THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, the Share Repurchase or the Whitewash Waiver or as to the action you should take, 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 shares in **Far East Consortium International Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities in the Company.

FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: http://www.fecil.com.hk

(Stock code: 35)

(1) PROPOSED OFF-MARKET SHARE REPURCHASE AND CONNECTED TRANSACTION; AND (2) APPLICATION FOR WHITEWASH WAIVER

Financial adviser to Far East Consortium International Limited

SOMERLEY LIMITED

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

Investec

A letter of recommendation from the Independent Board Committee to the Disinterested Shareholders and a letter of advice from Investec to the Independent Board Committee and the Disinterested Shareholders regarding the Share Repurchase Agreement and the Whitewash Waiver are set out on page 14 and pages 15 to 27 of this circular respectively.

A notice convening the EGM to be held at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen's Road East, Wanchai, Hong Kong on Friday, 20 July 2012 at 11:30 a.m. or immediately after the conclusion of the extraordinary general meeting of the Company to be held on the same day at 11:00 a.m. (details of which are set out in the circular issued by the Company dated 26 June 2012), is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you will be able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

27 June 2012

CONTENTS

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

"A$"	Australian dollar(s), the lawful currency of Australia
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Announcement"	the announcement of the Company dated 16 April 2012 in relation to the Share Repurchase and the Whitewash Waiver
"Board"	the board of Directors
"Care Park Group"	Care Park Group Pty Ltd, a non-wholly owned subsidiary of the Group, and its subsidiaries
"Chiu Family"	Tan Sri Dato' David Chiu and his family members including, amongst others, Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu, all being Directors
"Companies Law"	Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company"	Far East Consortium International Limited (stock code: 35), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Share Repurchase in accordance with the terms and conditions of the Share Repurchase Agreement
"Director(s)"	the director(s) of the Company
"Disinterested Shareholders"	Shareholders other than (i) Sumptuous, Penta and their respective concert parties; and (ii) Shareholders who are interested or involved in the Share Repurchase and the Whitewash Waiver
"EGM"	the extraordinary general meeting to be convened by the Company and held on Friday, 20 July 2012 at 11:30 a.m. or immediately after the conclusion of the extraordinary general meeting of the Company to be held on the same day at 11:00 a.m. (details of which are set out in the circular issued by the Company dated 26 June 2012), for the purpose of approving the Share Repurchase Agreement and the transactions contemplated therein, including the Share Repurchase and the Whitewash Waiver
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	a committee of the Board comprising all of the three independent non-executive Directors, namely Messrs. Kwok Wai Chan, Peter Man Kong Wong and Kwong Siu Lam, established for the purpose of advising and giving recommendation to the Disinterested Shareholders on the Share Repurchase and the Whitewash Waiver
"Investec"	Investec Capital Asia Limited, the independent financial adviser to the Independent Board Committee and the Disinterested Shareholders regarding the Share Repurchase Agreement and the Whitewash Waiver, and a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"KHI"	Kosmopolito Hotels International Limited (stock code: 2266), a non-wholly subsidiary of the Company, the shares of which are listed on the Main Board of the Stock Exchange
"Last Trading Day"	16 April 2012, being the date of the Announcement
"Latest Practicable Date"	25 June 2012, being the latest practicable date for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Penta"	Penta Investment Advisers Limited, a company incorporated under the laws of the British Virgin Islands
"Relevant Period"	the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date
"Repurchase Code"	the Hong Kong Code on Share Repurchases
"Repurchase Price"	the proposed repurchase price of HK$1.23 per Repurchase Share
"Repurchase Share(s)"	230,000,000 Share(s) owned by funds and managed accounts to which Penta is the investment adviser and to be transferred to the Company at Completion for cancellation pursuant to the terms of the Share Repurchase Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Share Repurchase"	the proposed repurchase and cancellation of the Repurchase Shares by the Company from Penta under the Share Repurchase Agreement, which constitutes an off-market share repurchase by the Company pursuant to Rule 2 of the Repurchase Code
"Share Repurchase Agreement"	the agreement dated 16 April 2012 entered into between the Company and Penta in relation to the Share Repurchase
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Sumptuous"	Sumptuous Assets Limited, a company incorporated in the British Virgin Islands and wholly-owned by Tan Sri Dato' David Chiu, the sole director of which is Tan Sri Dato' David Chiu
"Sumptuous Concert Group"	Sumptuous and parties acting in concert with it, including Tan Sri Dato' David Chiu, Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu all of whom are Directors but excluding Penta for the purpose of this circular
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"UK"	the United Kingdom
"Whitewash Waiver"	a waiver of the obligation of Sumptuous to make a mandatory offer for all the issued Shares not already owned or agreed to be acquired by the Sumptuous Concert Group which may otherwise arise as a result of the Share Repurchase, application for which will be made to the Executive pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code
"%"	per cent.

For illustration purposes only, exchange rate of A$1.00 = HK$7.8 has been adopted. No representation is made that any amount in such currency could have been or could be converted at the above rate or at any other rate.

FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.fecil.com.hk
(Stock code: 35)

Executive Directors:
Tan Sri Dato' David CHIU
(Chairman and Chief Executive Officer)
Mr. Dennis CHIU
Mr. Craig Grenfell WILLIAMS

Non-executive Director:
Mr. Daniel Tat Jung CHIU

Independent non-executive Directors:
Mr. Kwok Wai CHAN
Mr. Peter Man Kong WONG
Mr. Kwong Siu LAM

Registered office:
P.O. Box 1043, Ground Floor
Caledonian House, Mary Street
George Town
Grand Cayman, Cayman Islands
British West Indies

Principal office:
16th Floor, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

27 June 2012

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED OFF-MARKET SHARE REPURCHASE AND CONNECTED TRANSACTION; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

On 16 April 2012, the Company announced that, on the same date, it entered into the Share Repurchase Agreement with Penta pursuant to which the Company agreed to acquire and Penta agreed to dispose of 230,000,000 Shares at the total consideration of HK$282,900,000, equivalent to HK$1.23 per Repurchase Share.

The purpose of this circular is to provide you with (i) further information on the Share Repurchase Agreement and the Whitewash Waiver; (ii) the recommendation of the Independent Board Committee and advice of Investec regarding the Share Repurchase Agreement and the Whitewash Waiver; (iii) financial information and pro forma financial information of the Group; (iv) property valuation reports of the Group; and (v) notice of the EGM.

THE SHARE REPURCHASE AGREEMENT

Date: 16 April 2012

Parties: (i) the Company
(ii) Penta

Save for being a Substantial Shareholder of the Company, Penta and its ultimate beneficial owner, Mr. John Zwaanstra, are third parties independent of the Company and connected persons of the Company.

Number of the Repurchase Shares

230,000,000 Shares, being Shares owned by the funds and managed accounts to which Penta is the investment adviser and representing approximately 11.7% of the issued share capital of the Company as at the Latest Practicable Date, including all rights to any dividends or other distributions declared made or paid on or after the date of the Share Repurchase Agreement.

Consideration

The total consideration for the Share Repurchase is HK$282,900,000, equivalent to HK$1.23 per Repurchase Share, and is payable in cash. The Repurchase Price was determined following arm's length commercial negotiations between the Company and Penta, taking into account the movements in the price of the Shares over a period of time and prevailing market conditions.

The Repurchase Price represents:

(a) a discount of approximately 12.1% to the closing price of HK$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 9.6% to the average closing price of approximately HK$1.36 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(c) a discount of approximately 10.2% to the average closing price of approximately HK$1.37 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 10.9% to the average closing price of approximately HK$1.38 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;

(e) a discount of approximately 12.1% to the average closing price of approximately HK$1.40 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(f) a discount of approximately 12.8% to the closing price of HK$1.41 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(g) a discount of approximately 67.6% to the audited net asset value per Share attributable to Shareholders as at 31 March 2012 of approximately HK$3.80 per Share.

The original average purchase cost to the funds and managed accounts to which Penta is the investment adviser for each Repurchase Share is approximately HK$2.08.

Conditions to Completion

Completion will be conditional upon the satisfaction of the following conditions:

(a) the Executive granting the Whitewash Waiver and approving the Share Repurchase;

(b) the passing at the EGM (by such requisite majority of votes cast on a poll and with such person(s) as required by law, the Company's articles of association, the Listing Rules, the Takeovers Code and/or the Repurchase Code abstaining from voting) of resolutions approving (i) the Share Repurchase Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver;

(c) the Company having sufficient reserves to effect the Share Repurchase;

(d) all consents or approvals of any relevant government authorities or other relevant regulatory bodies in Hong Kong which are required by Penta for entering into and the implementation of the Share Repurchase Agreement having been obtained;

(e) all consents or approvals of any relevant government authorities or other relevant regulatory bodies in Hong Kong which are required by the Company for entering into and the implementation of the Share Repurchase Agreement having been obtained; and

(f) no indication being received that any necessary consents or approvals (if required) from the relevant governmental or regulatory authorities in Hong Kong and the Cayman Islands for the implementation of the transaction contemplated under the Share Repurchase Agreement not having been obtained.

In respect of condition (b) above, under the Repurchase Code and the Takeovers Code, (i) the Share Repurchase will have to be approved by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at the EGM; and (ii) the Whitewash Waiver will have to be approved by the Disinterested Shareholders at the EGM by way of poll.

None of the conditions above is capable of being waived by Penta or the Company. If the above conditions precedent are not fulfilled on or before 31 August 2012, unless otherwise agreed by Penta and the Company, the Share Repurchase Agreement shall become null and void. As at the Latest Practicable Date, none of the conditions above have been fulfilled.

Completion

Completion will take place on the third business day (or such other date as agreed between Penta and the Company) after fulfillment of the conditions precedent under the Share Repurchase Agreement.

Funding the Share Repurchase

The Company will fund the Share Repurchase from the Company's cash reserves. Under the Companies Law, any repurchase of Shares by the Company may only be funded out of the Company's profits, a fresh issue of Shares made for the purpose, the Company's share premium account, or if so authorised by its articles of association and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. The Company has sufficient funds available as required under the Companies Law to effect the Share Repurchase.

REASONS FOR AND BENEFITS OF THE SHARE REPURCHASE

In considering to proceed with the Share Repurchase, the Company has taken into consideration that:

(i) the Share Repurchase is a good opportunity for the Company to utilise its surplus cash to enhance the earning per Share and the rate of return on capital;

(ii) the Repurchase Price is at a discount of approximately 12.1% to the closing price of HK$1.40 per Share on the Last Trading Day;

(iii) given the thin trading volume in the Shares, it is a good opportunity for the Company to repurchase a significant block of Shares without affecting the normal trading of the Shares in terms of price and volume; and

(iv) the Share Repurchase will result in approximately 8.5% enhancement in net asset value per Share based on unaudited balance sheet of the Company as at 30 September 2011.

In view of the above, the Board believes that the terms of the Share Repurchase are fair and reasonable and the Share Repurchase is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion (assuming there are no changes in the shareholdings of the Sumptuous Concert Group and Penta and the issued share capital of the Company from the Latest Practicable Date to Completion):

	As at the Latest Practicable Date		Immediately upon Completion	
	No. of shares	Approximate %	No. of shares	Approximate %
Sumptuous[1]	685,849,880	35.0%	685,849,880	39.7%
Tan Sri Dato' David Chiu[1]	14,176,570	0.7%	14,176,570	0.8%
Other members of Chiu Family[1]	163,399,458	8.4%	163,399,458	9.4%
Sumptuous Concert Group	863,425,908	44.1%	863,425,908	49.9%
Penta[2]	559,505,933	28.5%	329,505,933	19.1%
Public	536,825,235	27.4%	536,825,235	31.0%
Total	1,959,757,076	100.0%	1,729,757,076	100.0%

Notes:

1. Based on the information set out in the Disclosure of Interests forms filed by the relevant parties, among the 863,425,908 Shares held by the Chiu Family,

   (i) (a) 1,267,654 Shares are held by Chung Kui Associates Ltd, 45,138 Shares are held by Cornhill Enterprises Ltd, 73,556,253 Shares are held by Far East Intercontinental Ltd, 16,083,416 Shares are held by Far East International Investment & Finance Ltd, 19,692,426 Shares are held by Goldmate Development Ltd, 82,698 Shares are held by Interhotel Finance NV, 12,626,209 Shares are held by Parma Investment Ltd, 2,168,949 Shares are held by Partner Joy Ltd, 516,943 Shares are held by Shui On Loong Company Development Ltd, 5,614,458 Shares are held by Sonia Development Ltd and 9,288,549 Shares are held by Tenland Investment Ltd, all 100% controlled by Mr. Deacon Te Ken Chiu, the father of Tan Sri Dato' David Chiu, the executive Director and Chairman and Chief Executive Officer of the Company, and 13,022,647 Shares are held by Mr. Deacon Te Ken Chiu directly. The directors of Chung Kui Associates Ltd. are Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Derek Chiu, the younger brother of Tan Sri Dato' David Chiu, and Mr. Dick Tat Shing Chiu, the elder brother of Tan Sri Dato' David Chiu; the directors of Cornhill Enterprises Ltd. are Mr. Deacon Te Ken Chiu, Madam Ching Lan Ju Chiu, the spouse of Mr. Deacon Te Ken Chiu, Mr. Dick Tat Shing Chiu, Tan Sri Dato' David Chiu, Mr. Dennis Chiu, the younger brother of Tan Sri Dato' David Chiu and an executive Director, and Mr. Derek Chiu; the directors of Far East Intercontinental Ltd. are Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Dick Tat Shing Chiu and Ms. Hui Yin Fun, Eva; the directors of Far East International Investment & Finance Ltd. are Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Derek Chiu, Mr. Daniel Tat Jung Chiu, the younger brother of Tan Sri Dato' David Chiu and a non-executive Director, Mr. Desmond Chiu and Ms. Hui Yin Fun, Eva; the directors of Goldmate Development Ltd. are Tan Sri Dato' David Chiu and Ms. Hui Yin Fun, Eva; the directors of Interhotel Finance NV. are Tan Sri Dato' David Chiu and Mr. Deacon Te Ken Chiu; the directors of Parma Investment Ltd. are Mr. Duncan Chiu, the younger brother of Tan Sri Dato' David Chiu, and Mr. Deacon Te Ken Chiu; the directors of Partner Joy Ltd. are Ms. Hui Yin Fun, Eva and Mr. Chan Chi Hing; the directors of Shui On Loong Company Development Ltd. are Mr. Deacon Te Ken Chiu, Ms. Hui Yin Fun, Eva and Tan Sri Dato' David Chiu; the directors of Sonia Development Ltd. are Ms. Ho Wing Yi, Magdalene and Ms. Hui Yin Fun, Eva; and the directors of Tenland Investment Ltd. are Mr. Deacon Te Ken Chiu and Tan Sri Dato' David Chiu; and (b) 1,624,301 Shares are held by Madam Ching Lan Ju Chiu;

   (ii) (a) 685,849,880 Shares are held by Sumptuous and 12,321 Shares are held by Modest Secretarial Services Limited, both 100% controlled by Tan Sri Dato' David Chiu and 13,607,249 Shares are held by Tan Sri Dato' David Chiu directly. The directors of Modest Secretarial Services Limited are Mr. Lai Wai Keung and Mr. Chan Chi Hing; and (b) 557,000 Shares are held by Ms. Nancy Ng, the spouse of Tan Sri Dato' David Chiu;

(iii) 1,424,631 Shares are held by Chiu Capital N.V., a company 100% controlled by Mr. Dennis Chiu, the younger brother of Tan Sri Dato' David Chiu and an executive Director. The directors of Chiu Capital N.V. are Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu, and 10,373 Shares are held by Mr. Dennis Chiu directly;

(iv) 3,877,218 Shares are held by First Level Holdings Limited, a company 100% controlled by Mr. Dennis Chiu, and Mr. Daniel Tat Jung Chiu. The directors of First Level Holdings Limited are Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu;

(v) 44,561 Shares are held by Mr. Daniel Tat Jung Chiu;

(vi) 1,035,863 Shares are held by Mr. Dick Tat Shing Chiu;

(vii) 630,396 Shares are held by Mr. Derek Chiu;

(viii) 727,985 Shares are held by Ms. Margaret Chiu, the younger sister of Tan Sri Dato' David Chiu; and

(ix) 58,790 Shares are held by Mr. Duncan Chiu.

2. Penta is presumed to be a concert party of the Chiu Family under the Takeovers Code as at the Latest Practicable Date and will cease to be a presumed concert party of the Chiu Family under the Takeovers Code upon Completion by virtue of the fact that its shareholding will reduce to approximately 19.1% of the reduced issued share capital of the Company thereupon. As far as is known by the Directors, as at the Latest Practicable Date, the funds and managed accounts to which Penta is the investment adviser were interested in 559,505,933 Shares and derivative interest equivalent to 13,515,764 underlying Shares.

It is the intention of the Company to continue to meet the public float requirements of the Listing Rules immediately upon Completion.

FINANCIAL EFFECTS OF THE SHARE REPURCHASE AND WHITEWASH WAIVER

The unaudited pro forma consolidated financial information of the Group upon Completion illustrating the financial impact of the Share Repurchase and the Whitewash Waiver on the assets and liabilities of the Group is set out in appendix II to this circular.

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in appendix II to this circular and assuming Completion had taken place on 31 March 2012, as a result of Completion, (i) the total assets would decrease by approximately 1.8% from approximately HK$16,393.3 million to approximately HK$16,103.4 million; (ii) the total liabilities would remain unchanged at approximately HK$7,893.3 million; (iii) the net assets value attributable to the Shareholders (i.e. excluding the non-controlling interests) would decrease by approximately 3.9% from approximately HK$7,451.6 million to approximately HK$7,161.7 million; and (iv) the working capital (i.e. net current assets) would decrease by approximately 8.6% from approximately HK$3,369.0 million to approximately HK$3,079.1 million. Nevertheless, as the number of issued Shares would decrease from 1,959,757,076 Shares to 1,729,757,076 Shares, the net asset value attributable to the Shareholders per Share would be enhanced by approximately 8.9% from approximately HK$3.80 to approximately HK$4.14.

It is expected that, on a pro forma basis, the Share Repurchase and the Whitewash Waiver will not have financial impact on the results of the Group and the net profit attributable to the Shareholders for the year ended 31 March 2012 would remain unchanged at approximately HK$448.1 million. On a per Share basis, as the number of issued Shares would decrease from 1,959,757,076 Shares to 1,729,757,076 Shares, the earnings per Share would be enhanced by approximately 13.3% from approximately HK$0.2287 to approximately HK$0.2591.

Based on the above and having considered the funding of the Share Repurchase, the Company considers that there are no material adverse effect on the Group's earnings per share, net assets per Share, liabilities and working capital.

INFORMATION ON THE COMPANY

The Group is principally engaged in (i) property development (ii) hotel investment and operation (iii) car park investment and management and property investment.

The Company was listed on 21 September 1972 and Kosmopolito Hotels International Limited (stock code: 2266), its non wholly-owned subsidiary, was listed on 11 October 2010 on the Main Board of the Stock Exchange.

For the two years ended 31 March 2012, the audited consolidated profits of the Company before taxation and non-controlling interests were approximately HK$555.0 million and HK$717.7 million respectively. For the same periods, the audited consolidated profits attributable to shareholders of the Company after taxation and non-controlling interests were approximately HK$394.2 million and HK$448.1 million respectively.

INFORMATION ON PENTA

Penta is an investment adviser managing funds and managed accounts.

GENERAL MARKET INFORMATION RELATING TO THE PROPERTIES OF THE GROUP

As at the Latest Practicable Date, the Group has properties located in Hong Kong, the PRC, Malaysia, Singapore, Australia and the UK.

In the PRC, residential market has experienced pressure due to policies imposed by the government to curb overheating. Tightening of credits has also affected property sector generally. The Group has several residential development projects in Shanghai and Guangzhou. The Group also has operating hotels in Shanghai and Wuhan and hotels under development in Chengdu and Zhongshan. The Group adopts a cautious approach in the country. Most land and assets were acquired many years ago and has relatively low cost base.

