parties acting in concert with it) 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. SHARE CAPITAL

As at the Latest Practicable Date, the authorized and issued share capital of the Company was as follows:

Authorised:		*HK$*
30,000,000,000	Shares	300,000,000
Issued and fully paid up:		
11,598,238,840	Shares	115,982,388.40

The total number of issued Shares as at the end of the last financial year of the Company (being 31 December 2014) was 11,595,766,565 and 2,472,275 Shares have been issued since that date up to the Latest Practicable Date.

All of the existing issued Shares currently in issue rank pari passu in all respects with each other, including all rights in respect of dividends, voting and interest in capital. The Shares are listed and traded on the Stock Exchange and none of the securities of the Company are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, there were 164,396,199 outstanding Share Options entitling the holders thereof to subscribe for up to 164,396,199 new Shares at HK$1.066 per Share (as to 25,591,723 Share Options), HK$1.726 per Share (as to 13,329,036 Share Options), HK$1.242 per Share (as to 75,975,440 Share Options) and HK$0.269 per Share (as to the remaining 49,500,000 Share Options) and 1,892,023,670 outstanding Warrants entitling the holders to subscribe for up to 1,892,023,670 new Shares at HK$0.17 per Share, in each case subject to adjustment.

Save as mentioned above, the Company has no outstanding warrants, derivatives, share options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company has not entered into any agreement for the issue of any Shares or any warrants, derivatives, share options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. MARKET PRICES

(a) During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.260 per Share on 17 March 2015 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.188 per Share on 3, 17, 20 October 2014 respectively.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on: (i) the Latest Practicable Date; (ii) the Last Trading Date; and (iii) the last business day of each of the calendar months during the Relevant Period:

Date	**Closing price per Share** *(HK$)*
31 July 2014	0.235
29 August 2014	0.208
30 September 2014	0.19
31 October 2014	0.19
28 November 2014	0.215
31 December 2014	0.205
Last Trading Date (21 January 2015)	0.212
30 January 2015	0.255
27 February 2015	0.250
31 March 2015	0.255
Latest Practicable Date	0.255

(c) During the six-month period immediately preceding the commencement of the Offer Period (but beginning from 17 October 2014 (being the first day of listing of the Warrants)) to the Latest Practicable Date, the highest closing price of the Warrants as quoted on the Stock Exchange was HK$0.083 per Warrant on 17 March 2015 and the lowest closing price of the Warrants as quoted on the Stock Exchange was HK$0.032 per Warrant on 17 and 20 October 2014 respectively.

(d) The table below sets out the closing prices of the Warrants as quoted on the Stock Exchange on: (i) the Latest Practicable Date; (ii) the Last Trading Date; and (iii) the last business day of each of the calendar months during the Relevant Period:

Date	**Closing price per Warrant** *(HK$)*
31 October 2014	0.039
28 November 2014	0.061
31 December 2014	0.048
Last Trading Day (21 January 2015)	0.050

Date	Closing price per Warrant *(HK$)*
30 January 2015	0.078
27 February 2015	0.079
31 March 2015	0.080
Latest Practicable Date	0.082

4. INTERESTS

Interests discloseable under Schedule II to the Takeovers Code

In this section, references to "shareholdings" mean (i) in the case of shareholdings in the Company, any Shares or any convertible securities, warrants, share options or derivatives in respect of any Shares or (ii) in the case of shareholdings in the Offeror, any equity share capital of the Offeror or any convertible securities, warrants, share options or derivatives in respect of the shares of the Offeror, as the case may be.