In Hong Kong, residential property prices has gone up so far this year despite market cautiousness. Low interest rate environment and abundance of liquidity have supported the market well. The Group has interest in residential development projects. In addition, the Group has investment property and a hotel portfolio in Hong Kong. Recent hotel transaction in the market and the Group's recent transaction involving disposal of Dorsett Regency hotel in Kennedy Town at a substantial gain is a good indication of good market appetite for hotel assets.

In Australia, general residential market is soft. However the Group believes the Australian central bank's recent move to reduce interest rate will help to improve market. The Group has significant presence in Melbourne with its Upper West Side project which is a residential development project. The Group has recorded significant pre-sale in Stages 1 and 2 of the Upper West Side project. The Group also has car park interest in Australia.

In Malaysia, general market is resilient with pre-sale of new projects relatively stable. The Group's interest in Malaysia is largely on hotels. The Group also has development projects and car park assets in Malaysia.

In Singapore, general property market has had a good run in the past several years. The Government had imposed measures to prevent overheating of the market. The Group has presold serviced apartment assets and has a hotel under development in the country. The Group also has investment properties in Singapore and recently disposed of a commercial property interest.

In the UK, economic data for the first quarter of 2012 confirmed the UK economy is back in technical recession. All property 3-month capital growth fell further into negative territory in March 2012. The Group took advantage of weakness of the market and invested in a redevelopment site in London last year. A hotel will be contructed on the site.

Further information on the Group's properties has been set out in the valuation reports in appendix III to the circular.

INTENTION OF THE SUMPTUOUS CONCERT GROUP REGARDING THE GROUP

It is the intention of the Sumptuous Concert Group to continue the existing business and the employment of the employees of the Group. The Sumptuous Concert Group has no intention to introduce any major changes to the business of the Group, including any redeployment of the fixed assets of the Group.

REGULATORY IMPLICATIONS

Repurchase Code

The Share Repurchase constitutes an off-market share repurchase by the Company under the Repurchase Code. The Company made an application to the Executive for approval of the Share Repurchase pursuant to Rule 2 of the Repurchase Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Repurchase by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at a meeting to be held for such purposes.

As approval of the Executive of the Share Repurchase is a condition of the Share Repurchase Agreement, the Company will not proceed to Completion unless the Executive approves the Share Repurchase pursuant to Rule 2 of the Repurchase Code. However, there is no assurance that such approval will be granted or that all the conditions precedent to the Share Repurchase Agreement will be fulfilled.

Takeovers Code

Application for Whitewash Waiver

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Repurchase, such increase will be treated as an acquisition of voting rights under Rule 32 of the Takeovers Code. As at the Latest Practicable Date, the Sumptuous Concert Group is interested in 863,425,908 Shares, representing approximately 44.1% of the issued share capital of the Company. Save as the aforesaid, the Sumptuous Concert Group is not interested in any existing holding of voting rights or rights over the Shares. Assuming there are no changes to the shareholdings of the Sumptuous Concert

Group and the issued share capital of the Company from the Latest Practicable Date to Completion, immediately upon Completion, the percentage shareholding of the Sumptuous Concert Group will increase to approximately 49.9% of the reduced issued share capital of the Company upon Completion as a result of the Share Repurchase. In the circumstances, an obligation on the part of the Sumptuous Concert Group to make a general offer for all the Shares not already owned or agreed to be acquired by the Sumptuous Concert Group may arise as a result of the Share Repurchase. An application was made by Sumptuous to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will also be subject to, among other things, the approval of the Disinterested Shareholders at the EGM by way of poll.

It is one of the conditions of the Share Repurchase Agreement that the Whitewash Waiver be granted by the Executive and approved by the Disinterested Shareholders at the EGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Disinterested Shareholders, the Share Repurchase Agreement will not become unconditional and cannot proceed.

Listing Rules

The Share Repurchase contemplated under the Share Repurchase Agreement constitutes a connected transaction (by virtue of Penta being a Substantial Shareholder of the Company) for the Company under the Listing Rules and is therefore subject to the approval by the Disinterested Shareholders at the EGM.

EXTRAORDINARY GENERAL MEETING

The EGM will be held to consider and, if thought fit, approve, among others, the Share Repurchase Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

As at the Latest Practicable Date, the funds and managed accounts to which Penta is the investment adviser were interested in 559,505,933 Shares, representing approximately 28.5% of the issued share capital of the Company. The Sumptuous Concert Group together hold 863,425,908 Shares, representing approximately 44.1% of the issued share capital of the Company. By reason of the requirements of the Repurchase Code, the Takeovers Code and the Listing Rules, Penta and its concert parties and the Sumptuous Concert Group will abstain from voting at the EGM. Save for the aforesaid, no other Shareholder is required to abstain from voting on the resolutions approving the Share Repurchase and the Whitewash Waiver.

A form of proxy for use at the EGM is enclosed. Whether or not you will be able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

RECOMMENDATION AND FURTHER INFORMATION

On the basis of the information set out in this circular, the executive and non-executive Directors consider that the Share Repurchase and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. As such, the executive and non-executive Directors recommend the Disinterested Shareholders to vote in favor of these resolutions as set out in the notice of the EGM. Tan Sri Dato' David

Chiu, Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu, who are Directors having a material interest in the Share Repurchase and the Whitewash Waiver, have abstained from voting on the Board resolutions regarding the Share Repurchase and the Whitewash Waiver.

The Company has one non-executive Director, namely Mr. Daniel Tat Jung Chiu, and three independent non-executive Directors, namely Messrs. Kwok Wai Chan, Mr. Peter Man Kong Wong and Kwong Siu Lam. As Mr. Daniel Tat Jung Chiu is a party acting in concert with Sumptuous, he has been excluded from the Independent Board Committee. The Independent Board Committee, comprising all of the three independent non-executive Directors, has been established to advise and give recommendation to the Disinterested Shareholders on the Share Repurchase Agreement and the Whitewash Waiver. Investec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Disinterested Shareholders in the same regard. The Independent Board Committee has approved the appointment of Investec. Your attention is drawn to the letters from the Independent Board Committee and Investec as set out in this circular.

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board of
Far East Consortium International Limited
CHEUNG Wai Hung Boswell
Chief Financial Officer and Company Secretary

The following is the text of the letter of recommendation to the Disinterested Shareholders from the Independent Board Committee regarding the Share Repurchase Agreement and the Whitewash Waiver for the purpose of incorporation in this circular.

FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.fecil.com.hk
(Stock code: 35)

27 June 2012

To the Disinterested Shareholders

Dear Sir or Madam,

(1) PROPOSED OFF-MARKET SHARE REPURCHASE AND CONNECTED TRANSACTION; AND (2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular dated 27 June 2012 issued by the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise you as to whether, in our opinion, the Share Repurchase Agreement and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable as far as the Disinterested Shareholders are concerned and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Investec has been appointed as the independent financial adviser to advise us and the Disinterested Shareholders in this respect. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 15 to 27 to this Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 13 of the Circular and the additional information set out in the appendices to the Circular.

Having taken into account the advice of Investec, we consider that the Share Repurchase Agreement and the Whitewash Waiver are fair and reasonable as far as the Disinterested Shareholders are concerned and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Disinterested Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Share Repurchase Agreement and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee of
Far East Consortium International Limited
Mr. Kwok Wai Chan **Mr. Peter Man Kong Wong** **Mr. Kwong Siu Lam**
Independent non-executive Directors

The following is the text of the letter of advice from Investec to the Independent Board Committee and the Disinterested Shareholders in relation to the proposed off-market share repurchase and application for whitewash waiver prepared for the purpose of incorporation in this circular.

Investec

Investec Capital Asia Limited
Room 3609–3613, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
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www.investec.com

27 June 2012

*To: The Independent Board Committee
and the Disinterested Shareholders of Far East Consortium International Limited*

Dear Sirs,

PROPOSED OFF-MARKET SHARE REPURCHASE AND APPLICATION FOR WHITEWASH WAIVER

I. INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Disinterested Shareholders with regard to the Share Repurchase Agreement and the transactions contemplated thereunder, details of which are contained in the letter from the Board ("Letter from the Board") of the circular to the Shareholders dated 27 June 2012 (the "Circular"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 16 April 2012, the Company announced that it entered into the Share Repurchase Agreement with Penta pursuant to which the Company agreed to acquire and Penta agreed to dispose of 230,000,000 Shares at the total consideration of HK$282,900,000, equivalent to HK$1.23 per Repurchase Share.

The Share Repurchase will constitute an off-market share repurchase and must be approved by the Executive pursuant to Rule 2 of the Repurchase Code. Such approval, if given, will be conditional upon, amongst others, the approval of the Share Repurchase by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders in attendance in person or by proxy at the EGM. An application has been made by the Company to the Executive for approval of the Share Repurchase pursuant to Rule 2 of the Repurchase Code. As required by the Repurchase Code, Penta and its concert parties and the Sumptuous Concert Group will abstain from voting on the resolutions approving (i) the Share Repurchase Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver at the EGM.

II. THE INDEPENDENT BOARD COMMITTEE

The Company has three executive Directors, namely Tan Sri Dato' David Chiu, Mr. Dennis Chiu and Mr. Craig Grenfell Williams; one non-executive Director, namely Mr. Daniel Tat Jung Chiu, and three independent non-executive Directors, namely Messrs. Kwok Wai Chan, Mr. Peter Man Kong Wong, J.P. and Mr. Kwong Siu Lam. In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all of the three independent non-executive Directors has been established by the Board to advise and give recommendation to the Disinterested Shareholders on the Share Repurchase Agreement and the Whitewash Waiver. Mr. Daniel Tat Jung Chiu is excluded from the Independent Board Committee, as he is a party acting in concert with Sumptuous.

As the independent financial adviser to the Independent Board Committee and the Disinterested Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Disinterested Shareholders as to (a) whether or not the Share Repurchase is in the interests of the Company and Shareholders as a whole; (b) whether or not the terms of the Share Repurchase Agreement are fair and reasonable; and (c) whether the Disinterested Shareholders should vote in favour of the resolutions approving (i) the Share Repurchase Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver at the EGM.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Company contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Company contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Company made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to form a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background and rationale

a) Information on the Company

The Company is principally engaged in property development and investment, hotel operation, car park operation, and treasury management.

Set out below is a summary of the Group's operating results and financial position extracted from the Company's published interim annual reports and the results announcement for the year ended 31 March 2012 dated 20 June 2012 (the " 2012 Results Announcement"):

	For the year ended 31 March		For the six months ended 30 September	
	2012	**2011**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Unaudited)*	*(Unaudited)*
Revenue	1,760,951	1,654,446	827,041	782,424
Gross profit	847,602	755,644	391,604	374,011
Other income	18,181	18,055	10,490	11,762
Administrative expenses	(480,342)	(417,719)	(224,218)	(174,874)
Profit before tax	717,656	555,029	139,211	284,163
Profit for the period	614,525	446,481	110,867	215,456
Attributable to:				
Owners of the Company	448,102	394,212	84,458	212,133
Non-controlling interests	166,423	52,269	26,409	3,323

	As at 31 March		As at 30 September	
	2012	**2011**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Unaudited)*	*(Unaudited)*
Non-current asset	10,017,209	9,624,084	9,957,872	9,395,150
Current asset	5,957,178	5,465,002	5,191,205	3,944,902
Non-current assets classified as held for sale	418,928	79,648	214,479	—
Total asset	16,393,315	15,168,734	15,363,556	13,340,052
Non-current liabilities	4,886,236	4,434,612	4,074,745	4,832,773
Current liabilities	3,004,076	2,815,329	3,476,806	2,143,247
Liabilities associated with assets classified as held for sale	2,994	—	95	—
Total liabilities	7,893,306	7,249,941	7,551,646	6,976,020
Net current assets	3,369,036	2,729,321	1,714,399	1,801,655
Total equity	8,500,009	7,918,793	7,811,910	6,364,032

As stated in the 2012 Results Announcement, revenue for the year ended 31 March 2012 ("Financial Year 2012") was HK$1,761.0 million, representing an increase of approximately 6.4% as compared with the reported HK$1,654.4 million of the same period of last financial year ("Financial Year 2011"); net profit attributable to owners of the Company was HK$448.1 million, representing an increase of approximately 13.7% as compared with the reported HK$394.2 million of the Financial Year 2011. The increase in net profit attributable to owners of the Company was mainly due to the continued growth of businesses with stable and consistent return which include the investment properties, hotel operation and car park operation businesses (the "Recurring Income Businesses").

Set out below is a breakdown of the Group's segment revenue extracted from the Company's published interim annual reports and the 2012 Results Announcement:

Table 1: Group's segment revenue

	For the year ended 31 March		For the six months ended 30 September	
	2012	**2011**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Kosmopolito (Hotel Operation)	1,096,097	867,100	498,990	384,162
Car Parks	537,067	464,256	259,009	210,813
Investment properties	66,496	60,569	32,484	29,670
Total Recurring Income Businesses	1,699,660	1,391,925	790,483	624,645
Property development and others	61,291	262,521	36,558	157,779
Group's consolidated revenue	1,760,951	1,654,446	827,041	782,424

As indicated above, the portion of revenue generated from the Recurring Income Businesses has increased. For the Financial Year 2012, total revenue from the Recurring Income Businesses was HK$1,699.7 million, representing approximately 96.5% of the Group's consolidated revenue or an approximately 22.1% increase as compare to the Financial Year 2011. For the six months ended 30 September 2011, the total revenue from the Recurring Income Businesses was HK$790.5 million, representing approximately 95.6% of the Group's consolidated revenue or an approximately 26.5% increase as compare to the same period in 2010.

The increase in the Recurring Income Businesses' revenue for the Financial Year 2012 as compared to the Financial Year 2011 was driven mainly by (a) the strong growth in room rates and occupancy rates achieved by the Group's hotel operation, Kosmopolito Hotels International Limited ("KHI" or "Kosmopolito"); and (b) growth in car park operation by an increase of the number of car park bays under management.

As stated in the 2012 Results Announcement, the Company expects the number of hotel rooms under KHI's management to increase to approximately 7,000 rooms within the coming three financial years and with 3,000 car park bays added to the management portfolio during the Financial Year 2012, the Recurring Income Businesses will continue to contribute to the Group with stable income and cash flow.

Furthermore, the Company's property development business has a strong pipeline which the Company expects to drive its growth in the coming years. As stated in the 2012 Results Announcement, the Group's total cumulative presale value of properties under development was HK$4.8 billion as at 31 March 2012 whereby (i) presale value of properties under both stage 1 and stage 2 of The Upper West Side in Melbourne, Australia, had reached HK$4.0 billion; (ii) Star Ruby, Hong Kong recorded a presale value of HK$311 million; and (iii) Dorsett Regency Residences, Singapore recorded a presale value of HK$500 million.

With the continued growth of the abovementioned Recurring Incomes Businesses and a strong pipeline of property development, the Company's management is of the view that the future prospect of the Company is promising.

b) Reasons for and benefits of the Share Repurchase

As noted from the section headed "Reasons for and benefits of the Share Repurchase" in the Letter from the Board, the management of the Company believes that the Share Repurchase will have benefits for Disinterested Shareholders as it presents a good opportunity for the Company to utilise its surplus cash to repurchase a significant block of Shares without affecting the normal trading of the Shares in terms of price and volume, which alongside the reduction of the total number of Shares in the Company, may lead to improved financial performance, as measured on a per Share basis.

The Share Repurchase presents the Company with an opportunity to repurchase its Shares at a pre-agreed price within a defined timeframe. This approach to a transaction may be beneficial to the Disinterested Shareholders in comparison with an on-market transaction of a similar size. We have undertaken a liquidity analysis to assess the theoretical possibility of both an on-market share buy-back operation by the Company and a hypothetical scenario in which Penta selling its Shares through a secondary placement on the market. During the one year period ended on 16 April 2012, being the date when the Company entered into the Share Repurchase Agreement, the average daily trading volume of the Shares represented approximately 0.025%[1] of the Company's total number of Shares in issue. It also follows that were Penta to sell the agreed portion of its holding of 230,000,000 Shares to the public in the market, or were the Company to acquire a similar number of Shares from the market under its repurchase mandate, it would theortically requires a period of approximately 468 trading days. A transaction of this size, may well result in a significant and sustained disturbance to the Share price, which may not be in the interests of Disinterested Shareholders. As such, an off-market transaction, whereby the Repurchase Price is agreed through an arm's length commercial negotiation, is considered to be a better approach and less disruptive to the market.

Separately, the Repurchase Shares will be cancelled following Completion. The Company expects the Share Repurchase to have an accretive effect on its earnings per Share as the number of Shares in the Company's issued share capital is expected to decrease from 1,959,757,076 Shares as at the Latest Practicable Date to 1,729,757,076 Shares upon Completion. Please refer to the section headed "Financial effects of the Share Repurchase and Whitewash Waiver" in the Letter from the Board for further details.

In conclusion, we concur with the Director's view that the Share Repurchase reduces the number of Shares in issue, which may have a positive financial effect and may enhance per Share value and that an off-market transaction is an appropriate approach of share repurchase given the thin trading volume in Shares.

[1] *Source: Bloomberg; daily average trading volume was 491,542 Shares during the period from 18 April 2011 up to and including 16 April 2012*

2. The Share Repurchase

On 16 April 2012, the Company announced that it entered into the Share Repurchase Agreement with Penta pursuant to which the Company agreed to acquire and Penta agreed to dispose of 230,000,000 Shares. Following Completion, the Repurchase Shares will be cancelled and the number of Shares in issue will be reduced accordingly.

a) Repurchase Price analysis

The Directors stated that the Repurchase Price of HK$1.23 per Share was determined following arm's length commercial negotiations between the Company and Penta, taking into account the movements in the price of the Shares over a period of time and prevailing market conditions. Based on an aggregate of 230,000,000 Shares to be repurchased by the Company pursuant to the Share Repurchase Agreement, the total consideration for the Repurchase Shares is HK$282,900,000.

The Repurchase Price of HK$1.23 per Share represents:

a) a discount of approximately 12.1% to the closing price of HK$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day;

b) a discount of approximately 9.6% to the average closing price of approximately HK$1.36 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

c) a discount of approximately 10.2% to the average closing price of approximately HK$1.37 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

d) a discount of approximately 10.9% to the average closing price of approximately HK$1.38 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;

e) a discount of approximately 12.1% to the average closing price of approximately HK$1.40 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

f) a discount of approximately 12.8% to the closing price of HK$1.41 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

g) a discount of approximately 67.6% to the audited net asset value per Share attributable to Shareholders as at 31 March 2012 of approximately HK$3.80 per Share.

From the above analysis, we note that the Repurchase Price represents a discount to the average historical Share price over the 30 consecutive trading days up to and including the Last Trading Day and the Latest Practicable Date. The Repurchase Price also represents a discount of 67.6% to the audited net asset value per Share attributable to Shareholders as at 31 March 2012. Therefore, we are in the view that the Repurchase Price is fair and reasonable so far as the Disinterested Shareholders are concerned.

3. Effect of the Share Repurchase

We have reviewed the financial effects of the Share Repurchase by comparing the (a) earnings per Share; (b) net asset value attributable to the Shareholders ("NAV") per Share; (c) gearing; and (d) net current assets before the Share Repurchase with the respective pro forma figures after Completion for the year ended 31 March 2012. We have conducted the following analysis with the financial information of the Group for the year ended 31 March 2012, which reflects the most recent financial performance and position of the Group. The financial effects of the Share Repurchase set out below have been prepared on the basis that the Company will finance the payment of the consideration for the Share Repurchase with its surplus bank balances and cash.

a) Earnings per Share

Table 2: Earnings per Share before and after Completion

	Before the Share Repurchase	Upon Completion	Increase
Basic earnings per Share	HK$0.23	HK$0.26	13.04%

Sources: the 2012 Results Announcement

As illustrated in Table 2 above, on a pro forma basis, the Share Repurchase would have resulted in an enhancement in consolidated basic earnings per Share from continuing operations of approximately 13.04% for the year ended 31 March 2012.

With reference to the section headed "Unaudited pro forma financial information of the Group" in Appendix II to the Circular, the legal fee, financial advisory fee and other professional fee in respect of the Share Repurchase and Whitewash Waiver of approximately HK$7 million is to be charged to the share premium account of the Company instead of the income statement. Hence, the Share Repurchase has no impact on the Group's net profit attributable to the Shareholders.