As at the Latest Practicable Date, the shareholdings in the Company in which the Directors are interested are as follow:–

Name of Directors	Nature of interest	Number of shares and underlying shares of the Company
Mr. OEI	Corporate	7,598,368,481[1]
	Personal	50,515,788
	Joint	147,430,613
	Family	8,998,705
LEE Shiu Yee, Daniel	Personal	8,180,000[2]
WONG Jake Leong, Sammy	Personal	24,993,552[3]
CHUNG Cho Yee, Mico	Personal	3,998,708[4]
CHENG Yuk Wo	Personal	3,998,708[5]
Albert Thomas DA ROSA, Junior	Personal	3,998,708[6]

Notes:

1. The corporate interest of Mr. OEI represents an interest in 2,997,332,404 Shares and an interest in 582,980,881 underlying Shares in respect of Warrants held by Genesis Capital Group Limited ("Genesis") and an interest in 3,631,124,739 Shares and an interest in 386,930,457 underlying Shares in respect of Warrants held by Creator Holdings Limited ("Creator"). Both Genesis and Creator are wholly-owned by Claudio Holdings Limited ("Claudio"), a company owned as to 50% by Mr. OEI and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau. The personal interest of Mr. OEI represents an interest in 30,430,902 Shares, an interest in 6,086,181 underlying Shares in respect of Warrants and an interest in 13,998,705 underlying shares in respect of the Share Options. The joint interest of Mr. OEI represents an interest in 122,858,844 Shares and an interest in 24,571,769 underlying Shares in respect of Warrants jointly held with his wife, Mrs. OEI Valonia Lau. The family interest of Mr. OEI, represents an interest in 8,998,705 underlying Shares in respect of the Share Options granted to Mrs. OEI Valonia Lau.

2. The personal interest of Mr. LEE Shiu Yee, Daniel represents an interest in 180,000 Shares and an interest in 8,000,000 underlying Shares in respect of the Share Options granted to Mr. LEE Shiu Yee, Daniel.

3. The personal interest of Mr. WONG Jake Leong, Sammy represents an interest in 24,993,552 underlying Shares in respect of the Share Options granted to Mr. WONG Jake Leong, Sammy.

4. The personal interest of Mr. CHUNG Cho Yee, Mico represents an interest in 3,998,708 underlying Shares in respect of the Share Options granted to Mr. CHUNG Cho Yee, Mico.

5. The personal interest of Mr. CHENG Yuk Wo represents an interest in 3,998,708 underlying Shares in respect of the Share Options granted to Mr. CHENG Yuk Wo.

6. The personal interest of Mr. Albert Thomas DA ROSA, Junior represents an interest in 3,998,708 underlying Shares in respect of the Share Options granted to Mr. Albert Thomas DA ROSA, Junior.

The above Directors indicated that they have no intention to accept the Offers in respect of the securities in which they had interests as shown above.

As at the Latest Practicable Date:

(a) The Company did not have any interest in any shareholdings in the Offeror;

(b) save for the interests of the Directors as disclosed above, no Directors had any interest in any shareholdings in the Company;

(c) save for the interests of Mr. OEI in the Offeror as disclosed above, no Director had any interests in any shareholdings in the Offeror;

(d) no subsidiary of the Company, nor any pension fund of the Company or any of its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any shareholdings in the Company;

(e) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, including any arrangement involving rights over shares, any indemnity agreement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities (as defined in Note 4 to Rule 22) which may be an inducement to deal or refrain from dealing, between any person and the Company or 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;

(f) no shareholdings in the Company were managed on a discretionary basis by fund managers connected with the Company; and

(g) none of the Company nor any of the Directors had borrowed or lent any shareholdings in the Company (as defined under Note 4 to Rule 22 of the Takeovers Code).

5. DEALING IN SECURITIES

(a) During the Relevant Period, the Company did not deal for value in any shareholdings in the Offeror.

(b) Save for the following dealings made by or attributed to the following Directors during the Relevant Period, no Director dealt for value in any shareholdings of the Company.

(i) Mr. OEI Kang, Eric:

Date of purchase/ exercise	**Name of party involved in the dealings**	**Number of Shares/ Warrants**	**Purchase/ exercise price**
17 October 2014	The Offeror	Subscription of Shares by exercise of 223,530,000 Warrants	HK$0.170 per Share
21 October 2014	The Offeror	Purchase of 1,614,000 Warrants	HK$0.032 per Warrant
22 October 2014	Genesis Capital Group Limited(Note)	Subscription of Shares by exercise of 13,738,000 Warrants	HK$0.170 per Share
22 October 2014	The Offeror	Subscription of Shares by exercise of 115,673,742 Warrants	HK$0.170 per Share
22 October 2014	The Offeror	Purchase of 4,400,000 Warrants	HK$0.043 per Warrant
23 October 2014	The Offeror	Purchase of 1,796,0000 Warrants	HK$0.042 per Warrant
27 October 2014	The Offeror	Purchase of 14,212,000 Warrants	HK$0.044 per Warrant
28 October 2014	The Offeror	Purchase of 4,011,000 Warrants	HK$0.043 per Warrant
29 October 2014	The Offeror	Purchase of 3,000,000 Warrants	HK$0.042 per Warrant
5 November 2014	The Offeror	Purchase of 1,720,000 Warrants	HK$0.040 per Warrant
11 November 2014	The Offeror	Purchase of 38,150,400 Warrants	HK$0.040 per Warrant
22 January 2015	The Offeror	Purchase of 1,590,135,289 Shares and 318,027,057 Warrants pursuant to the Sale and Purchase Agreement	HK$0.250 per Share HK$0.08 per Warrant
9 April 2015	The Offeror	Purchase of 3,087,000 Shares	HK$0.250 per Share
10 April 2015	The Offeror	Purchase of 2,680,000 Shares	HK$0.250 per Share

Note: Genesis is wholly-owned by Claudio, a company owned as to 50% by Mr. OEI and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau.

(ii) LEE Shin Yee, Daniel:

On 17 November 2014, 30,000 Warrants were exercised, resulting in 30,000 new Shares allotted and issued to him by the Company on 17 November 2014.

(c) During the Relevant Period, no Director dealt for value in any shareholdings in the Offeror.

(d) During the Offer Period and ending on the Latest Practicable Date, no subsidiary of the Company, nor any pension fund of the Company or any of its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code dealt for value in any shareholdings in the Company.

(e) During the Offer Period and ending on the Latest Practicable Date, no fund managers managing funds on a discretionary basis (other than exempt fund managers) which are connected with the Company dealt for value in any shareholdings in the Company.

6. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

(a) no benefit will be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;

(b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and

(c) other than the Sale and Purchase Agreement to which the Offeror (owned as to 50% by Mr. OEI) is a party, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had: (a) entered into or amended any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or any of its associated companies within 6 months before the date on which the Offer Period commenced; (b) any continuous service contracts with the Company or any of its subsidiaries or associated companies with a notice period of 12 months or more; or (c) any fixed term service contracts with the Company or any of its subsidiaries or associated companies with more than 12 months to run irrespective of the notice period.

8. LITIGATION

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

9. MATERIAL CONTRACT

The following contract has been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) after the date 2 years before the commencement of the Offer Period and up to the Latest Practicable Date:

- Instrument relating to the creation of unit warrants in registered form to subscribe for new shares in the capital of the Company dated 23 September 2014.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this Composite Document:

Name	Qualification
First Shanghai Capital Limited	a corporation licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Knight Frank Petty Limited	independent property valuer

Each of them has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

11. MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The principal place of business of the Company in Hong Kong is at 9th Floor, Tower 1, South Seas Centre, 75 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

(c) The Board comprises nine directors, of which Mr. OEI, Mr. CHAN Kwok Fong, Joseph, Mr. LEE Shiu Yee, Daniel and Mr. WONG Jake Leong, Sammy are executive directors; Mr. OEI Tjie Goan and Ms. YEN Teresa are non-executive directors; and Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior are independent non-executive directors.

(d) The company secretary of the Company is Mr. LAI Kam Kuen, Ricky. He is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(e) The Hong Kong share registrar is Computershare Hong Kong Investor Services Limited, being the branch share registrar of the Company and the receiving agent for receiving and processing the acceptance of the Offers, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(f) None of the Offers is a securities exchange offer.

(g) The Offers do not involve issue of any unlisted securities.