However, immediately following Completion, the number of Shares in issue will be reduced from 1,959,757,076 to 1,729,757,076 Shares as of the Latest Practicable Date. Hence, the Group's basic earnings per Share would be enhanced by approximately 13.04% from HK$0.23 to HK$0.26.

b) NAV per Share

Table 3a: NAV per Share before and after Completion

	Before the Share Repurchase	Upon Completion	Increase
NAV per Share	HK$3.80	HK$4.14	8.95%

Sources: the section headed "Financial effects of the Share Repurchase and Whitewash Waiver" in the Letter from the Board and the section headed "Unaudited pro forma financial information of the Group" in Appendix II to the Circular

As illustrated in Table 3a above, on a pro forma basis, the Share Repurchase would have enhanced the NAV per Share by approximately 8.95% as at 31 March 2012.

As stated in the section headed "Financial effects of the Share Repurchase and Whitewash Waiver" in the Letter from the Board, the Company's net assets value attributable to the Shareholders would have decreased by approximately 3.89% from approximately HK$7,451.62 million to approximately HK$7,161.72 million due to the reduction of share capital and reserves of approximately HK$289.90 million following the cancellation of the Repurchase Shares upon completion of the Share Repurchase. Nevertheless, as the number of issued Shares would be decreased from 1,959,757,076 Shares to 1,729,757,076 Shares, the NAV per Share would be enhanced by approximately 8.95% from approximately HK$3.80 to approximately HK$4.14.

In addition, as stated in the 2012 Results Announcement, KHI recorded a revaluation surplus of HK$7,750 million over the carrying value of its hotel portfolio as at 31 March 2012 (the "Revaluation Surplus") which was not recognised in the Company's consolidated statement of financial position. Taking that into account, we re-calculated the NAV per Share of the Group as per below:

Table 3b: NAV per Share before and after Completion

	Equity attributable to owners of the Company as per unaudited pro forma financial information of the Group *HK$million*	Relevant portion of the Revaluation Surplus attributable to the Group *HK$million*	Equity attributable to owners of the Company taking into account of the Revaluation Surplus and before the Share Repurchase *HK$million*	Equity attributable to owners of the Company taking into account of the Revaluation Surplus and upon Completion *HK$million*
Equity attributable to owners of the Company	7,452	5,665 (note 1)	13,117	12,827

Sources: "Unaudited pro forma financial information of the Group" in Appendix II to the Circular

Note 1: relevant portion of the Revaluation Surplus attributable to the Group is calculated by multiplying the full amount of the Revaluation Surplus by the Group's equity stake in KHI of 73.1%.

	Before the Share Repurchase	Upon Completion	Increase
NAV per Share*	HK$6.69	HK$7.42	10.91%

* *Revaluation surplus on hotel assets of HK$7,750 million as at 31 March 2012 was not recognised in the Company*'s consolidated financial statements, but adjusted for calculation of the NAV per Share.

As illustrated in Table 3b above, after taking into account of the Revaluation Surplus, on a pro forma basis, the enhancement in the NAV per Share would be even more favourable whereby the NAV per Share would be enhanced by approximately 10.91% from approximately HK$6.69 to approximately HK$7.42.

c) Gearing

Table 4a: Gearing before and after Completion

	Before the Share Repurchase	Upon Completion	Increase
Total liability/total equity	92.86%	96.14%	3.28%

Sources: the section headed "Financial effects of the Share Repurchase and Whitewash Waiver" in the Letter from the Board and the section headed "Unaudited pro forma financial information of the Group" in Appendix II to the Circular

As illustrated in Table 4a above, on a pro forma basis, assuming that the Share Repurchase had taken place on 31 March 2012, the Share Repurchase would have resulted in an increase in the Group's gearing (defined as total liability over total equity) from 92.86% to 96.14% or by approximately 3.28% primarily due to the reduction of share capital and reserves of approximately HK$289.90 million following the cancellation of the Repurchase Shares upon completion of the Share Repurchase.

Taking into account of the Revaluation Surplus, we re-calculated the gearing of the Group as per below:

Table 4b: Gearing before and after Completion

	Total equity as per unaudited pro forma financial information of the Group *HK$million*	Revaluation Surplus *HK$million*	Total equity taking into account of the Revaluation Surplus before the Share Repurchase *HK$million*	Total equity taking into account of the Revaluation Surplus upon Completion *HK$million*
Total equity	8,500	7,750	16,250	15,960

Sources: *"Unaudited pro forma financial information of the Group" in Appendix II to the Circular*

	Before the Share Repurchase	Upon Completion	Increase
Total liability/total equity*	48.57%	49.46%	0.89%

* *Revaluation surplus on hotel assets of HK$7,750 million as at 31 March 2012 was not recognised in the Company's consolidated financial statements, but adjusted for calculation of the gearing ratio.*

From the above Table 4b, we noted that the increase in gearing is not significant and taking into account of the Group's bank balances and cash of HK$1.37 billion as of 31 March 2012, we concur with the Company's view that the increase in gearing has no immediate adverse effect on the Company's operation given its ability to meet outstanding short term repayment obligation under the assumption that the Company will finance the payment of the consideration for the Share Repurchase with its surplus bank balances and cash.

d) Net current assets

Table 5: Net current assets before and after Completion

	Before the Share Repurchase *HK$('000)*	Upon Completion *HK$('000)*	Decrease
Current assets less current liabilities per Share	3,369,036	3,079,136	8.60%

Sources: the section headed "Financial effects of the Share Repurchase and Whitewash Waiver" in the Letter from the Board and the section headed "Unaudited pro forma financial information of the Group" in Appendix II to the Circular

As illustrated in Table 5 above, on a pro forma basis, the Share Repurchase would have resulted in a decrease in net current assets (defined as current assets minus current liabilities) of approximately 8.60%.

Assuming the Share Repurchase had taken place on 31 March 2012, the Company's net current assets as at 31 March 2012 would have decreased by HK$289.90 million from HK$3,369.04 million to HK$3,079.14 million, due to the deployment of bank balances and cash of HK$289.90 million for the funding of the Share Repurchase. In view of the Group's bank balances and cash of approximately HK$1.37 billion as at 31 March 2012 and other available sources of financing from domestic banks and other financial institutions given the Group's credit history, we consider such a decrease in net current assets as a result of the deployment of bank balances and cash for the funding of the Share Repurchase to be acceptable.

e) Shareholding structure

Following Completion, the Repurchase Shares will be cancelled and with reference to the section headed "Effects on Shareholding Structure of the Company" in the Letter from the Board, Penta's shareholding will be reduced from 28.5% to 19.1%. The percentage shareholding interest of all other Shareholders in the issued share capital of the Company will be proportionately increased following the cancellation of the Repurchase Shares and the resulting reduction in the number of issued Shares.

As a result of the Share Repurchase, the interest of the public Shareholders in the Company's total issued ordinary share capital will increase from approximately 27.4% to approximately 31.0%. As such, the Disinterested Shareholders who wish to retain their shareholdings in the Company will benefit from the increase in their proportionate shareholding in the Company after Completion.

4. Other Consideration

a) Funding

As stated in the paragraph headed "Funding the Share Repurchase" in the Letter from the Board, the Company will fund the Share Repurchase from the Company's cash reserves.

We have considered the strength of the Company's balance sheet, as of 31 March 2012, its bank balances and cash amounted to HK$1.37 billion and the financial effects of the Share Repurchase prepared on the assumption that the Company will finance the payment of the consideration for the Share Repurchase with its surplus bank balances and cash. As the Share Repurchase would have resulted in an enhancement in consolidated basic earnings per Share and NAV per Share on a pro forma basis as represented by the Company, also with the substantial bank balances and cash available to the Company, we consider it acceptable for the Company to deploy surplus bank balances and cash to finance the Share Repurchase.

b) Dividends

The Company paid a final dividend of HK$0.05 per Share for the year ended 31 March 2011 and the Directors have proposed a final dividend for the year ended 31 March 2012 of HK$0.05.

As confirmed by the Company, there is no plan or intention to alter its present dividend policy due to the Share Repurchase.

c) Stamp duty

All costs and expenses incurred in connection with the Share Repurchase Agreement and the transaction documents to which it is a party shall be paid by the party incurring such costs and expenses.

Any Hong Kong stamp duty (including interest and penalties) payable in respect of the sale and purchase of the Repurchase Shares shall be borne as to one-half by the Company and as to one-half by Penta.

As far as we are aware, there are usually two common practices in the marketplace for the settlement of the stamp duty for off-market share dealings, the stamp duty is either paid entirely by the purchaser of the shares or split as to half and half by the purchaser and the seller and the final arrangement is subject to commercial negotiations. We are of the view that the current arrangement (a) is a result of commercial negotiation between the parties concerned and (b) is in line with market practice. As such, we consider it to be on the whole, in the context of the Share Repurchase, fair and reasonable from the perspective of the Disinterested Shareholders.

V. THE WHITEWASH WAVIER

Following Completion, the interest of the Sumptuous Concert Group in the issued share capital of the Company will increase from approximately 44.41% as at the Latest Practicable Date to approximately 49.9% of the reduced issued share capital of the Company. Accordingly, the Share Repurchase will result in a mandatory offer obligation for all the Shares not already owned or agreed to be acquired by the Sumptuous Concert Group on the Sumptuous Concert Group pursuant to Rule 26 of the Takeovers Code. An application has been made by Sumptuous to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will also be subject to, among other things, the approval of the Disinterested Shareholders at the EGM by way of poll.

Based on our analysis of the business and financial performance and future prospects of the Company, the Repurchase Price, and the effect of the Share Repurchase as set out above, we consider that the Share Repurchase is in the long-term interests of the Company and the Shareholders as a whole and is fair and reasonable as far as the Disinterested Shareholders are concerned. If the Whitewash Waiver is not granted by the Executive or if the Whitewash Waiver is not approved by the Disinterested Shareholders, the Share Repurchase Agreement will be terminated in accordance with its terms and the Company will lose all the benefits that are expected to be brought by the successful completion of the Share Repurchase.

VI. RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Disinterested Shareholders, we have considered the above principal factors and reasons, in particular, the following:

a) the positive operating performance and solid financial position of the Company;

b) the increase in the Disinterested Shareholders' proportionate shareholding in the Company as Repurchase Shares will be cancelled upon Completion which is beneficial to those who wish to retain their shareholdings in the Company;

c) the Share Repurchase Price of HK$1.23 per Share was determined following arm's length commercial negotiations between the Company and Penta of which represents a 12.1% discount to the closing price of the Shares on the Last Trading Day and a discount of 67.6% to the audited net asset value per Share as at 31 March 2012 of the Company;

d) The positive pro forma financial effects of the Share Repurchase on the Group for the year ended 31 March 2012, prepared on the assumption that the Company will finance the payment of the consideration for the Share Repurchase with its surplus bank balances and cash.

Based on the above, we are of the opinion that the Share Repurchase is in the interest of the Company and the terms of the Share Repurchase Agreement to be fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the resolutions approving (i) the Share Repurchase Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver at the EGM.

Yours faithfully,
For and on behalf of
Investec Capital Asia Limited

Ambrose Lam	**Jimmy Chung**
Chief Executive Officer	*Executive Director*

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 March 2010, 2011 and 2012, as extracted from the relevant annual reports and annual results announcement of the Company.

	For the year ended 31 March			
	2012	**2011**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS				
Revenue	1,760,951	1,654,446	2,342,235	1,732,841
Profit before taxation	717,656	555,029	492,856	221,947
Income tax expense	(103,131)	(108,548)	(134,484)	(116,847)
Profit for the year	614,525	446,481	358,372	105,100
Attributable to :				
Owners of the Company	448,102	394,212	323,805	85,540
Non-controlling interests	166,423	52,269	34,567	19,560
Earnings per share	23 cents	21 cents	18 cents	5.3 cents
Dividends paid				
Interim	19,496	38,167	37,993	16,213
Final	95,913	76,093	37,663	161,176
	115,409	114,260	75,656	177,389
Dividends proposed				
Interim	19,496	38,167	37,993	16,213
Final *(Note 1)*	86,488	95,913	76,093	32,440
	86,507	134,080	114,086	48,653
Dividends proposed per share				
Interim	1 cent	2 cents	2 cents	1 cent
Final	5 cents	5 cents	4 cents	2 cents

	As at 31 March			
	2012	**2011**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Total assets	16,393,315	15,168,734	13,135,051	10,514,725
Total liabilities	(7,893,306)	(7,249,941)	(6,913,272)	(5,631,389)
	8,500,009	7,918,793	6,221,779	4,883,336
Non-controlling interests	(1,048,389)	(892,205)	(95,780)	(30,456)
Shareholders' funds	7,451,620	7,026,588	6,125,999	4,852,880

Notes:

1. The proposed final dividend for the year ended 31 March 2012 is estimated based on the proposed final dividend of HK5 cents per Share multiplied by the difference of the number of Shares outstanding as at the Latest Practicable Date and the Repurchased Shares. The total amount of final dividend for the year ended 31 March 2012 will only be finalised subsequent to the Latest Practicable Date.

2. There were no exceptional items or extraordinary items in each of the four financial years ended 31 March 2009, 2010, 2011 and 2012.

3. No qualified opinion has been issued by the Company's auditors, Deloitte Touche Tohmatsu, in respect of the financial statements for each of the three financial years ended 31 March 2009, 2010 and 2011.

4. The Company has paid out dividends for each of the four years ended 31 March 2012 and the Company has no plan to alter its dividend policy.

2. LATEST PUBLISHED FINANCIAL INFORMATION

Set out below are the latest published audited financial information of the Group for the year ended 31 March 2012 and 2011 respectively extracted from the annual results announcement and the annual report of the Company for the year ended 31 March 2012 and 2011 respectively.

(A) AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	NOTES	2012 *HK$'000*	2011 *HK$'000*
Revenue		1,760,951	1,654,446
Cost of sales and services		(778,045)	(787,867)
Depreciation and amortisation		(135,304)	(110,935)
Gross profit		847,602	755,644
Other income		18,181	18,055
Administrative expenses		(480,342)	(417,719)
KHI's initial public offering expenses		—	(22,506)
Gain on disposal of property, plant and equipment		380,799	1,285
Gain on disposal of a subsidiary		—	81,385
Other gains and losses	*4*	87,038	287,037
Share of results of associates		23,843	33,231
Share of results of jointly controlled entities		7,014	4,742
Finance costs	*5*	(166,479)	(186,125)
Profit before taxation		717,656	555,029
Income tax expense	*6*	(103,131)	(108,548)
Profit for the year	*7*	614,525	446,481
Attributable to:			
Owners of the Company		448,102	394,212
Non-controlling interests		166,423	52,269
		614,525	446,481
Earnings per share	*8*		
Basic (HK cents)		23	21
Diluted (HK cents)		23	21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	614,525	446,481
Other comprehensive income (expense):		
Exchange differences arising on translation of foreign operations	41,379	222,040
(Decrease) increase in fair value of available-for-sale investments	(17,763)	8,857
Revaluation increase on prepaid lease payments on transfer to investment properties	—	3,176
Deferred tax on revaluation increase of prepaid lease payments	—	(794)
Reclassify to profit or loss on disposal of available-for-sale investments	15,027	(37,591)
Other comprehensive income for the year	38,643	195,688
Total comprehensive income for the year	653,168	642,169
Total comprehensive income attributable to:		
Owners of the Company	468,578	570,237
Non-controlling interests	184,590	71,932
	653,168	642,169

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current Assets			
Investment properties		2,456,469	2,581,274
Property, plant and equipment		5,988,002	5,442,801
Prepaid lease payments		597,485	586,070
Goodwill		68,400	68,400
Other intangible assets		2,100	4,672
Interests in associates		256,158	209,010
Interests in jointly controlled entities		90,966	63,441
Available-for-sale investments		16,190	175,919
Financial assets at fair value through profit or loss		7,750	4,671
Deposit for acquisition of property, plant and equipment		149,315	121,357
Amounts due from associates		70,784	96,650
Amount due from jointly controlled entity		26,936	—
Amount due from investee company		119,995	119,995
Other receivables		141,407	136,896
Pledged deposits		25,252	12,928
		10,017,209	9,624,084
Current Assets			
Properties for sale			
Completed properties		100,699	132,490
Properties for/under development		3,797,152	2,718,531
Other inventories		10,719	8,225
Prepaid lease payments		18,867	13,636
Debtors, deposits and prepayments	*10*	280,570	229,326
Amounts due from associates		—	4,863
Tax recoverable		11,386	13,352
Available-for-sale investments		18,694	23,566
Financial assets at fair value through profit or loss		458	69,708
Derivative financial instruments		10	398
Pledged deposits		342,672	261,870
Restricted bank deposits		971	2,690
Bank balances and cash		1,374,980	1,986,347
		5,957,178	5,465,002
Assets classified as held for sale		418,928	79,648
		6,376,106	5,544,650

	NOTES	2012 HK$'000	2011 HK$'000
Current Liabilities			
Creditors and accruals	11	606,298	406,976
Obligations under finance leases		218	474
Amounts due to related companies		46,165	44,803
Amounts due to associates		12,877	17,950
Amounts due to non-controlling shareholders of subsidiaries		30,070	30,233
Customers' deposits received		197,140	176,100
Derivative financial instruments		1,245	751
Tax payable		345,774	308,266
Convertible bonds		—	716,785
Secured bank and other borrowings		1,764,289	1,112,991
		3,004,076	2,815,329
Liabilities associated with assets classified as held for sale		2,994	—
		3,007,070	2,815,329
Net Current Assets		3,369,036	2,729,321
Total Assets less Current Liabilities		13,386,245	12,353,405
Non-current Liabilities			
Secured bank and other borrowings		4,620,800	4,139,282
Obligations under finance leases		474	84
Derivative financial instruments		—	68,615
Deferred tax liabilities		234,888	226,631
Convertible bonds		30,074	—
		4,886,236	4,434,612
Net Assets		8,500,009	7,918,793
Capital and Reserves			
Share capital		195,976	191,826
Share premium		2,822,611	2,770,185
Reserves		4,433,033	4,064,577
Equity attributable to owners of the Company		7,451,620	7,026,588
Non-controlling interests		1,048,389	892,205
Total Equity		8,500,009	7,918,793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 Cycle[2]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments3
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012
[5] Effective for annual periods beginning on or after 1 January 2014

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements of the Group except those which may be relevant as disclosed below.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes requirements for financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 required all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant change of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's financial statements for the financial period beginning 1 April 2015 and may have impact on amounts reported in respect of the Group's equity available-for-sale investments currently stated at cost, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosure

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) — Int 12 "Consolidation — Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK(SIC) — Int 13 "Jointly Controlled Entities — Non-Monetary Contributions by Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint ventures and joint operations, depend on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied at the same time.

The directors anticipate that these standards will be adopted in the Group's financial period beginning 1 April 2013. However, the application of these standards may not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's financial period beginning 1 April 2013 and the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision maker. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operation and management, and car park operation in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

The following is an analysis of the Group's revenue and results by reportable and operating segments. Segment profit (loss) represents the pre-tax profit (loss) earned (incurred) by each segment without allocation of central administrative costs, directors' salaries and certain finance costs.

	Segment revenue		Segment profit (loss)	
	2012	**2011**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property development				
— Australia	3,533	85,425	(6,843)	(3,023)
— Hong Kong ("HK")	13,632	5,994	(13,719)	3,231
— Malaysia	736	922	2,354	(549)
— The People's Republic of China excluding HK ("PRC")	28,391	153,413	2,955	88,762
	46,292	245,754	(15,253)	88,421
Property investment				
— HK	28,365	24,436	155,673	241,922
— PRC	12,215	11,651	(3,914)	(245)
— Singapore	25,916	24,482	35,552	110,802
	66,496	60,569	187,311	352,479
Hotel operation and management				
— HK	707,866	517,073	660,284	287,837
— Malaysia	294,162	266,323	48,149	60,029
— PRC	94,069	83,704	(28,120)	(1,667)
— Singapore	—	—	(6,229)	(8,505)
— United Kingdom ("UK")	—	—	(717)	—
	1,096,097	867,100	673,367	337,694
Car park operation				
— Australia	518,496	446,091	42,433	42,482
— Malaysia	18,571	18,165	8,427	9,314
	537,067	464,256	50,860	51,796
Securities and financial product investments	12,583	15,739	(41,769)	4,120
Other operations	2,416	1,028	1,948	(6,068)
Segment revenue/segment profit	1,760,951	1,654,446	856,464	828,442
Unallocated corporate expenses			(63,032)	(87,288)
Finance costs			(75,776)	(186,125)
Profit before taxation			717,656	555,029
Income tax expense			(103,131)	(108,548)
Profit for the year			614,525	446,481

The following is an analysis of the Group's assets by reportable segments as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash.

	2012	2011
	HK$'000	*HK$'000*
Property development		
— Australia	1,513,133	688,946
— HK	730,396	664,244
— Malaysia	382,398	368,904
— PRC	1,772,613	1,581,883
	4,398,540	3,303,977
Property investment		
— HK	1,730,192	1,554,886
— PRC	3,671	4,515
— Singapore	605,411	579,693
	2,339,274	2,139,094
Hotel operation and management		
— HK	3,592,814	3,024,830
— Malaysia	1,071,588	1,048,077
— PRC	1,927,506	1,561,550
— Singapore	694,845	531,397
— UK	261,043	—
	7,547,796	6,165,854
Car park operation		
— Australia	707,176	702,202
— Malaysia	155,996	153,941
	863,172	856,143
Securities and financial product investments	50,763	340,019
Other operations	352,437	377,300
Segment assets	15,551,982	13,182,387
Unallocated corporate assets	841,333	1,986,347
Total assets	16,393,315	15,168,734

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

4. OTHER GAINS AND LOSSES

	2012	**2011**
	HK$'000	*HK$'000*
Increase in fair value of investment properties	148,302	312,796
Change in fair value of financial assets at fair value through profit or loss	145	421
(Loss) gain on disposal of available-for-sale investments	(15,027)	37,591
Change in fair value of investments held for trading	(9,975)	5,863
Change in fair value of derivative financial instruments	(34,403)	(64,482)
Loss on transfer of property inventory to investment properties	(2,004)	—
Allowance for amount due from a jointly controlled entity	—	(5,152)
	87,038	287,037

5. FINANCE COSTS

	2012	**2011**
	HK$'000	*HK$'000*
Interest on:		
Bank loans		
— wholly repayable within five years	172,730	151,765
— not wholly repayable within five years	40,203	38,002
Other loans wholly repayable within five years	785	1,070
Convertible bonds	35,709	49,001
Finance leases	29	21
Amortisation of front-end fee	16,889	15,381
Others	2,025	2,387
Total interest costs	268,370	257,627
Less: amounts capitalised to properties under development:		
— properties for sale	(76,360)	(50,463)
— properties for owners' occupation	(23,787)	(19,755)
— investment properties	(1,744)	(1,284)
	166,479	186,125

6. INCOME TAX EXPENSE

	2012	**2011**
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	53,922	36,499
People's Republic of China Enterprise Income Tax ("EIT")	5,390	20,324
People's Republic of China Land Appreciation Tax ("LAT")	3,652	31,295
Australia Income Tax	16,975	10,106
Malaysia Income Tax	12,481	3,821
Singapore Income Tax	132	926
	92,552	102,971
Deferred taxation	10,579	5,577
	103,131	108,548

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit of individual companies comprising the Group less unutilised tax losses brought forward where applicable.

"EIT" is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25%.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciated land value of the properties sold, less deduction in accordance with the relevant PRC Tax laws and regulations.

Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE YEAR

	2012	**2011**
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	14,761	131,041
Auditor's remuneration	11,569	8,511
Depreciation	138,392	121,480
Amortisation of prepaid lease payments	9,537	10,359
Less: Amount capitalised to properties under development for owners' occupation	(1,094)	(8,116)
	8,443	2,243
Amortisation of intangible assets	2,572	2,572
Amortisation of investment in a jointly controlled entity (included in share of results of jointly controlled entities)	2,904	2,904
Staff costs	423,377	365,228
Share of taxation of associates (included in share of results of associates)	869	872
and crediting:		
Rental income, net of outgoings of HK$20,033,000 (2011: HK$15,915,000)	93,389	77,508
Gain on disposal of property, plant and equipment:		
— Hotel property	380,288	—
— Others	511	1,285
	380,799	1,285
Dividend income from:		
Investment held for trading		
— Listed	1,847	697
Available-for-sale investments		
— Listed	2,244	622
— Unlisted	21	103
	4,112	1,422
Reversal of bad and doubtful debts	528	1,336
Bank interest income	3,808	2,123

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the consolidated profit for the year attributable to the owners of the Company of HK$448,102,000 (2011: HK$394,212,000) and the number of shares calculated as follows:

	2012	**2011**
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,932,776	1,907,404
Effect of dilutive potential ordinary shares — share options	—	2,610
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,932,776	1,910,014

The computation of diluted earnings per share for the year ended 31 March 2012 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computation does not assume the exercise of the Company's and its subsidiary's outstanding share options as the exercise prices of those options are higher than the average market prices of the Company's and its subsidiary's shares during the year.

The computation of diluted earnings per share for the year ended 31 March 2011 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computation does not assume the exercise of its subsidiary's outstanding share options as the exercise prices of those options are higher than the average market prices of its subsidiary's shares.

9. DIVIDENDS

	2012	**2011**
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend of HK1 cent (2011: interim dividend of HK2 cents) per share	19,496	38,167
Final dividend, paid for 2011 — HK5 cents (2011: Final dividend, paid for 2010 — HK4 cents) per share	95,913	76,093
	115,409	114,260

A final dividend for the year ended 31 March 2012 of HK5 cents (2011: HK5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to receive cash in lieu of new shares of the Company for the dividend proposed and paid during the year.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK$73,300,000 (2011: HK$73,079,000).

Trade debtors mainly comprise of receivable from renting of properties. No credit is allowed to the tenants of the properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. Credit period of 30 to 60 days are allowed to travel agents and corporate customers.

Sale of properties are settled according to the payment terms of individual contract but have to be fully settled before transfer of the legal titles.

The following is an aged analysis of trade debtors based on the invoice date:

	2012	**2011**
	HK$'000	*HK$'000*
0–60 days	63,441	62,688
61–90 days	4,192	5,431
Over 90 days	5,667	4,960
	73,300	73,079

11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK$255,372,000 (2011: HK$116,385,000). The following is an aged analysis of the trade creditors:

	2012	**2011**
	HK$'000	*HK$'000*
0–60 days	162,478	46,978
61–90 days	5,747	10,880
Over 90 days	87,147	58,527
	255,372	116,385

(B) AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Revenue	8	1,654,446	2,342,235
Depreciation and amortisation		(110,935)	(74,251)
Other cost of sales and services		(787,867)	(1,468,833)
Gross profit		755,644	799,151
Other income		19,340	16,874
Other gains and losses	9	368,422	85,607
Administrative expenses		(417,719)	(328,081)
Kosmopolito's initial public offering expenses		(22,506)	—
Share of results of associates		33,231	28,592
Share of results of jointly controlled entities		4,742	410
Finance costs	10	(186,125)	(109,697)
Profit before taxation		555,029	492,856
Income tax expense	11	(108,548)	(134,484)
Profit for the year	12	446,481	358,372
Attributable to:			
Owners of the Company		394,212	323,805
Non-controlling interests		52,269	34,567
		446,481	358,372
		HK cents	HK cents
Earnings per share	13		
Basic		21	18
Diluted		21	18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	2011 *HK$'000*	2010 *HK$'000* *(restated)*
Profit for the year	446,481	358,372
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	222,040	296,995
Revaluation increase on available-for-sale investments	8,857	59,580
Revaluation increase on property, plant and equipment and prepaid lease payments on transfer to investment properties	3,176	8,843
Deferred tax on revaluation increase	(794)	(2,211)
Reclassify to profit or loss on disposal of available-for-sale investments	(37,591)	4,394
Other comprehensive income for the year	195,688	367,601
Total comprehensive income for the year	642,169	725,973
Total comprehensive income attributable to:		
Owners of the Company	570,237	677,526
Non-controlling interests	71,932	48,447
	642,169	725,973

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At as 31 March 2011

	Notes	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
Non-current assets				
Investment properties	16	2,581,274	2,179,330	1,943,061
Property, plant and equipment	17	5,442,801	5,448,882	4,345,518
Prepaid lease payments	18	586,070	741,144	307,488
Goodwill	19	68,400	68,400	—
Intangible assets	20	4,672	7,244	—
Interests in associates	21	209,010	181,620	163,276
Interests in jointly controlled entities	22	63,441	75,291	72,112
Available-for-sale investments	23	175,919	308,056	83,282
Financial assets at fair value through profit or loss	24	4,671	4,574	6,903
Deposit for acquisition of property, plant and equipment		121,357	109,009	73,450
Amounts due from associates	25	96,650	90,443	90,318
Amount due from an Investec company	45	119,995	119,995	119,995
Other receivables	26	136,896	1,947	1,885
Pledged deposits	27	12,928	12,397	11,768
		9,624,084	9,348,332	7,219,056
Current assets				
Properties for sale	28			
Completed properties		132,490	198,363	488,890
Properties for/under development		2,718,531	1,688,234	1,705,278
Other inventories		8,225	6,452	4,431
Prepaid lease payments	18	13,636	19,116	9,295
Debtors, deposits and prepayments	29	229,326	229,387	151,676
Amounts due from associates	25	4,863	3,628	4,718
Amount due from a jointly controlled entity	45	—	5,152	15,234
Tax recoverable		13,352	15,082	13,454
Available-for-sale investments	23	23,566	20,897	163,751
Financial assets at fair value through profit or loss	24	69,708	19,561	28,351
Derivative financial instruments	30	398	1,708	8,255
Pledged deposits	27	261,870	17,368	14,404
Restricted bank deposits	27	2,690	269,829	9,024
Bank balances and cash	27	1,986,347	1,291,942	678,908
		5,465,002	3,786,719	3,295,669
Non-current assets held for sale	31	79,648	—	—
		5,544,650	3,786,719	3,295,669

	Notes	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
Current liabilities				
Creditors and accruals	32	406,976	423,593	379,626
Obligations under finance leases	33	474	1,256	1,015
Amounts due to directors	45	—	892	933
Amounts due to related companies	45	44,803	46,061	41,910
Amounts due to associates	45	17,950	17,952	15,894
Amounts due to minority shareholders	45	30,233	29,462	28,367
Customers' deposits received		176,100	81,811	81,505
Derivative financial instruments	30	751	208	—
Financial liabilities at fair value through profit or loss		—	—	121,845
Tax payable		308,266	249,473	192,619
Convertible bonds	36	716,785	—	—
Secured bank and other borrowings	34	1,112,991	1,235,783	1,009,219
		2,815,329	2,086,491	1,872,933
Net current assets		2,729,321	1,700,228	1,422,736
Total assets less current liabilities		12,353,405	11,048,560	8,641,792
Capital and reserves				
Share capital	35	191,826	190,638	162,200
Share premium		2,770,185	2,746,668	2,041,906
Reserves		4,064,577	3,188,693	2,648,774
Equity attributable to owners of the Company		7,026,588	6,125,999	4,852,880
Non-controlling interests		892,205	95,780	30,456
Total equity		7,918,793	6,221,779	4,883,336
Non-current liabilities				
Derivative financial instrument	30	68,615	44,266	—
Convertible bonds	36	—	751,013	228,995
Amount due to a minority shareholder	45	—	—	5,175
Deferred taxation	37	226,631	208,323	142,435
Obligations under finance leases	33	84	505	1,236
Secured bank and other borrowings	34	4,139,282	3,822,674	3,380,615
		4,434,612	4,826,781	3,758,456
		12,353,405	11,048,560	8,641,792

The consolidated financial statements on pages I-16 to I-92 were approved and authorised for issue by the Board of Directors on 27 June 2011 and are signed on its behalf by:

Deacon Te Ken CHIU	**Tan Sri Dato' David CHIU**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to equity holders of the Company												
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (note)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April, 2009 as originally stated	162,200	2,041,906	253	7,228	(36,560)	(60,648)	2,784	95,049	1,038,709	1,492,623	4,743,544	30,456	4,774,000
Effect of changes in accounting policies	—	—	—	—	—	—	—	—	—	109,336	109,336	—	109,336
At 1 April 2009 as restated	162,200	2,041,906	253	7,228	(36,560)	(60,648)	2,784	95,049	1,038,709	1,601,959	4,852,880	30,456	4,883,336
Profit for the year	—	—	—	—	—	—	—	—	—	323,805	323,805	34,567	358,372
Revaluation increase on available-for-sale investments	—	—	—	—	59,580	—	—	—	—	—	59,580	—	59,580
Exchange difference on translation of foreign operations	—	—	—	—	—	283,115	—	—	—	—	283,115	13,880	296,995
Reclassify to profit or loss on disposal of available-for-sale investments	—	—	—	—	4,394	—	—	—	—	—	4,394	—	4,394
Revaluation increase on property, plant and equipment on transfer of investment properties less deferred tax	—	—	—	6,632	—	—	—	—	—	—	6,632	—	6,632
Other comprehensive income for year	—	—	—	6,632	63,974	283,115	—	—	—	—	353,721	13,880	367,601
Total comprehensive income for the year	—	—	—	6,632	63,974	283,115	—	—	—	323,805	677,526	48,447	725,973
Shares issued in lieu of cash dividend, net of expenses	2,325	44,298	—	—	—	—	—	—	—	—	46,623	—	46,623
Issue of 2015 Bond	—	—	—	—	—	—	—	39,410	—	—	39,410	—	39,410
Deferred tax on equity component of 2015 Bond	—	—	—	—	—	—	—	(6,042)	—	—	(6,042)	—	(6,042)
Shares issued on conversion of 2013 Bond	7,708	340,768	—	—	—	—	—	(113,831)	—	—	234,645	—	234,645
Reversal of deferred tax on equity component of 2013 Bond	—	—	—	—	—	—	—	18,782	—	—	18,782	—	18,782
Acquisition of assets	8,172	141,330	—	—	—	—	—	—	—	—	149,502	—	149,502
Acquisition of business	10,233	179,075	—	—	—	—	—	—	—	—	189,308	52,944	242,252
Recognition of equity-settled share based payments	—	—	—	—	—	—	2,353	—	—	—	2,353	—	2,353
Shares issue expenses	—	(709)	—	—	—	—	—	—	—	—	(709)	—	(709)
Convertible bonds issue expenses	—	—	—	—	—	—	—	(2,623)	—	—	(2,623)	—	(2,623)
Dividends paid	—	—	—	—	—	—	—	—	—	(75,656)	(75,656)	—	(75,656)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(36,067)	(36,067)
At 31 March 2010	190,638	2,746,668	253	13,860	27,414	222,467	5,137	30,745	1,038,709	1,850,108	6,125,999	95,780	6,221,779

	Attributable to equity holders of the Company												
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Assets revaluation reserve** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Share options reserve** *HK$'000*	**Convertible bond equity reserve** *HK$'000*	**Other reserve** *HK$'000* *(note)*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
Profit for the year	—	—	—	—	—	—	—	—	—	394,212	394,212	52,269	446,481
Revaluation increase on available-for-sale investments	—	—	—	—	8,857	—	—	—	—	—	8,857	—	8,857
Exchange difference on translation of foreign operations	—	—	—	—	—	203,020	—	—	—	—	203,020	19,020	222,040
Reclassify to profit or loss on disposal on available-for-sale investments	—	—	—	—	(37,591)	—	—	—	—	—	(37,591)	—	(37,591)
Revaluation increase on prepaid lease payments on transfer to investment properties less deferred tax	—	—	—	1,739	—	—	—	—	—	—	1,739	643	2,382
Other comprehensive income for the year	—	—	—	1,739	(28,734)	203,020	—	—	—	—	176,025	19,663	195,688
Total comprehensive income for the year	—	—	—	1,739	(28,734)	203,020	—	—	—	394,212	570,237	71,932	642,169
Shares issued in lieu of cash dividend, net of expenses	1,595	32,410	—	—	—	—	—	—	—	—	34,005	—	34,005
Repurchase of own shares	(407)	(8,893)	—	—	—	—	—	—	—	—	(9,300)	—	(9,300)
Repurchase of 2015 Bond	—	—	—	—	—	—	—	(8,206)	—	1,956	(6,250)	—	(6,250)
Reversal of deferred tax on equity component on repurchase of partial 2015 Bond	—	—	—	—	—	—	—	1,428	—	—	1,428	—	1,428
Decrease in interest in Kosmopolito	—	—	—	—	—	—	—	—	417,926	—	417,926	723,060	1,140,986
Reclassify previously recognised post-acquisition reserves on spin-off of Kosmopolito	—	—	—	(1,791)	—	(20,475)	—	—	64,097	(41,831)	—	—	—
Recognition of equity-settled share based payments	—	—	—	—	—	—	6,803	—	—	—	6,803	3,299	10,102
Dividends paid	—	—	—	—	—	—	—	—	—	(114,260)	(114,260)	—	(114,260)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(1,866)	(1,866)
At 31 March 2011	191,826	2,770,185	253	13,808	(1,320)	405,012	11,940	23,967	1,520,732	2,090,185	7,026,588	892,205	7,918,793

Note:

Other reserve arises from (a) group reorganisation in 1991 representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; and (b) gain on decrease in interest in Kosmopolito, details of which are set out in note 38(a).

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Operating activities		
Profit before taxation	555,029	492,856
Adjustments for:		
Share of results of jointly controlled entities	(4,742)	(410)
Share of results of associates	(33,231)	(28,592)
Depreciation and amortisation	123,723	81,320
Dividend from listed investments	(1,422)	(7,130)
Interest income	(2,123)	(3,679)
Interest expenses	186,125	109,697
Allowance for amount due from jointly controlled entity	5,152	13,200
Amortisation for intangible assets	2,572	1,756
Gain on disposal of a subsidiary	(81,385)	—
Increase in fair value of investment properties	(312,796)	(166,197)
Amortisaton of issue expenses on convertible bonds	2,690	3,443
(Gain) loss on disposal of available-for-sales investments	(37,591)	4,394
Change in fair value of investments held for trading	(5,863)	(7,367)
Change in fair value of financial assets at fair value through profit or loss	(421)	(3,731)
Change in fair value of derivative financial instruments	64,482	61,441
Change in fair value on financial liabilities at fair value through profit or loss	—	7,725
Recognition of share-based payments	10,102	2,353
(Gain) loss on disposal of property, plant and equipment	(1,285)	9
Loss on disposal of an associate	—	4,928
Settlement of second mortgage loan receivables	635	23,019
Operating cash flows before movements in working capital	469,651	589,035
(Increase) decrease in properties for sale	(626,055)	609,958
Increase in other inventories	(1,773)	(1,747)
Increase in debtors, deposits and prepayments	(1,638)	(76,890)
Increase in amount due from jointly controlled entities	—	(3,118)
(Increase) decrease in investments held for trading	(43,649)	6,787
Increase in derivative financial instruments	(38,280)	(26,070)
Decrease in creditors and accruals	(10,969)	(1,992)
Increase (decrease) in customers' deposits received	85,386	(302)
(Increase) decrease in amount due from associates	(3,332)	1,090
Cash (used in) generated from operations	(170,659)	1,096,751
Income tax paid	(50,237)	(85,131)
Net cash (used in) from operating activities	(220,896)	1,011,620

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Investing activities			
Acquisition of property, plant and equipment		(372,644)	(608,406)
Addition of prepaid lease payments		(24,509)	(402,106)
Addition of investment properties		(7,854)	(15,338)
Net cash inflow from disposal of a subsidiary	*38(b)*	289,044	—
Acquisition of subsidiaries, net of bank balances and cash acquired	*38(c)*	—	6,835
Contribution to a jointly controlled entity		—	(1,562)
Proceeds from disposal of property, plant and equipment		3,945	3,925
Proceeds from disposal of financial assets at fair value through profit or loss		7,721	78,248
Purchase of financial assets at fair value through profit or loss		(8,032)	(62,818)
Proceeds from disposal of investments properties		14,200	108,639
Purchase of available-for-sale investments		(122,666)	(87,514)
Proceeds from disposal of available-for-sale investments		260,991	60,780
Deposit paid for acquisition of property, plant and equipment		(12,348)	(34,909)
Increase in pledged deposits		(245,033)	(1,956)
Decrease (increase) in restricted bank deposits		273,112	(259,582)
(Advance to) repayment from associates		(1,235)	—
Capital refund from a jointly controlled entity		10,276	—
Dividend received from associates		5,841	5,320
Dividend and distribution received from a jointly controlled entity		6,927	1,130
Dividend received from listed investments		1,422	7,130
Bank interest received		2,123	3,679
Net cash from (used in) investing activities		81,281	(1,198,505)

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Financing activities			
Share issue expenses		(47,014)	(749)
Convertible bonds issue expenses		—	(2,041)
Repurchase of own shares		(9,376)	—
Repurchase of convertible bonds		(59,173)	(10,607)
Redemption of convertible bonds		—	(118,963)
Proceeds from issue of convertible bonds		—	800,000
Proceeds from offer for sale Kosmopolito's shares to non-controlling shareholders		1,188,000	—
New bank and other borrowings raised		600,941	1,131,329
Repayments of bank and other borrowings		(559,858)	(795,431)
Repayments of obligations under finance leases		(1,399)	(1,228)
Repayment to a director		(892)	(41)
(Repayment to) advance from related companies		(3,160)	3,773
(Repayment to) advance from associates		(2)	2,058
Dividends paid		(80,255)	(29,033)
Advance from (repayment to) minority shareholders		771	(4,080)
Dividend paid to a non-controlling shareholder		(1,866)	(36,067)
Interest paid		(224,432)	(157,192)
Net cash from financing activities		802,285	781,728
Net increase in cash and cash equivalents		662,670	594,843
Cash and cash equivalents brought forward		1,291,942	678,908
Effect of foreign exchange rate changes		31,735	18,191
Cash and cash equivalents carried forward		1,986,347	1,291,942
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		1,986,347	1,291,942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Group are property development and investment, hotel operations, car park operation and treasury management.