(h) This Composite Document is prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.hkcholdings.com) during the period from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual results announcement of the Company for the year ended 31 December 2014;

(c) the annual reports of the Company for the two years ended 31 December 2012 and 2013;

(d) the letter from the Board, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, the texts of which are set out in this Composite Document;

(e) the written consents from the expert referred to in the section headed "Experts and consents" in this Appendix;

(f) the letter, summary of values and valuation certificate prepared by Knight Frank Petty Limited, the text of which are set out in Appendix III to this Composite Document; and

(g) the material contract referred to in the section headed "Material Contract" in this appendix.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group, its associates and parties acting in concert with any of them) contained in this Composite Document, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group, its associates and parties acting in concert with any of them) 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 INTERESTS

(a) Interests of the Offeror in the Company

As at the Latest Practicable Date, the Offeror was interested in 3,631,124,739 Shares (representing approximately 31.3% of the existing issued share capital of the Company) and their warrant holdings in the Company amounted to 386,930,457 Warrants (representing approximately 20.5% of the existing total number of Warrants in issue). Save as disclosed above, as at the Latest Practicable Date, the Offeror did not have any interest in any warrants, options, derivatives or securities carrying conversion or subscription rights into Shares.

(b) Interests of the parties acting in concert with the Offeror in the Company

As at the Latest Practicable Date, the parties acting in concert with the Offeror held an aggregate of 3,150,622,150 Shares, representing approximately 27.2% of the issued share capital of the Company, and 613,638,831 Warrants, representing approximately 32.4% of the total outstanding Warrants, as follows:

(i) Genesis Capital Group Limited ("Genesis"), a company wholly-owned by Claudio Holdings Limited ("Claudio") which is, in turn, owned as to 50% by Mr. OEI and 50% by his wife, Mrs. OEI Valonia Lau, held 2,997,332,404 Shares, representing approximately 25.8% of the issued share capital of the Company and 582,980,881 Warrants, representing approximately 30.8% of the total outstanding Warrants;

(ii) Mr. OEI and Mrs. OEI Valonia Lau jointly held 122,858,844 Shares, representing approximately 1.1% of the issued share capital of the Company and 24,571,769 Warrants, representing approximately 1.3% of the total outstanding Warrants; and

(iii) Mr. OEI held 30,430,902 Shares, representing approximately 0.3% of the issued share capital of the Company, and 6,086,181 Warrants, representing approximately 0.3% of the total outstanding Warrants.

In addition, as at the Latest Practicable Date, the parties acting in concert with the Offeror held 22,997,410 Share Options as follows:

Exercise period	Exercise price *(HK$)*	Mr. OEI	Mrs. OEI Valonia Lau	Total
15 December 2007 to 14 December 2016	1.066	749,757	749,757	1,499,514
15 December 2008 to 14 December 2016	1.066	1,249,596	1,249,596	2,499,192
1 February 2009 to 31 January 2018	1.242	399,870	399,870	799,740
1 February 2010 to 31 January 2018	1.242	599,806	599,806	1,199,612
1 February 2011 to 31 January 2018	1.242	999,676	999,676	1,999,352
15 April 2014 to 14 April 2016	0.269	2,000,000	1,000,000	3,000,000
15 April 2015 to 14 April 2017	0.269	3,000,000	1,500,000	4,500,000
15 April 2016 to 14 April 2018	0.269	5,000,000	2,500,000	7,500,000
				22,997,410

Save as disclosed above, as at the Latest Practicable Date, none of the parties acting in concert of the Offeror had any interest in any warrants, options, derivatives or securities carrying conversion or subscription rights into Shares.

3. DEALINGS IN SECURITIES OF THE COMPANY

(a) The followings are the dealings in the Company's securities by the Offeror and parties acting in concert with it during the Relevant Period:

Date of purchase/ exercise	Name	Number of Shares/Warrants	Purchase/ exercise price
17 October 2014	The Offeror	Subscription of Shares by exercise of 223,530,000 Warrants	HK$0.170 per Share
21 October 2014	The Offeror	Purchase of 1,614,000 Warrants	HK$0.032 per Warrant