During the year, the Company together with a subsidiary, Kosmopolito Hotels International Limited ("Kosmopolito" formerly known as Hong Kong Hotel REIT Holdings Limited) offered for sale of an aggregate of 540,000,000 ordinary shares of Kosmopolito to the public. Since then, Kosmopolito has been separately listed on the Stock Exchange on 11 October 2010 and the Company's interest in Kosmospolito has been reduced from 100% to 73%. Details of the transactions are disclosed in note 38(a).

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HongKong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised in 2008)	Business Combinations
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as disclosed below, the adoption of the new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements for the current or prior accounting periods.

(a) HKFRS 3 (revised in 2008) and HKAS 27 (revised in 2008)

The Group applied HKFRS 3 (revised in 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (revised in 2008) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

On application of HKAS 27 (revised in 2008), the gain resulting from the spin off of Kosmopolito of HK$417,926,000 has been recognised in equity. Details are set out in note 38(a). Had the previous accounting policy been applied, the gain would have been recognised in profit or loss.

(b) Amendment to HKAS 17

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, leasehold land was required to be classified as operating leases and present as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that are based on the extent to which risk and reward incidental to ownership of a leased asset lie with the lessor or the lessee.

In accordance with the transitional provisions of HKAS 17 "Lease", the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of leases. Leasehold lands that qualified for finance lease classification have been reclassified from prepaid lease payments to property, plant and equipment retrospectively. As a result of the reclassification of prepaid lease payments with carrying amounts of HK$1,203,562,000 and HK$1,208,997,000 as at 1 April 2009 and 31 March 2010 respectively to property, plant and equipment, the carrying amounts of property, plant and equipment are increased by the same amount from HK$3,141,956,000 and HK$4,239,885,000 as at 1 April 2009 and 31 March 2010 to HK$4,345,518,000 and HK$5,448,882,000 and the prepaid lease payments are decreased from HK$1,520,345,000 and HK$1,969,257,000 as at 1 April 2009 and 31 March 2010 to HK$316,783,000 and HK$760,260,000 respectively. The carrying amount of such leasehold land at 31 March 2011 of HK$1,056,220,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and the prior periods.

(c) Hong Kong Interpretation 5

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK Int 5") clarifies that term loans that include a clause that giving the lender the unconditional right to call the loans for repayment at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

At the end of the reporting period, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$87,381,000 have been reclassified from non-current liabilities to current liabilities. Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see "liquidity risk" section in note 6b for details). As at 1 April 2009 and 31 March 2010, the Group did not have any non-current bank loans that would be demanded for immediate repayment and therefore reclassification is not required. The application of HK Int 5 has had no impact on the reported profit or loss.

(d) Amendments to HKAS 12

Amendments to HKAS 12 "Income Tax" titled Deferred Tax: Recovery of Underlying Assets have been applied in advance of their mandatory effective date (which is the annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets. The remeasurement of deferred tax on the investment properties in Hong Kong and Singapore has resulted in a decrease in deferred tax liability by HK$109,336,000 and HK$128,870,000 at 1 April 2009 and 31 March 2010 respectively with the corresponding adjustment being recognised in retained profits. The application of the amendment has resulted in profit for the year increases by HK$44,813,000 as deferred tax is no longer provided for the fair value increase in certain investment properties.

Summary of financial effect

The effects of changes in accounting policies on the results of the Group by line items and the earnings per share for the current and prior years due to (a) application of new and revised HKFRS described above; and (b) the finalisation of calculation of goodwill on prior year's business combination as detailed in note 38(c) and are as follows:

	2011		2010	
	Impact on profit	Impact on basic and diluted earnings per share	Impact on profit	Impact on basic and diluted earnings per share
	HK$'000	*HK cents*	*HK$'000*	*HK cents*
Decrease in deferred taxation expense arising from amendments to HKAS 12 "Income Taxes"	44,813	2	19,534	1
Decrease in deferred taxation expense arising from fair value adjustment of intangible assets	772	—	527	—
Increase in amortisation expense of intangible assets	(2,572)	—	(1,756)	—
Gain resulting from spin-off of Kosmopolito recognised in equity	(417,926)	(22)	—	—
Total adjustments	(374,913)	(20)	18,305	1

The effects of the above changes on the financial positions of the Group as at 1 April 2009 and 31 March 2010 is as follows:

	As at 1.4.2009			As at 31.3.2010			
	Originally stated	Adjustment (i)	Restated	Originally stated	Adjustment(i)	Adjustment(ii)	Restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	3,141,956	1,203,562	4,345,518	4,239,885	1,208,997	—	5,448,882
Prepaid lease payments	1,520,345	(1,203,562)	316,783	1,969,257	(1,208,997)	—	760,260
Goodwill	—	—	—	73,047	—	(4,647)	68,400
Intangible assets	—	—	—	—	—	7,244	7,244
Deferred tax liabilities	(251,771)	109,336	(142,435)	(335,020)	128,870	(2,173)	(208,323)
Total effect on assets and liabilities		109,336			128,870	424	
Retained profits	1,492,623	109,336	1,601,959	1,722,467	128,870	(1,229)	1,850,108
Non-controlling interests	30,456	—	30,456	94,127	—	1,653	95,780
Total effect on equity		109,336			128,870	424	

(i) Adjustment due to amendments to HKAS 12 and HKAS 17.

(ii) Adjustment to provisional goodwill, recognition of intangible assets and deferred tax thereon and non-controlling interests.

New and revised standards and interpretation issued but not yet effective

Except for Amendments to HKAS 12 "Income Tax" disclosed above, the Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of Interests in Other Entities[5]
HKFRS 13	Fair Value Measurement[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised 2011)	Separate Financial Statements[5]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[5]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income wouldcreate or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liabilities as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of HKFRS 9 may have an impact on the measurement and classification of the Group's available-for-sale investments, which will be measured at fair value. However, it is not practicable to provide a reasonable estimateof that effect until a detailed review has been completed.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of HongKong Limited and by the HongKong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certaininvestment properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company, its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses have been eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in other reserve and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units, (or groups of cash-generating units), that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes as follows:

- Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities. Sales of goods other than properties are recognised when goods are delivered and title has passed.

- Revenue from hotel operations is recognised when the relevant services are provided.

- Revenue from car park operations is recognised when the relevant facilities are provided.

- Rental income from properties under operating leases is recognised on an straight-line basis over the periods of the respective tenancies.

- Building management fee income is recognised when the relevant services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation including properties under construction for such purpose.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Property, plant and equipment

Property, plant and equipment other than buildings and hotel under development are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than buildings and hotel under development less their residual values over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of properties, plant and equipment, the difference between the sales disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

Properties for/under development

Hotel under development held for owner's operation are stated at cost less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period. No depreciation is provided on the cost of the buildings until hotel operation commences.

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation charge for the leasehold land is included as part of the costs of the buildings under construction during the construction period. If the leasehold land is accounted for as finance lease, the cost of land is included within hotel properties under development.

Properties which are intended for sale after completion of development are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sales under current assets as they are expected to be realised in one year, or are intended for sale within the Group's normal operating cycle. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the Investec but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of profit or loss and other comprehensive income of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Joint ventures

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to sale, which should be expected to quality for recognition as a completed sale within one year from the date of classification.

Non-current assets except for investment properties classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Except for impairment or goodwill and financial assets, details of which are stated in their respective policies, an impairment loss of all other assets is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

Other inventories

Other inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using First-in First-out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into "financial assets at fair value through profit or loss", "available-for-sale investments" and "loans and receivables". All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables (including amounts due from associates, Investec company, jointly controlled entity and debtors, pledged deposits, restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition, if it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each reporting date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss and any further impairment losses on such assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Impairment of financial assets

Financial assets, other than those designated at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liability carried at fair value through profit or loss are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Convertible bonds

Convertible bonds issued by the Group with conversion option that will be settled by the exchange of a fixed amount of cash or a fixed number of the Company's own equity instruments are separated into two components, liability and equity elements. Such convertible bonds are classified separately into respective items on initial recognition.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in convertible bond equity reserve under equity.

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the conversion option is exercised in which case the balance stated in convertible bond equity reserve will be transferred to share premium. Where the conversion option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or at the expiry date of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly against equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

When an entity extinguishes a convertible instrument before maturity through repurchase in which the original conversion privileges are unchanged, the entity allocates the consideration paid and any transaction costs for the repurchase to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued.

Once the allocation of the consideration is made, any resulting gain or loss is treated in accordance with accounting principles applicable to the related component, as follows:

(a) the amount of gain or loss relating to the liability component is recognised in profit or loss; and

(b) the amount of consideration relating to the equity component is recognised in equity.

Other financial liabilities

Other financial liabilities (including creditors, amounts due to directors, related companies, associates, minority shareholders and a jointly controlled entity and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying financial liability at initial recognition. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in its functional currency, the currency of the primary economic environment in which the entity operates, at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company, the Hong Kong dollars, at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

From 1 January 2010 onwards, on the disposal of a foreign operation (i.e. 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 jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, 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 (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

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

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment

Share options granted to employees after 7 November 2002 and vested on or after 1 April 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

At the time when the Group modifies the terms and conditions of the share options previously granted, if the modification increases the fair value of the equity instruments granted measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

Share options granted to employees on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 April 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated statement of comprehensive income in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Equity instruments issued in exchange for assets

Equity instruments to acquire assets are measured at the fair values of the assets received, unless that fair value cannot be reliably measured, in which case the assets received are measured by reference to the fair value of the equity instruments granted.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liabilities are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all deductible temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced tothe extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset tobe recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties are presumed to be recovered through sale.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Fair value of derivative financial instruments

The Group relies on the valuations provided by financial institutions to determine the fair values of the interest rate swaps which is based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Judgment is required for the variables used in arriving at these fair values. Changes in the underlying assumptions could materially impact profit and loss.

Allowances for bad and doubtful debts

The Group makes allowances for bad and doubtful debts when there is objective evidence that debtors balances are impaired. The balances of the debtors are based on the present value of estimated future cash flows discounted at the effective rate computed at initial recognition. The directors involved a considerable amount of judgement in assessing the ultimate realisation of these receivables including the current credit worthiness and the past collection history of each debtors. If the financial credit of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments and therefore affect the estimated future cash flow, additional allowance may be required.

Deferred tax

The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine whether deferred tax assets would be recognised based on profit projections of the Group and the expected reversal of taxable temporary differences for coming years during which the deferred tax assets are expected to be utilised. The directors of the Company will review the probability of utilising tax losses in future at the end of each financial period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the relevant cash-generating units, to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from cash-generated unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March, 2011, the carrying amount of goodwill is HK$68,400,000 (2010: HK$68,400,000). Details of the recoverable amount calculation are disclosed in note 19.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use arising from the rights to manage the operation of certain carparks. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the right and a suitable discount rate in order to calculate the present value. When the actual cash flows are less than expected, an impairment loss may arise.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The capital structure of the Group consists of net debt, which includes borrowings less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Group's actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged from prior year.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2011 *HK$'000*	2010 *HK$'000* *(restated)*
Financial assets		
Financial assets at fair value through profit or loss		
Held for trading investments	61,689	12,177
Designated at fair value through profit or loss	12,690	11,958
Derivative financial instruments	398	1,708
Available-for-sale investments	199,485	328,953
Loans and receivables	2,791,998	2,030,396
	3,066,260	2,385,192
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	69,366	44,474
Other financial liabilities stated at amortised cost	6,453,175	6,304,286
	6,522,541	6,348,760

b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The management monitors and manages the financial risk of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The policies on how to mitigate these risks are set out below.

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, interest bearing receivable and variable-rate bank and other borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of interest rate on its future interest payments on the bank borrowing which carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), HK$ Prime Lending Rate, People's Bank of China Prescribed Interest Rate ("PBOC"), Singapore Swap Offered Rate ("S$ SOR"), Malaysia Base Lending Rates ("BLR") and Australia Bank Bill Swap Reference Rate ("BBSW").

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, HK$ Prime Lending Rate, PBOC, S$ SOR, BLR and BBSW arising from the Group's bank borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate borrowings and receivables. The sensitivity analysis considers only borrowings which are the only items having significant impact on the financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50 basis points (2010: 50 basis points) and all other variables were held constant, the Group's profit after taxation would decrease/increase by HK$15,301,000 (2010: HK$12,964,000) and the interest capitalised would increase/decrease by HK$7,039,000 (2010: HK$9,283,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

Foreign currency risk

Several subsidiaries of the Company have transactions denominated in foreign currencies, which exposure the Group to foreign currency risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities, at the reporting date are as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Assets		
Australian Dollar	70,137	24,594
Japanese Yen	6,874	3,698
Renminbi	6,293	4,745
Canadian Dollars	4,970	6,197
United States Dollars ("USD")	139,281	13,277
Euro	—	15,107
Singapore Dollars ("SGD")	443	902
Liabilities		
Euro	26,960	—
Malaysia Ringgit	8,762	—

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% (2010: 10%) strengthening in the HK$against the relevant foreign currencies, while all other variables are held constant. Since Hong Kong dollars are pegged to USD under the Linked Exchange Rate System, the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and USD. The Group's exposure to foreign currency risks is mainly on currencies other than USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK$ strengthens 10% against the relevant foreign currency.

	(Decrease) Increase in profit after tax	
	2011	**2010**
	HK$'000	*HK$'000*
Australian Dollars	(5,856)	(2,053)
Japanese Yen	(574)	(309)
Renminbi	(525)	(397)
Canadian Dollars	(415)	(518)
Euro	2,251	(1,262)
SGD	(37)	(75)
Malaysia Ringgit	732	—

For a 10% weakening of HK$ adjust the relevant foreign currencies, these would be an equal and opposite impact on profit.

In the management's opinion, the sensitivity analysis in unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products classified under available-for-sale investments, investment held for trading and derivative financial instruments.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity securities has been 10% (2010: 10%) higher/lower:

- profit after tax would increase/decrease by HK$5,821,000 (2010: increase/decrease HK$1,017,000) as a result of the changes in fair value of held for trading investments.
- investment revaluation reserve would increase by HK$16,631,000 (2010: HK$26,696,000) as a result of the changes in fair value of available-for-sale investments.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial positions and the contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in note 41(a). In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group has no significant concentration of credit risk, except for the amount due from an investee company, associates and other receivables, which in aggregate, constitute over 10% of the total financial assets, with exposure spread over a number of counter parties and customers. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank deposits and pledged deposits is limited because the counterparties are banks or financial institutions with high credit ratings.

Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Company, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and longer term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clauseare included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate	**On demand or 0–180 days**	**181–365 days**	**One to three years**	**Three to five years**	**Over five years**	**Total**	**Carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2011								
Non-interest bearing	N/A	483,559	—	—	—	—	483,559	483,559
Fixed interest rate instruments	5.94	13,622	13,370	54,586	55,301	30,969	167,848	134,720
Variable interest rate instruments	2.55	750,560	471,663	3,530,892	419,972	285,369	5,458,456	5,117,553
Convertible bonds	3.63	13,449	751,538	—	—	—	764,987	716,785
Obligation under finance leases	2.7	237	237	86	—	—	560	558
Financial guarantee contract (note)	N/A	123,426	—	—	—	—	123,426	—
		1,384,853	1,236,808	3,585,564	475,273	316,338	6,998,836	6,453,175

	Weighted average interest rate	**On demand or 0–180 days**	**181–365 days**	**One to three years**	**Three to five years**	**Over five years**	**Total**	**Carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2010								
Non-interest bearing	N/A	493,055	—	—	—	—	493,055	493,055
Fixed interest rate instruments	5.84	17,387	17,409	69,873	60,277	59,487	224,433	184,554
Variable interest rate instruments	2.40	793,731	534,026	931,068	2,682,575	361,127	5,302,527	4,873,903
Convertible bonds (restated)	3.63	13,449	13,376	764,988	—	—	791,813	751,013
Obligation under finance leases	2.6	606	671	507	—	—	1,784	1,761
Financial guarantee contract (note)	—	127,006	—	—	—	—	127,006	—
		1,445,234	565,482	1,766,436	2,742,852	420,614	6,940,618	6,304,286

Note: The amounts presented are the maximum liabilities the Group could be required to settle. However, the amount is subject to change depending on the probability of claims against the Group due to defaults of the counterparties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable.

Bank loans with a repayment on demand clause of the carrying amount of HK$87,381,000 are includedin the "on demand or 0–180 days" time band in the above maturity analysis. Taking into account the Group's financial position, the directors believe that it is not probable that the banks will exercise their discretionary rights to demand immediate repayment and such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. On this basis, the interest and principal cashflows for these bank loans in the above analysis for the outstanding amount at 31 March 2011 would be as follows:

On demand or 0–180 days	**181–365 days**	**One to three years**	**Three to five years**	**Over five years**	**Total undiscounted cashflow**	**Carrying amount**
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
3,371	3,003	93,028	1,389	752	101,543	87,381

The cashflows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

c. Fair value measurement of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

— the fair value of listed available-for-sale investments and investment held for trading with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.

— the fair value of other financial assets at fair value through profit or loss is determined using generally accepted pricing models based on discounted cash flow using prices or rates from current market transactions.

— the fair value of the financial liabilities at fair value through profit or loss is determined based on discounted cash flow model and black-scholes model using prices or rates of similar instruments with key inputs such as weighted average share price, expected validity, risk free rate and expected dividend yield.

— the fair value of derivative financial instruments are determined in accordance with generally accepted pricing models based on data obtained from current market transactions or dealer quotes for similar instruments.