Date of purchase/ exercise	Name	Number of Shares/Warrants	Purchase/ exercise price
22 October 2014	Genesis *(Note)*	Subscription of Shares by exercise of 13,738,000 Warrants	HK$0.170 per Share
22 October 2014	The Offeror	Subscription of Shares by exercise of 115,673,742 Warrants	HK$0.170 per Share
22 October 2014	The Offeror	Purchase of 4,400,000 Warrants	HK$0.043 per Warrant
23 October 2014	The Offeror	Purchase of 1,796,000 Warrants	HK$0.042 per Warrant
27 October 2014	The Offeror	Purchase of 14,212,000 Warrants	HK$0.044 per Warrant
28 October 2014	The Offeror	Purchase of 4,011,000 Warrants	HK$0.043 per Warrant
29 October 2014	The Offeror	Purchase of 3,000,000 Warrants	HK$0.042 per Warrant
5 November 2014	The Offeror	Purchase of 1,720,000 Warrants	HK$0.040 per Warrant
11 November 2014	The Offeror	Purchase of 38,150,400 Warrants	HK$0.040 per Warrant
22 January 2015	The Offeror	Purchase of 1,590,135,289 Shares and 318,027,057 Warrants pursuant to the Sale and Purchase Agreement	HK$0.250 per Share HK$0.08 per Warrant
9 April 2015	The Offeror	Purchase of 3,087,000 Shares	HK$0.250 per Share
10 April 2015	The Offeror	Purchase of 2,680,000 Shares	HK$0.250 per Share

Note: Genesis is wholly-owned by Claudio, a company owned as to 50% by Mr. OEI and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau.

Save as disclosed above, none of the Offeror or parties acting in concert with it has dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

(b) Save for the Sale and Purchase Agreement, as at the Latest Practicable Date, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or its associates or any parties acting in concert with any of them and any other person.

(c) As at the Latest Practicable Date, no person had irrevocably committed himself to accept or reject the Offers.

(d) As at the Latest Practicable Date, no Shares or convertible securities, warrants, options or derivatives of the Company was owned or controlled by a person with whom the Offeror, its ultimate beneficial owner or any party acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(e) As at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent any Shares, convertible securities, warrants, options or derivatives in the Company.

(f) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

4. OTHER ARRANGEMENTS RELATING TO THE OFFERS

As at the Latest Practicable Date:

(a) save for the Offeror's interest in the Sale Shares and Sale Warrants pursuant to the Sale and Purchase Agreement and those interests disclosed in paragraph 2 of this Appendix, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;

(b) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;

(c) there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

(d) save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and parties acting in concert with any of them and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent on the Offers; and

(e) there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons.

5. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the expert(s) whose letter/opinion is contained in this Composite Document:

Name	Qualifications
Somerley	a licensed corporation to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice, letter and/or the references to its name, in the form and context in which it appear.

As at the Latest Practicable Date, the above expert 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 it have any direct or indirect interest in any assets which had been, since 31 December 2014, 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.

6. GENERAL

(a) The Offeror is a company incorporated under the laws of the BVI and is wholly owned by Claudio, a company owned as to 50% by Mr. OEI and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau.

(b) The registered office address of the Offeror is East Asia Chambers, P.O. Box 901, Road Town, Tortola, BVI.

(c) The registered office address of Claudio is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

(d) Genesis is owned as to 50% by Mr. OEI and as to the remaining 50% by his wife, Mrs. OEI Valonia Lau. Its registered office address is East Asia Chambers, P.O. Box 901, Road Town, Tortola, BVI.

(e) The directors of each of the Offeror, Claudio and Genesis are Mr. OEI and Mrs. OEI Valonia Lau.

(f) The correspondence address of Mr. OEI and Mrs. OEI Valonia Lau is 9/F., Tower 1, South Seas Centre, 75 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

(g) The registered office of Somerley is situated at 20/F, China Building, 29 Queen's Road Central, Hong Kong.

(h) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the website of the SFC (www.sfc.hk) and on the website of the Company (www.hkcholdings.com) 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 articles of association of the Offeror;

(b) the letter from Somerley, the text of which is set out on pages 8 to 20 of this Composite Document; and

(c) the written consent from Somerley as referred to in the paragraph headed "5. Qualifications and consent of expert" in this Appendix V.