— the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that included inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets measured in different levels recognised in the statement of financial position are as follows:

	31.3.2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL				
Derivative financial assets	—	398	—	398
Non-derivative financial assets held for trading	61,689	—	—	61,689
Financial assets designated at fair value through profit or loss	—	—	12,690	12,690
	61,689	398	12,690	74,777
Available-for-sale financial assets				
Listed equity securities	78,454	—	—	78,454
Unlisted debt securities	—	64,292	—	64,292
Investment funds	—	23,566	—	23,566
Total	78,454	87,858	—	166,312
Financial liabilities at FVTPL				
Derivative financial liabilities	—	69,366	—	69,366

	31.3.2010			
Financial assets at FVTPL				
Derivative financial assets	—	1,708	—	1,708
Non-derivative financial assets held for trading	12,177	—	—	12,177
Financial assets designated at fair value through profit or loss	—	—	11,958	11,958
	12,177	1,708	11,958	25,843
Available-for-sale financial assets				
Listed equity securities	198,522	—	—	198,522
Unlisted debt securities	—	48,009	—	48,009
Investment funds	—	20,432	—	20,432
Total	198,522	68,441	—	266,963
Financial liabilities at FVTPL				
Derivative financial liabilities	—	44,474	—	44,474

There were no transfers between Level 1, 2 and 3 in the current year.

Reconciliation of Level 3 fair value measurements of financial assets at fair value through profit or loss is as follows:

	2011	**2010**
	HK$'000	*HK$'000*
At 1st April	11,958	23,657
Gain from change in fair value recognised in profit or loss	421	3,731
Purchases	8,032	62,818
Disposals	(7,721)	(78,248)
At 31st March	12,690	11,958

7. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision maker. Information reported to the Group's chief operating decision makers who are the executive directors of the Company for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operation and car park operation in each of the geographical locations as stated below and securities and financial product investments. Other operations mainly include provision of engineering services and second mortgage loans.

The following is an analysis of the Group's revenue and results by reportable segment. The accounting policies adopted in preparing segment profit (loss) are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the pre-tax profit (loss) earned (incurred) by each segment without allocation of central administrative costs, directors' salaries, change in fair value on financial liabilities at fair value through profit or loss and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	Segment revenue		Segment profit (loss)	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property development				
— Australia	85,425	916,495	(3,023)	54,761
— HongKong ("HK")	5,994	62,363	3,231	43,324
— Other regions in the People's Republic of China ("PRC")	153,413	397,547	88,762	220,095
— Malaysia	—	—	(549)	(20)
	244,832	1,376,405	88,421	318,160
Property investment				
— HK	24,436	25,934	241,922	136,939
— PRC	11,651	10,725	(245)	3,722
— Singapore	24,482	21,098	110,802	57,697
	60,569	57,757	352,479	198,358
Hotel operation				
— HK	517,073	339,913	287,837	101,747
— Malaysia	266,323	241,782	60,029	55,032
— PRC	83,704	34,558	(1,667)	612
— Singapore	—	—	(8,505)	(405)
	867,100	616,253	337,694	156,986
Car park operation				
— Australia	446,091	270,881	42,482	29,482
— Malaysia	18,165	7,997	9,314	3,629
	464,256	278,878	51,796	33,111
Securities and financial product investments	15,739	6,348	4,120	(40,149)
Other operations	1,950	6,594	(6,068)	3,572
Segment revenue/segment profit	1,654,446	2,342,235	828,442	670,038
Unallocated corporate expenses			(87,288)	(59,760)
Decrease in fair value on financial liabilities at fair value through profit or loss			—	(7,725)
Finance costs			(186,125)	(109,697)
Profit before taxation			555,029	492,856
Income tax expense			(108,548)	(134,484)
Profit for the year			446,481	358,372

The following is an analysis of the Group's assets by reportable segment. Segment assets represents assets held by each segment without allocation of corporate assets which are mainly bank balances and cash.

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Property development		
— PRC	1,581,883	1,701,343
— HK	664,244	472,180
— Australia	688,946	527,185
— Malaysia	368,904	241,823
	3,303,977	2,942,531
Property investment		
— HK	1,554,886	1,271,166
— Singapore	579,693	421,950
— PRC	4,515	2,604
	2,139,094	1,695,720
Hotel operation		
— HK	3,024,830	2,839,156
— PRC	1,561,550	1,443,151
— Malaysia	1,048,077	1,000,083
— Singapore	531,397	419,092
	6,165,854	5,701,482
Car park operation		
— Australia	702,202	635,552
— Malaysia	153,941	151,004
	856,143	786,556
Securities and financial product investments	340,019	423,401
Other operations	377,300	293,419
Segment assets	13,182,387	11,843,109
Unallocated corporate assets	1,986,347	1,291,942
	15,168,734	13,135,051

Other information

	For the year ended 31 March 2011						
	Property development *HK$'000*	**Property investment** *HK$'000*	**Hotel operation** *HK$'000*	**Car park operation** *HK$'000*	**Securities and financial product investments** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Reversal of (allowance for) bad and doubtful debts	—	754	(575)	—	—	1,157	1,336
Depreciation and amortisation	(5,912)	(2,108)	(98,166)	(14,895)	—	(2,642)	(123,723)
Amortisation of intangible assets	—	—	—	(2,572)	—	—	(2,572)
Increase in fair value of financial assets at fair value through profit or loss	—	—	—	—	421	—	421
Change in fair value of investments held for trading	—	—	—	—	5,863	—	5,863
Increase in fair value of investment properties	9,319	300,865	2,612	—	—	—	312,796
Gain on disposal of available-for-sale investments	—	(464)	—	—	38,055	—	37,591
Decrease in fair value of derivative financial instruments	—	—	(1,949)	—	(62,533)	—	(64,482)
Interests in associates	32,339	166,687	—	—	—	9,984	209,010
Interests in jointly controlled entities	1,974	—	—	—	—	61,467	63,441
Share of results of associates	(101)	33,695	—	—	—	(363)	33,231
Share of results of jointly controlled entities	5,962	—	—	—	—	(1,220)	4,742
Allowance for amount due from a jointly controlled entity	—	(5,152)	—	—	—	—	(5,152)
Addition of non-current assets (note)	14,293	9,888	386,392	23,696	—	38	434,307

	For the year ended 31 March 2010						
	Property development *HK$'000*	Property investment *HK$'000*	Hotel operation *HK$'000*	Car park operation *HK$'000*	Securities and financial product investments *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
(Allowance for) reversal of bad and doubtful debts	—	(1,322)	1,322	—	—	—	—
Depreciation and amortisation	(6,938)	(260)	(68,325)	(5,131)	—	(666)	(81,320)
Amortisation of intangible assets	—	—	—	(1,756)	—	—	(1,756)
Gain from change in fair value of financial assets at fair value through profit or loss	—	—	—	—	3,731	—	3,731
Gain from change in fair value of investments held for trading	—	—	—	—	7,367	—	7,367
Increase in fair value of investment properties	—	162,711	3,486	—	—	—	166,197
Loss on disposal of available-for-sale investments	—	—	—	—	(4,394)	—	(4,394)
Loss from change in fair value of derivative financial instruments	—	—	(6,577)	—	(54,864)	—	(61,441)
Loss from change in fair value of financial liabilities at fair value through profit or loss	—	—	—	—	—	(7,725)	(7,725)
Interests in associates	32,440	137,030	—	—	—	12,150	181,620
Interests in jointly controlled entities	9,666	—	—	—	—	65,625	75,291
Share of results of associates	(579)	27,229	—	—	—	1,942	28,592
Share of results of jointly controlled entities	—	—	—	—	—	410	410
Allowance for amount due from a jointly controlled entity	—	(13,200)	—	—	—	—	(13,200)
Loss on disposal of associate	—	—	—	—	—	(4,928)	(4,928)
Addition of non-current assets (note)	6,474	23,329	945,930	698,208	—	5,269	1,679,210

Note: Non-current assets excluded financial instruments.

Segment liabilities are not disclosed as they are not regularly reviewed by chief operating decision maker.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets.

	Revenue from external customers		Non-current assets	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK	564,270	440,603	4,103,116	3,976,915
PRC	248,768	442,830	1,939,879	1,808,367
Australia	531,516	1,187,376	687,295	621,647
Malaysia	285,410	250,328	1,198,029	1,154,253
Singapore	24,482	21,098	876,255	834,509
United States of America ("USA")	—	—	—	140,078
Others	—	—	—	18,240
	1,654,446	2,342,235	8,804,574	8,554,009

Notes:

(i) None of the segments derived any revenue from transactions with other segments.

(ii) No revenue from customers for the year or the corresponding year contributes over 10% of the total revenue of the Group.

(ii) Non-current assets exclude interests in associates and jointly controlled entities, available-for-sale investments and financial assets at fair value through profit or loss, amounts due from associates, investee company, other receivables and pledged deposits.

8. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, income from hotel operation, gross rental from leasing of properties, car park operation, provision of property management services, interest income from financial instruments and other operation are set out as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Sale of properties	235,772	1,367,344
Hotel operation	825,533	577,489
Leasing of properties	93,423	88,755
Car park operation	463,727	279,822
Provision of property management services	19,745	22,368
Interest income from financial instruments	15,739	5,203
Other operations	507	1,254
	1,654,446	2,342,235

9. OTHER GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
Increase in fair value of investment properties	312,796	166,197
Change in fair value of financial assets at fair value through profit or loss	421	3,731
Gain (loss) on disposal of available-for-sale investments	37,591	(4,394)
Change in fair value of investments held for trading	5,863	7,367
Gain on disposal of a subsidiary (note 38(b))	81,385	—
Change in fair value of derivative financial instruments	(64,482)	(61,441)
Change in fair value of financial liabilities at fair value through profit or loss	—	(7,725)
Allowance for amount due from a jointly controlled entity	(5,152)	(13,200)
Loss on disposal of associates	—	(4,928)
	368,422	85,607

10. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank loans		
— wholly repayable within five years	151,765	122,116
— not wholly repayable within five years	38,002	27,936
Other loans		
— wholly repayable within five years	1,070	1,625
Convertible bonds	49,001	9,805
Finance leases	21	71
Amortisation of front-end fee	15,381	13,495
Others	2,387	975
Total interest costs	257,627	176,023
Less: Amounts capitalised to:		
— properties for/under development for sale	(50,463)	(44,926)
— owner's occupied properties under development	(19,755)	(20,241)
— investment properties under development	(1,284)	(1,159)
	186,125	109,697

11. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
		(restated)
The income tax expense comprises:		
Current tax:		
HongKong Profits Tax	36,499	13,301
People's Republic of China Enterprise Income Tax ("EIT")	20,324	40,525
People's Republic of China Land Appreciation Tax ("LAT")	31,295	73,267
Australia Income Tax	10,106	9,415
Malaysia Income Tax	3,821	830
Singapore Income Tax	926	235
	102,971	137,573
Deferred taxation (note 37)		
Current year	5,577	(2,807)
Attributable to changes in tax rate	—	(282)
	5,577	(3,089)
	108,548	134,484

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit of individual companies comprising the Group less unutilised tax losses brought forward where applicable.

The EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law. The tax rate is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

The income tax expense for the year can be reconciled to profit before taxation per the consolidated statement of comprehensive income as follows:

	Hong Kong *HK$'000*	PRC *HK$'000*	Malaysia *HK$'000*	Australia *HK$'000*	Others *HK$'000*	Total *HK$'000*
2011						
Profit before taxation	344,549	38,585	52,878	25,141	93,876	555,029
Applicable income tax rate	16.5%	25%	25%	30%	17%	
Tax at the applicable income tax rate	56,851	9,646	13,220	7,542	15,234	102,493
Tax effect of expenses not deductible for tax purpose	16,662	10,098	2,545	206	1,456	30,967
Tax effect of income not taxable	(26,267)	(2,330)	(141)	(946)	(9,373)	(39,057)
LAT	—	31,295	—	—	—	31,295
Tax effect of LAT	—	(7,824)	—	—	—	(7,824)
Utilisation of deductible temporary difference not recognised	(320)	—	—	—	—	(320)
Tax effect of deductible temporary difference not recognised	—	3,333	—	1,981	—	5,314
Tax effect of tax losses not recognised	5,294	6,473	—	1,485	1,724	14,976
Utilisation of tax losses not previously recognised	(6,830)	—	(11,859)	(251)	(5,216)	(24,156)
Tax effect of share of results of associates	(5,484)	—	—	—	—	(5,484)
Tax effect of share of results of jointly controlled entities	—	(421)	—	(917)	—	(1,338)
Under (over) provision in prior years	318	—	374	—	(86)	606
Others	2,288	(426)	91	1,005	(1,882)	1,076
Income tax expense for the year	42,512	49,844	4,230	10,105	1,857	108,548

	Hong Kong *HK$'000*	PRC *HK$'000*	Malaysia *HK$'000*	Australia *HK$'000*	Others *HK$'000*	Total *HK$'000*
2010						
Profit before taxation	111,736	209,668	44,582	75,454	51,416	492,856
Applicable income tax rate	16.5%	25%	25%	30%	16%	
Tax at the applicable income tax rate	18,436	52,417	11,146	22,636	8,047	112,682
Tax effect of expenses not deductible for tax purpose	12,394	4,026	1,616	4,106	1,390	23,532
Tax effect of income not taxable	(31,597)	—	(1,979)	(17,526)	(280)	(51,382)
LAT	—	73,267	—	—	—	73,267
Tax effect of LAT	—	(18,317)	—	—	—	(18,317)
Tax effect of tax losses not recognised	11,825	3,227	643	—	—	15,695
Utilisation of tax losses not previously recognised	(2,974)	—	(9,567)	(975)	—	(13,516)
Decrease in operating deferred tax liabilities resulting from a decrease in applicable tax rate	—	—	—	—	(282)	(282)
Tax effect of share of results of associates	(4,718)	—	—	—	—	(4,718)
Tax effect of share of results of jointly controlled entities	—	103	—	—	—	103
(Over) underprovision in prior years	(194)	—	43	—	(152)	(303)
Others	(2,680)	1,443	29	(7)	(1,062)	(2,277)
Income tax expense for the year	492	116,166	1,931	8,234	7,661	134,484

Details of the deferred taxation are set out in note 37.

12. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	131,041	1,006,628
Auditor's remuneration	8,511	6,366
Depreciation	121,480	76,236
Amortisation of prepaid lease payments	10,359	10,769
Less: Amount capitalised to hotel properties under development	(8,116)	(5,685)
	2,243	5,084
Amortisation of intangible assets	2,572	1,756
Amortisation of investment in a jointly controlled entity (included in share of results of jointly controlled entities)	2,904	2,904
Staff costs	365,228	263,798
Loss on disposal of property, plant and equipment	—	9
Share of taxation of associates (included in share of results of associates)	872	4,315
and crediting:		
Rental income, net of outgoings of HK$15,915,000 (2010: HK$14,820,000)	77,508	73,935
Dividend income from:		
Investment held for trading	697	1,044
Available-for-sale investments	725	6,086
	1,422	7,130
Gain on disposal of property, plant and equipment	1,285	—
Reversal of bad and doubtful debts	1,336	—
Bank interest income	2,123	3,679

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the consolidated profit for the year attributable to the owners of the Company of HK$394,212,000 (2010: HK$323,805,000) and the number of shares calculated as follows:

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,907,404	1,801,413
Effect of dilutive potential ordinary shares — share options	2,610	1,682
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,910,014	1,803,095

The computation of diluted earnings per share for the year ended 31 March 2011 and 31 March 2010 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

14. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend of HK2 cents (2010: HK2 cents) per share	38,167	37,993
Final dividend, paid for 2010 — HK4 cents (2010: Final dividend, paid for 2009: HK2 cents) per share	76,093	37,663
	114,260	75,656

A final dividend for the year ended 31 March 2011 of HK5 cents (2010: HK4 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to receive cash in lieu of new shares of the Company for the dividend proposed and paid during the year. Shares issued during the year on the shareholders' election to receive shares are set out in note 35.

15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors' emoluments

The emoluments paid and payable to each of the directors of the Company were as follows:

For the year ended 31 March 2011

Name of directors	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000* *(note)*	*HK$'000*	*HK$'000*
Executive Directors				
Deacon Te Ken CHIU	25	3,100	—	3,125
Tan Sri Dato' David CHIU	25	2,565	12	2,602
Dennis CHIU	25	1,136	49	1,210
Craig Grenfell WILLIAMS	25	2,434	148	2,607
Non-executive Directors				
Ching Lan JU CHIU	25	650	—	675
Daniel Tat Jung CHIU	25	—	—	25
Independent Non-executive Directors				
Jian Yin JIANG	25	—	—	25
Kwok Wai CHAN	150	—	—	150
Peter Man Kong WONG	150	—	—	150
	475	9,885	209	10,569

For the year ended 31 March 2010

Name of directors	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000* *(note)*	*HK$'000*	*HK$'000*
Executive Directors				
Deacon Te Ken CHIU	25	2,203	—	2,228
Tan Sri Dato' David CHIU	25	3,713	12	3,750
Dennis CHIU	25	1,519	43	1,587
Craig Grenfell WILLIAMS	25	8,048	119	8,192
Non-executive Directors				
Ching Lan JU CHIU	25	650	—	675
Daniel Tat Jung CHIU	25	—	—	25
Independent Non-executive Directors				
Jian Yin JIANG	25	—	—	25
Kwok Wai CHAN	150	—	—	150
Peter Man Kong WONG	150	—	—	150
	475	16,133	174	16,782

Note: The amount included the performance related incentive payment which is determined as a percentage of the turnover of the Group for the two year ended 31 March 2011.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2010: three) were directors whose emoluments are disclosed above. The remuneration of the remaining three (2010: two) individuals were as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and other benefits	5,451	2,686
Contributions to retirement benefits scheme	40	24
Share options	5,330	1,028
	10,821	3,738

Their emoluments were within the following bands:

	2011	2010
	Number of employees	*Number of employees*
HK$1,500,001 to HK$2,000,000	—	2
HK$3,000,001 to HK$3,500,000	1	—
HK$3,500,001 to HK$4,000,000	2	—

No emolument was paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years. No directors waived any of their emoluments for both years.

16. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under development HK$'000	Total HK$'000
At 1 April 2009	1,943,061	—	1,943,061
Reclassified investment properties in accordance with amendments to HKAS 40	—	171,659	171,659
Additions	3,941	12,556	16,497
Reclassified from property, plant and equipment and prepaid lease payments	31,727	—	31,727
Reclassified to property, plant and equipment and prepaid lease payments	(89,219)	—	(89,219)
Disposal	(108,639)	—	(108,639)
Increase in fair value	166,197	—	166,197
Exchange alignment	48,047	—	48,047
At 31 March 2010	1,995,115	184,215	2,179,330
Additions	6,658	2,480	9,138
Reclassified from property, plant and equipment and prepaid lease payments	8,155	—	8,155
Disposal	(14,200)	—	(14,200)
Increase in fair value	237,207	75,589	312,796
Exchange alignment	86,055	—	86,055
At 31 March 2011	2,318,990	262,284	2,581,274

	31.3.2011 HK$'000	31.3.2010 HK$'000
The carrying amount of investment properties which are stated at fair value are on land located:		
In HongKong:		
Long lease	411,894	302,360
Medium-term lease	786,326	704,214
Outside HongKong:		
Freehold	53,271	49,302
Long lease	574,728	419,780
Medium-term lease	755,055	703,674
	2,581,274	2,179,330

The fair value of the completed investment properties in Hong Kong, the PRC, Malaysia, Singapore and Australia at 31 March 2011 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd. and CB Richard Ellis (V) Pty Ltd, independent qualified professional valuers not connected with the Group, respectively. DTZ Debenham Tie Leung Limited, are members of the Hong Kong Institute of Surveyors and Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd. and CB Richard Ellis (V) Pty Ltd are member of Royal Institution of Chartered Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties at similar locations.

In the prior periods, the fair value of investment properties under development could not be reliably determined, and accordingly, such properties were measured at cost less impairment. During the year, approval was granted by the lands tribunal for the compulsory sale by the existing owners of the remaining units of the properties not yet owned by the Group. As a result, the fair value of the properties as at 31 March 2011 can be reliably determined to be HK$262,284,000. The Group recognised the increase in fair value of HK$75,589,000 of such properties in the current year.

The valuation of the investment properties under development has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs. The valuation has also taken into account construction cost, finance cost and professional fees that will be expended to complete the development as well as a developer's profit to reflect the risks associated with the development of the property.

During the year, the Group changed the use of certain floors of a hotel/commercial complex, which were accordingly transferred from hotel properties (classified as property, plant and equipment and prepaid lease payments) to investment properties at their fair value of HK$8,155,000 (2010: HK$31,727,000) on the date of transfer.

Investment properties with carrying amount of HK$2,080,862,000 (2010: HK$1,719,894,000) are under legal charge to secure bank borrowings of the relevant group entities.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK$4,748,000 (2010: HK$3,464,000).

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel		Other properties				
	Completed HK$'000	Under development HK$'000	Completed HK$'000	Under development HK$'000	Car parks HK$'000	Other assets HK$'000	Total HK$'000
COST							
At 1 April 2009							
As originally stated	2,382,578	632,139	90,360	138,123	—	139,183	3,382,383
Effect of change in accounting policies	377,164	676,239	—	177,318	—	—	1,230,721
As restated	2,759,742	1,308,378	90,360	315,441	—	139,183	4,613,104
Reclassified to investment property in accordance with amendments to HKAS 40	—	—	—	(171,659)	—	—	(171,659)
Additions	58,691	465,997	—	3,991	216,697	39,674	785,050
Reclassification upon completion of development	204,575	(204,575)	—	—	—	—	—
Acquired through business combinations	—	—	—	—	374,971	23,186	398,157
Revaluation increase upon transfer to investment properties	3,422	—	—	—	—	—	3,422
Reclassified to investment properties	(13,799)	—	—	—	—	—	(13,799)
Reclassified from investment properties	33,900	—	—	—	—	—	33,900
Disposal	—	—	—	—	—	(14,551)	(14,551)
Exchange alignment	88,370	1,075	703	—	59,264	13,123	162,535
At 31 March 2010 (restated)	3,134,901	1,570,875	91,063	147,773	650,932	200,615	5,796,159
Additions	—	282,438	5,070	7,630	2,957	102,565	400,660
Reclassification upon completion of development	446,491	(504,632)	—	—	—	58,141	—
Reclassified to investment properties	(2,126)	—	—	—	—	—	(2,126)
Reclassified to non-current assets held for sale	—	—	—	(79,648)	—	—	(79,648)
Disposal	(135,172)	—	(2,047)	—	—	(5,301)	(142,520)
Disposal of a subsidiary	(178,699)	—	—	—	—	(34,870)	(213,569)
Exchange alignment	71,732	9,369	3,617	—	61,209	12,144	158,071
At 31 March 2011	3,337,127	1,358,050	97,703	75,755	715,098	333,294	5,917,027
DEPRECIATION AND IMPAIRMENT							
At 1 April 2009							
As originally stated	142,854	—	28,461	—	—	69,112	240,427
Effect of change in accounting policies	27,159	—	—	—	—	—	27,159
As restated	170,013	—	28,461	—	—	69,112	267,586
Provided for the year	52,635	—	3,668	—	2,021	17,912	76,236
Eliminated on reclassification to investment properties	(1,485)	—	—	—	—	—	(1,485)
Eliminated on disposal	—	—	—	—	—	(10,617)	(10,617)
Exchange alignment	8,253	—	314	—	—	6,990	15,557
At 31 March 2010 (restated)	229,416	—	32,443	—	2,021	83,397	347,277
Provided for the year	78,799	—	4,962	—	7,988	29,731	121,480
Eliminated on reclassification to investment properties	(206)	—	—	—	—	—	(206)
Eliminated on disposal	—	—	—	—	—	(3,885)	(3,885)
Eliminated on disposal of a subsidiary	(543)	—	—	—	—	—	(543)
Exchange alignment	4,461	—	1,781	—	972	2,889	10,103
At 31 March 2011	311,927	—	39,186	—	10,981	112,132	474,226
CARRYING VALUES							
At 31 March 2011	3,025,200	1,358,050	58,517	75,755	704,117	221,162	5,442,801
At 31 March 2010 (restated)	2,905,485	1,570,875	58,620	147,773	648,911	117,218	5,448,882
At 1 April 2009 (restated)	2,589,729	1,308,378	61,899	315,441	—	70,071	4,345,518

The carrying amounts of hotel, other properties and car parks shown above comprise:

	31.3.2011	**31.3.2010**	**1.4.2009**
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	*(restated)*
Leasehold land and building in HongKong:			
Long lease	142,057	479,360	374,925
Medium-term lease	2,688,927	2,455,105	2,420,977
Freehold land and building outside HongKong	1,500,743	1,578,620	835,144
Building on leasehold land outside HongKong:			
Long lease	137,557	127,756	93,090
Medium-term lease	752,355	690,823	551,311
	5,221,639	5,331,664	4,275,447

Leasehold lands are depreciated over the term of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 50 to 99 years or the remaining term of the lease of land, whichever is the shorter. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK$45,940,000 (2010: HK$42,996,000).

The Group is in the process of obtaining the title of certain hotel properties located in Malaysia with carrying amount of HK$318,317,000 (2010: HK$312,337,000).

Included in other assets is an aggregate carrying amount of HK$2,402,000 (2010: HK$5,915,000) in respect of assets held under finance leases.

Properties with carrying amount of HK$4,625,700,000 (2010: HK$4,240,223,000) are under charge to secure bank borrowings of the relevant group entities.

18. PREPAID LEASE PAYMENTS

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
		(restated)
At 1st April		
As originally stated	1,969,257	1,520,345
Effect of change in accounting policies	(1,208,997)	(1,203,562)
As restated	760,260	316,783
Transfer from investment properties	—	55,319
Transfer to properties for sale — for/under development	(180,608)	—
Transfer to investment properties	(6,235)	(19,413)
Revaluation increase upon transfer to investment properties	3,176	5,421
Additions	24,509	402,106
Amortisation	(10,359)	(10,769)
Exchange alignment	8,963	10,813
At 31st March	599,706	760,260
The carrying value represents leasehold land outside HongKong:		
Long-term lease with lease period ranging from 83 to 99 years	297,439	436,119
Medium-term lease with lease period ranging from 33 to 37 years	302,267	324,141
	599,706	760,260
Analysed for reporting purposes as:		
Current asset	13,636	19,116
Non-current asset	586,070	741,144
	599,706	760,260

During the year ended 31 March 2011, the Group had finalised the development plan in respect of certain leasehold land for hotel development and for residential development, at which time the portion of land cost attributable to the latter amounting to HK$180,608,000 is reliably determinable and allocated to properties for sale.

Pursuant to the change of use of certain floors of a building as disclosed in note 16, the fair value of the leasehold land attributable to these floors was transferred to investment properties at their fair value of HK$6,235,000 (2010: HK$19,413,000). Revaluation gain attributable to these floors amounting to HK$3,176,000 (2010: HK$5,421,000) net of deferred tax of HK$794,000 (2010: HK$1,355,000) is recognised in property revaluation reserve upon the transfer to investment properties.

Leasehold land with carrying value of HK$592,361,000 (2010: HK$749,760,000) are under charge to secure bank borrowings of the relevant group entities.

19. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries engaged in car park operation during the year ended 31 March 2010.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated recoverable amount of cash generated from the car park operation. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 10%. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

20. INTANGIBLE ASSETS

	31.3.2011	31.3.2010
	HK$'000	*HK$'000*
		(restated)
COST		
At beginning of the year	9,000	—
Fair value of assets acquired	—	9,000
At end of the year	9,000	9,000
AMORTISATION		
At beginning of the year	1,756	—
Provided for the year	2,572	1,756
At end of the year	4,328	1,756
CARRYING VALUES		
At end of the year	4,672	7,244

Intangible assets relate to the rights to manage the operation of certain carparks. Based on the valuation performed by independent chartered accountants, Nexia ASR Pty Ltd, and completed during the year on the carpark operation business, the fair value of the rights to manage the carparks at the date of the acquisition is identified to be HK$9,000,000, which is determined on the income-based method. Adjustment is made in the consolidated financial statements to reflect the value of such management rights. The comparative figures for the prior period have been restated accordingly.

The management determines that there is no impairment on the carrying amount of the intangible assets based on the estimated recoverable amount of cash generated from the car park operation. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 10%. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the intangible assets exceeding its recoverable amount.

The intangible assets are amortised on a straight-line basis over their estimated useful lives of 3 ½ years.

21. INTERESTS IN ASSOCIATES

	31.3.2011	31.3.2010
	HK$'000	*HK$'000*
Unlisted investments, at cost	69,900	69,900
Share of post-acquisition reserves, net of dividends/distributions received	139,110	111,720
	209,010	181,620

Details of the Group's principal associates at the end of the reporting period are set out in note 49.

Included in the cost of investments in associates is goodwill of HK$10,601,000 (2010: HK$10,601,000) arising on acquisitions of associates in prior years.

The summarised financial information of the Group's associates is set out below:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Total assets	883,767	770,067
Total liabilities	(154,215)	(161,230)
	729,552	608,837
Group's share of net assets	198,409	171,019
Revenue	560,065	510,385
Profit for the year	120,138	116,744
Group's share of results for the year	33,231	28,592

The Group has discontinued recognising its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Unrecognised share of losses for the year	16	19
Accumulated unrecognised share of losses	50,226	50,210

22. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
		(restated)
Unlisted investments, at cost	30,543	43,113
Share of post-acquisition reserves, net of dividends/distributions received	32,898	32,178
	63,441	75,291

Details of the Group's jointly controlled entities at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operations	Proportion of registered capital/ nominal value of ordinary share capital held by the Group		Principal activities
		2011	*2010*	
Dorvic Hotel F & B Limited (note a)	Hong Kong	60%	60%	Restaurant operation and became inactive since February 2011
商丘永遠公路有限公司 Shangqiu Yongyuan Development Company Limited ("Shangqiu Yongyuan") (notes a, b)	PRC	68%	68%	Operation of highway
Jarrah Estate (Bundoora) Joint Venture	Australia	25%	25%	Property development

Notes:

(a) The entity is accounted for as jointly controlled entity although the Group's interest is more than 50% as the Group and the other equity owner jointly control the operating and financial policies of the entity under a contractual arrangement.

(b) The entity is established, under a joint venture agreement, for the construction and operation of a highway for a term of 21 years commencing from 31 July 1997.The Group is entitled to 85% of the profits from operation of the highway until the Group has recouped in full its investment cost from the distribution by the entity. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until the joint venture partner has recouped in full its investment cost, which is the agreed fair value of the land contributed to the entity. Thereafter, both parties' entitlement to the share of profit is in proportion to their respective contribution. On expiry of the joint venture period, the joint venture will be dissolved and all remaining undistributed assets will be surrendered to the PRC party. Accordingly, the Group's cost of investment in the jointly controlled entity is amortised over the joint venture period.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Non-current assets	53,570	57,707
Current assets	45,821	73,615
Current liabilities	(8,480)	(33,418)
Revenue	78,923	18,155
Expenses	(74,181)	(17,745)

23. AVAILABLE-FOR-SALE INVESTMENTS

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Listed equity securities:		
Hong Kong	40,956	193,230
Overseas	37,498	5,292
	78,454	198,522
Unlisted:		
Equity securities	33,173	61,990
Debt securities	64,292	48,009
Investment funds	23,566	20,432
	121,031	130,431
	199,485	328,953
Analysed for reporting purposes as:		
Non-current assets	175,919	308,056
Current assets	23,566	20,897
	199,485	328,953

Available-for-sale investments are stated at fair value except that the unlisted equity securities are measured at cost less impairment as the directors are of the opinion that their fair values cannot be measured reliably.

In the current year, the Group disposed of certain unlisted securities with carrying amount of HK$38,950,000 which had been carried at cost less impairment before the disposal. A gain on disposal of HK$10,350,000 has been recognised in profit or loss for the current year.

The fair value of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair value of the debt securities are determined in accordance with generally accepted pricing models based on discounted cash flow using market interest rates. The fair value of the investment funds is determined based on the quoted bid priceavailable from the counterparties of which is determined based on market price of the underlying listed securities.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Investments held for trading		
Equity securities listed in Hong Kong	29,844	9,040
Equity securities listed overseas	31,845	3,137
Financial assets at fair value through profit or loss		
Debt securities	8,019	—
Structured investment	4,671	4,574
Equity-linked notes	—	7,384
	74,379	24,135
Analysed for reporting purposes as:		
Non-current assets	4,671	4,574
Current assets	69,708	19,561
	74,379	24,135

The fair value of investments held for trading are determined based on quoted market bid price available on the relevant stock exchanges. The fair values of the debt securities, equity-linked notes and structured investment are determined using generally accepted pricing models based on discounted cashflow using prices or rates from observable current market transactions. Key assumptions include prices of underlying listed shares and market interest rate.

25. AMOUNTS DUE FROM ASSOCIATES

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Unsecured interest free advance to associates	101,513	94,071
Less: Amounts due within one year shown as current assets	(4,863)	(3,628)
Amounts due after one year	96,650	90,443

In determining the recoverability of the amounts due from associates, the Group takes into consideration the fair values of the underlying assets, the future operation and cashflows of the associates.

26. OTHER RECEIVABLES

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Promissory notes receivable	135,975	—
Second mortgage loans and interest receivable	24,134	26,482
	160,109	26,482
Less: Impairment loss recognised on second mortgage loans	(22,101)	(23,814)
	138,008	2,668
Less: Amount due within one year and shown as current assets	(1,112)	(721)
Amount due after one year	136,896	1,947

Promissory notes with aggregate principal amount of US$17,500,000 (equivalent to HK$135,975,000) represent the balance payment of the consideration from disposal of certain properties outside Hong Kong. The notes carry interest at 2% per annum in the first year and 4% per annum thereafter and are due on maturity in February 2014. The notes are secured by first priority mortgage liens over the properties disposed of and a pledge of the purchasers' equity interest in the acquired entity.

Second mortgage loans and interest receivable are secured by certain properties of the borrowers. They bear interest at prime rate with the effective interest rate for the year of 5.00% (2010: 5.00%), and are repayable by instalments in accordance with their respective repayment terms.

The aging of the second mortgage loans and interest receivable that are past due but not impaired are as follows:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
31–60 days	52	54
61–90 days	50	54
Over 90 days	1,810	2,506
	1,912	2,614

No further allowance for doubtful debts is recognised during both years. Reversal of doubtful debt amounting to HK$1,713,000 (2010: Nil) is made during the year on recovery of the debts.

In determining the recoverability of a loan receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying properties under mortgage. The directors believe that there is no further provision required.

27. BANK DEPOSITS, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry fixed interest rates ranging from 0.001% to 6.0% (2010: 0.001% to 0.01%) per annum with maturity date ranging from 1 to 6 months. These deposits are pledged to secure bank loans repayable after one year.

Pledged deposits included in current assets include time deposits of HK$2,728,000 (2010: HK$17,368,000) which carry fixed interest rates ranging from 0.001% to 0.5% (2010: 0.001% to 0.68%) per annum and the remaining balances at an average market interest rate of 2.72% (2010: 0.06%) with maturity dates ranging from 1 to 6 months. These deposits are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits can be solely applied for settlement of development cost of designated property projects.

Bank balances comprise of short-term time deposits of HK$497,386,000 (2010: HK$292,010,420) with maturity dates of three months or less. These deposits carry interest at fixed rate ranging from 0.001% to 4.47% (2010: 0.001% to 3.25%) per annum and the remaining balances carry market interest rate of 0.01% (2010: 0.01%).

28. PROPERTIES FOR SALE

Included in properties for sale are properties with a carrying value of HK$2,658,204,000 (2010: HK$1,499,932,000) which are not expected to be realised within the next twelve months.

29. DEBTORS, DEPOSITS AND PREPAYMENTS

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Trade debtors	73,079	105,831
Advance to contractors	28,796	26,272
Utility and other deposits	38,402	31,833
Prepayment and other receivables	89,049	65,451
	229,326	229,387

The following is an aged analysis of trade debtors based on the invoice date:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
0–60 days	62,688	94,054
61–90 days	5,431	4,926
Over 90 days	4,960	6,851
	73,079	105,831

Trade debtors aged over 60 days are past due but are not impaired.

Trade debtors mainly comprise of receivable from sale and renting of properties. Sale of properties are settled according to the payment terms of individual contract but have to be fully settled before transfer of the legal titles. No credit are allowed to the tenants of the properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. Credit period of 30 to 60 days are allowed to travel agents and corporate customers.

The Group has provided in full all receivable that have been past due and are generally not recoverable.

In determining the recoverability of trade and other debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each of the reporting period. There is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

Allowance for doubtful debts was provided on the trade debtors and the movements are as follows:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Balance at beginning of the year	6,990	9,534
Impairment losses recognised (reversed)	261	(842)
Amount written off as uncollectible	(164)	(1,702)
Balance at end of the year	7,087	6,990

Allowance for doubtful debts was provided on other receivables and the movements are as follows:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Balance at beginning of the year	16,064	15,091
Impairment losses recognised	116	863
Amount written off as uncollectible	(14,390)	—
Exchange alignment	785	110
Balance at end of the year	2,575	16,064

30. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	31.3.2011	**31.3.2010**	**31.3.2011**	**31.3.2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest rate swap (note i)	376	1,678	(61,824)	(37,908)
Index swap (note ii)	—	—	(7,471)	(6,358)
Call/put options in listed equity securities (note iii)	22	30	(71)	(208)
	398	1,708	(69,366)	(44,474)
Analysed for reporting purpose as:				
Current assets	398	1,708	—	—
Current liabilities	—	—	(751)	(208)
Non-current liabilities	—	—	(68,615)	(44,266)
	398	1,708	(69,366)	(44,474)

Notes:

(i) Major terms of the interest rate swap contracts entered into by the Group to reduce its exposure to interest rate fluctuation of the bank borrowings that carry interest at variable interest rate are set out below. These derivatives are not accounted for under hedge accounting.

(a) Date of contract: 15 January 2009
Effective date: 25 March 2010
Notional amount: HK$1,900,000,000
Maturity: September 2013
Interest payment: From 3 months HIBOR to fixed rate of 2.395% per annum.

(b) Date of contract: 25 September 2008
Notional amount: Aggregate total of HK$1,900,000,000
Maturity: September 2013 with an option of early termination by the Group
Interest payment: Pay interest at 3 months HIBOR with a maximum capped at 7.5% per annum and receive interest at 3 months HIBOR with upfront payment of HK$19.9 million

(c) Date of contract: 28 July 2010
Effective date: 7 October 2010
Notional amount: SGD10,000,000
Maturity: December 2013
Interest payment: Pay interest at a fixed rate of 1.46% and receive interest at 3 months S$SOR

The fair value of the interest rate swap contracts are determined based on the discounted cash flow analysis using the applicable yield curve and the remaining duration of the instruments.

(ii) Major terms of the contract, which is linked to Nikkei Heikin Kabula 225 Index ("Nikkei 225 Index"), are set out below:

Date of contract: 26 January 2006
Effective date: 2 February 2006
Notional amount: JPY1,734,750,000
Maturity: February 2018 with an option of early termination by the banker
Interest payment: 6 month JPY LIBOR BBA payable semi-annually with additional coupon calculated at 20 Year JPY Constant Maturity Swap — 2 Year JPY Constant Maturity Swap plus 0.60% of on the relevant fixing date, the closing price of Nikkei 225 Index is above 11,000 or 0.10% per annum if Nikkei 225 Index is equal to or below 11,000.

The fair value of the index swap is determined in accordance with discounted cash flow analysis based on data obtained from current market transaction and applicable yield curve and remaining durations of the instruments.

(iii) Call and put options represents right to purchase or sell listed equity securities with predetermined prices on maturity. Duration of these contracts ranges from one to three months.

The fair value of the call and put options is determined in accordance with generally accepted pricing model based on quotation from the counterparties for similar instruments.

31. NON-CURRENT ASSETS HELD FOR SALE

During the year ended 31 March 2011, the Company decided to dispose of certain properties in Hong Kong held under medium-term lease. The properties which were previously planned for owners' occupation is reclassified from property, plant and equipment to non-current assets held for sale at their carrying value of HK$79,648,000. These properties are currently under fixed charge to secure bank borrowings of the relevant group entity.

32. CREDITORS AND ACCRUALS

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
Trade creditors	116,385	131,586
Construction cost and retention payable	62,692	25,230
Reservation deposit and receipt in advance	19,080	22,507
Other payable and accrued charges	208,819	244,270
	406,976	423,593

The following is an aged analysis of the trade creditors:

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
0–60 days	46,978	57,736
61–90 days	10,880	30,528
Over 90 days	58,527	43,322
	116,385	131,586

33. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		**Present value of minimum lease payments**	
	31.3.2011	**31.3.2010**	**31.3.2011**	**31.3.2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable under finance leases:				
Within one year	476	1,277	474	1,256
In more than one year but not more than two years	84	507	84	505
	560	1,784	558	1,761
Less: Future finance charges	(2)	(23)	—	—
Present value of lease obligations	558	1,761	558	1,761
Less: Amount due within one year shown under current liabilities			(474)	(1,256)
Amount due after one year			84	505

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average effective borrowing rates for the year is 2.7% (2010: 2.7%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.

34. SECURED BANK AND OTHER BORROWINGS

	31.3.2011 *HK$'000*	31.3.2010 *HK$'000*	1.4.2009 *HK$'000*
The borrowings comprise:			
Bank loans	5,261,099	5,111,693	4,448,158
Other loans	32,267	2,288	4,857
	5,293,366	5,113,981	4,453,015
Less: Front-end fee	(41,093)	(55,524)	(63,181)
	5,252,273	5,058,457	4,389,834
Analysed for reporting purpose as:			
Current liabilities	1,112,991	1,235,783	1,009,219
Non-current liabilities	4,139,282	3,822,674	3,380,615
	5,252,273	5,058,457	4,389,834
The borrowings are repayable:			
On demand or within one year	1,025,610	1,235,783	1,009,219
More than one year, but not exceeding two years	977,502	422,711	404,058
More than two years, but not exceeding three years	2,492,099	404,120	403,187
More than three years, but not exceeding five years	417,000	2,668,379	2,207,176
More than five years	293,774	382,988	429,375
	5,205,985	5,113,981	4,453,015
Included above is the carrying amount of borrowing that are repayable more than one year but contain a repayment on demand clause shown under current liabilities	87,381	—	—
	5,293,366	5,113,981	4,453,015

Bank loans which are denominated in various currencies and carry interest at fixed rates or floating rates are summarised as follows:

Denominated in	**Interest rates**	**31.3.2011** *HK$'000*	**31.3.2010** *HK$'000*
HK$	HIBOR plus 0.8% to HK$ Prime Lending Rate minus 1% (2010: HIBOR plus 0.8% to HK$ Prime Lending Rate minus 0.75%)	3,299,486	3,179,220
RMB	1-year PBOC Prescribed Interest rate to 120% of 1 to 3 years PBOC Prescribed Interest Rate (2010: 1 year PBOC Prescribed Interest Rate to 110% of 1 to 3 years PBOC Prescribed Interest Rate)	762,406	905,388
S$	S$ SOR plus 1.25% to 1.85% (2010: S$ SOR plus 1.25% to 1.75%)	370,375	359,780
RM$	Malaysia BLR minus 1.5% to BLR plus 1.5% (2010: Malaysia BLR plus 1.25% to 1.5%)	390,602	260,491
A$	Australia BBSW plus 1% to 1.5% (2010: Australia BBSW plus 1%)	303,510	222,260
HK$	Fixed rates ranging from 5.75% to 5.94% (2010: 5.75% to 7.00%)	134,720	184,554
		5,261,099	5,111,693

Other loans are secured, repayable on demand and bear interest at floating rates ranging from 0.63% to 11.41% (2010: 0.63% to 8.5%, 2009: 1.07% to 8.25%) per annum.

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each	Nominal value
		HK$'000
Authorised:	2,000,000,000	200,000
Issued and fully paid:		
At 1 April 2009	1,622,001,940	162,200
Issue of shares for acquisition of business (note a below)	102,328,571	10,233
Issue of shares for acquisition of assets (note a below)	81,714,285	8,172
Issue of shares on conversion of 2013 Convertible Bond at HK$4.30 per share (note b below)	77,080,232	7,708
Issue of shares in lieu of cash dividends at HK$1.80 per share	16,546,626	1,655
Issue of shares in lieu of cash dividends at HK$2.51 per share	6,706,613	670
At 31 March 2010	1,906,378,267	190,638
Issue of shares in lieu of cash dividends at HK$2.28 per share	6,051,909	605
Issue of shares in lieu of cash dividends at HK$2.04 per share	9,902,383	990
Repurchase of shares (note c below)	(4,070,000)	(407)
At 31 March 2011	1,918,262,559	191,826

Notes:

(a) On 17 July 2009 and 27 August 2009, the Company issued and allotted 102,328,571 and 81,714,285 ordinary share of HK$0.1 each at a price of HK$1.85 and HK$1.83, giving a total consideration of HK$189,308,000 and HK$149,502,000 for the acquisition of business and assets as set out in note 38(c) and 38(d) respectively. The share price is determined based on the fair value of the shares at the completion date and the fair value of the assets acquired respectively.

(b) On 27 July 2009, the Company alloted 77,080,232 ordinary shares of HK$0.1 each on conversion of the 2013 Convertible Bond, (as detailed in note 36(b)), with principal amount of HK$331,445,000 at the conversion price of HK$4.30.

(c) During the year ended 31 March 2011, the Company, through its subsidiary, repurchased certain of its own shares as follows:

Month of repurchase	No. of ordinary shares purchased	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
March 2010	2,250,000	2.31	2.24	5,119,120
April 2010	1,540,000	2.38	2.18	3,529,110
May 2010	280,000	2.23	2.19	618,050

The shares were cancelled in May 2010 and, accordingly the issued share capital and the share premium was reduced by the nominal value of these shares and the premium paid on repurchase respectively.

All the shares issued during the two years ended 31 March 2011 rank pari passu in all respects with the existing shares.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities other than those disclosed above.

36. CONVERTIBLE BONDS

	31.3.2011	**31.3.2010**
	HK$'000	*HK$'000*
		(restated)
At 1st April	751,013	228,995
Issue of 2015 Bond, as restated	—	760,590
Amortised interest charged to profit or loss	49,001	9,805
Payment of coupon interest	(32,996)	(2,066)
Amortisation (payment) of issue expenses	2,690	(11,666)
Conversion of 2013 Bond	—	(234,645)
Repurchase and cancellation of 2015 Bond	(52,923)	—
At 31st March	716,785	751,013
Analysed for reporting purpose as:		
Current liabilities	716,785	—
Non-current liabilities	—	751,013
	716,785	751,013

(a) The carrying amount at the end of the reporting period represents the liability component of convertible bonds with principal amount of HK$740,000,000 (2010: HK$800,000,000) maturing on 5 March 2015 ("2015 Bond") which is carried at amortised cost.

The 2015 Bond carries interest at 3.625 percent and is convertible, at the option of the holders, into ordinary shares of HK$0.10 each of the Company at an adjusted conversion price of HK$3.41 per share, subject to further adjustments during the period up to 28 February 2015. The bondholders may require the Company to redeem all or part of the 2015 Bond on 5 March 2012 at 100% of their principal amount together with accrued interest. The outstanding 2015 Bond is redeemable by the Company after 5 March 2012 and prior to maturity at the principal amount together with accrued interest under certain specified conditions. Any remaining outstanding bonds will be redeemed at nominal value on maturity.

The 2015 Bond contains three components, liability element, equity element and early redemption option. As the early redemption option is closely related to the host contract, it is not separately accounted for from the host contract. The fair value of liability component was initially estimated at HK$760,590,000 based on the valuation carried out by Vigers Appraisal and Consulting Ltd on the assumption that the bondholders could request for redemption on 5 March 2012. The residual balance of HK$39,410,000 is recognised in equity and presented as convertible bond equity reserve. The effective interest rate of the liability element is 6.29% per annum.

During the year ended 31 March 2011, the Company repurchased a principal amount of HK$60,000,000 of the 2015 Bond with carrying amount of HK$61,129,000 at a consideration of HK$59,173,000. The repurchased bonds was subsequently cancelled. The gain on the repurchase of HK$1,956,000 is recognised in retained profits.

(b) The carrying amount of a zero coupon convertible bond outstanding at 1 April 2009 with principal amount of HK$331,445,000 due in 2013 (the "2013 Bond") was convertible, at the option of the holder, into ordinary shares of the Company at a conversion price of HK$4.30 per share or redeemable by the Company at nominal value on maturity. The 2013 Bond was fully converted into the Company's ordinary shares during the year ended 31 March 2010.

37. DEFERRED TAXATION

The major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation	Revaluation of investments properties	Revaluation of assets	Fair value adjustments on business combination	Convertible bond	Intangible asset	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009									
— as originally stated	35,031	180,321	—	38,058	18,782	—	(20,421)	—	251,771
— prior year adjustment	—	(113,059)	—	—	—	—	3,723	—	(109,336)
— as restated	35,031	67,262	—	38,058	18,782	—	(16,698)	—	142,435
Charge (credit) to profit or loss	521	718	—	(1,037)	—	(527)	(2,482)	—	(2,807)
Charge to other comprehensive income	—	2,211	—	—	—	—	—	—	2,211
Deferred tax on equity component of 2015 Bond	—	—	—	—	6,042	—	—	—	6,042
Reversal of deferred tax on equity component of 2013 Bond	—	—	—	—	(18,782)	—	—	—	(18,782)
Acquired through business combination	—	—	68,036	7,110	—	—	—	—	75,146
Exchange re-alignment	—	—	4,360	—	—	—	—	—	4,360
Effect of change in tax rate	—	(479)	—	—	—	—	197	—	(282)
At 31 March 2010	35,552	69,712	72,396	44,131	6,042	(527)	(18,983)	—	208,323
Charge (credit) to profit or loss	4,985	10,641	(1,701)	(1,155)	—	(772)	(5,076)	(1,345)	5,577
Charge to other comprehensive income	—	794	—	—	—	—	—	—	794
Reversal of deferred tax on equity component of partial 2015 Bond	—	—	—	—	(1,428)	—	—	—	(1,428)
Exchange re-alignment	—	—	13,365	—	—	—	—	—	13,365
At 31 March 2011	40,537	81,147	84,060	42,976	4,614	(1,299)	(24,059)	(1,345)	226,631

At 31 March 2011, the Group has unused tax losses of HK$1,059,768,000 (2010: HK$1,103,125,000; 2009: HK$1,075,521,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$177,173,000 (2010: HK$120,618,000; 2009: HK$104,630,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$882,595,000 (2010: HK$982,507,000; 2009: HK$970,891,000) due to the unpredictability of future profit streams.

At 31 March 2011, the Group has deductible temporary difference of HK$281,678,000 (2010: HK$263,679,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the PRC subsidiaries of HK$418,274,000 (2010: HK$369,187,000) generated after 1 January 2008 and its distribution as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

38. ACQUISITION/DISPOSAL OF BUSINESS/ASSETS

(a) Deemed disposal of interests in subsidiaries

During the year, certain subsidiaries underwent corporate re-organisation to rationalise the hotel development and operation business in preparation for listing of the shares of Kosmopolito. The corporate reorganisation involved transfers of certain wholly-owned subsidiaries of the Company to Kosmopolito and capitalisation of an amount of HK$1,859,812,000 due by Kosmopolito and its subsidiaries to the Group by the subscription of 1,730,000,000 ordinary shares of Kosmopolito at a price of HK$1.075. The Company's interests in 270,000,000 of these shares, together with new issues of 270,000,000 ordinary shares by Kosmopolito were offered for sale to the public. The offer for sale was completed on 11 October 2010 and the Company's interest in Kosmopolito has been reduced from 100% to 73%.

As the Company has not lost control over Kosmopolito, the gain resulting from the spin off of Kosmopolito of HK$417,926,000, being the difference between the net proceeds received in the offer of HK$1,140,986,000 (net of issue expense of HK$47,014,000) and the non-controlling interest in Kosmopolito recognised of HK$723,060,000, has been recognised directly in equity.

(b) Disposal of subsidiaries

On 31 March 2011, Kosmopolito disposed of its entire interest in Excel Chinese International Limited ("Excel Chinese") at a consideration of HK$290,000,000. Excel Chinese is the owner of The Mercer by Kosmopolito, which has commenced operation subsequent to the end of the reporting period in April 2011.

Below is an analysis of the assets and liabilities of Excel Chinese over which control was lost:

	HK$'000
Property, plant and equipment	213,026
Deposits and prepayments	2,090
Bank balances and cash	171
Creditors and accruals	(7,457)
Net assets disposed of	207,830
Gain on disposal:	
Consideration net of expenses	289,215
Net asset disposed of	(207,830)
Gain on disposal	81,385
Net cash inflow arising from disposal:	
Consideration received	289,215
Bank balances and cash disposed of	(171)
	289,044

(c) Acquisition of subsidiaries

On 17 July 2009, the Group acquired 73.75% issued share capital of Care Park Group Pty ("Care Park"), a company incorporated in Australia. Of the total acquisition, 84% of the acquisition was acquired from a director of the Company who is also a substantial shareholder of the Company and the consideration was settled by the issuance of 102,328,571 ordinary shares of the Company. The remaining 7% and 9% of the acquisition were acquired from and settled in cash from another director of the Company and independent third parties respectively. The principal activity of Care Park is car park operation. The acquisition was accounted for using the purchase method.

	Carrying amount in the acquiree's financial record *HK$'000*	Fair value adjustment *HK$'000* *(restated)*	Fair value of net assets *HK$'000* *(restated)*
Net assets acquired:			
Property, plant and equipment	383,456	14,701	398,157
Intangible assets	—	9,000	9,000
Debtors, deposits and prepayments	23,902	—	23,902
Inventories	274	—	274
Bank balances and cash	34,675	—	34,675
Creditors and accruals	(48,362)	—	(48,362)
Tax payable	(2,784)	—	(2,784)
Bank borrowings	(138,023)	—	(138,023)
Deferred taxation	(68,036)	(7,110)	(75,146)
	185,102	16,591	201,693
Non-controlling interest			(52,944)
Goodwill on acquisition recognised			68,400
			217,149
Total consideration satisfied by:			
Cash			27,841
Issue of shares at HK$1.85 per share			189,308
			217,149
Net cash inflow arising on acquisition:			
Cash consideration			(27,840)
Bank balances and cash acquired			34,675
			6,835

Goodwill arising on the acquisition of Care Park during the prior year was determined at the date of acquisition on a provisional basis as fair value of the identified assets acquired had not been determined reliably. During the year, the fair value of intangible assets of HK$9,000,000 was finalised based on independent valuation. As a result of recognition of the intangible assets, there were a corresponding reduction in goodwill of HK$4,647,000 from HK$73,047,000 to HK$68,400,000, an increase in deferred tax liabilities of HK$2,700,000 from HK$4,410,000 to HK$7,110,000 and an increase in non-controlling interest of HK$1,363,000 from HK$51,291,000 to HK$52,944,000. The profit attributable to the owners for the year ended 31 March 2010 was also decreased by HK$1,229,000 as a result of the additional amortisation of intangible assets of HK$1,756,000 and the related deferred tax impact of HK$527,000.

From the date of acquisition to 31 March 2010, Care Park has contributed HK$15,476,000 to the profit for the Group. If the acquisition had taken place on 1 April 2009, the profit for the Group for the year would have been HK$345,414,000 and total group revenue would have been HK$2,423,061,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved has the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

(d) Acquisition of assets

On 27 August 2009, the Group acquired from a director of the Company who is also a substantial shareholder of the Company, the entire issued share capital of Best Impact Limited, which is the owner of certain car parks situated in Malaysia, with an aggregate fair value of HK$149,502,000. The consideration was satisfied by the issue of 81,714,285 ordinary shares of the Company.

The fair value of the carparks was determined based on the valuation carried out by an independent valuer by direct comparison approach, making reference to the comparable sales transactions as available in the market.

39. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK$145,000 (2010: HK$738,000).

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$34,005,000 (2010: HK$46,623,000).

40. CHARGE ON ASSETS

Bank loans with aggregate carrying amount of HK$5,293,366,000 (2010: HK$5,113,981,000) outstanding at the end of the reporting period are secured by a fixed charge over the Group's properties (presented under the line items of properties for sale, investment properties, property, plant and equipment, prepaid lease payments and non-current assets held for sale) with an aggregate carrying amount of HK$8,970,185,000 (2010: HK$7,674,835,000) and a pledge of deposits of HK$274,798,000 (2010: HK$29,765,000) together with a floating charge over other assets of the property owners and benefits accrued to those properties.

Other loan facilities are secured by a pledge of the Group's investments in securities classified as held for trading investment and available-for-sale investments, and deposits with the relevant counterparty with an aggregate carrying amount of HK$81,651,000 (2010: HK$8,764,000).

41. CONTINGENT LIABILITIES

(a) The Group has given guarantees for mortgage loans provided to the home buyers of the Group's properties in the PRC. At 31 March 2011, the total amount of mortgage loans outstanding which are under the guarantee was HK$123,426,000 (2010: HK$127,006,000). The director considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of mortgage loans.

(b) During the year ended 31 March 2010, a subsidiary of the Company initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel for an amount of HK$14,356,000 and in response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK$25,841,000. The lawyer of the subsidiary of the Company considers that there is a fair chance of winning the lawsuit and accordingly, no provision for potential liability has been made in the consolidated financial statements.

42. CAPITAL COMMITMENTS

	2011	**2010**
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided in the financial statements in respect of:		
Acquisition, development and refurbishment of hotels	595,557	315,527
Others	1,528	2,311
	597,085	317,838
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotels	28,177	271,948
Others	22,933	21,883
	51,110	293,831
	648,195	611,669

43. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

At the end of the reporting period, investment properties and completed properties for sale with carrying amount of HK$2,318,990,000 (2010: HK$1,995,115,000) and HK$80,352,000 (2010: HK$80,846,000) respectively were let out under operating leases. Gross rental income earned during the year is HK$93,423,000 (2010: HK$88,755,000) of which HK$87,958,000 (2010: HK$77,447,000) was derived from letting of investment properties. The property held has committed tenants for the next one to twelve years.

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases which fall due:

	2011	**2010**
	HK$'000	*HK$'000*
Within one year	144,637	115,865
In the second to fifth years inclusive	275,099	233,317
More than five years	120,655	90,001
	540,391	439,183

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2010: one to twenty years).

The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2011	**2010**
	HK$'000	*HK$'000*
Premises	230,598	143,199
Equipment	21	297
	230,619	143,496

At the end of the reporting period, the Group had commitments for future minimum lease payments for premises under non-cancellable operating leases which fall due:

	2011	**2010**
	HK$'000	*HK$'000*
Within one year	75,330	46,794
In the second to fifth years inclusive	166,941	125,106
	242,271	171,900

Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

44. RELATED PARTY TRANSACTIONS

(i) During the year, the Group entered into the following significant transactions with related entities:

Related party	**Nature of transaction**	**2011**	**2010**
		HK$'000	*HK$'000*
Related company	Acquisition of business (note 38(c))	—	217,149
Related company	Acquisition of assets (note 38(d))	—	149,502
Associates	Building management service obtained	3,950	4,420
Jointly controlled entities	Renting of premises	2,200	2,400

The related companies are companies controlled by the director, who is also a substantial shareholder of the company.

A director has provided personal guarantee for the Group bank borrowing of which HK$33,522,000 (2010: HK$38,248,000) was outstanding at the end of the reporting period.

(ii) Remuneration paid and payable to the directors and other members of key management during the year was as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Short-term benefits	21,141	19,902
Post-employment benefits	245	198
	21,386	20,100

The remuneration of directors and key executives is determined with reference to their individual performance and the market trends.

45. AMOUNT DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, jointly controlled entities, Investec company, directors, related companies and minority shareholders are set out in the consolidated statement of financial position and the related notes. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

The Group does not expect to demand for repayment in respect of the amount due from an Investec company within next twelve months from the end of the reporting period and, accordingly, the amount is classified under non-current assets.

The related companies are companies controlled by the directors.

46. SHARE OPTION SCHEME

(a) FECIL Share Option Scheme

On 28 August 2002, the share option scheme of the Company ("FECIL Share Option Scheme") was approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options were granted by the Company on 21 October 2004, 25 August 2006 and 8 May 2009, at an initial exercise price at HK$2.075, HK$3.290 and HK$1.50 per share to directors and employees of the Company and its subsidiaries. The vesting periods of these options range from 21 October 2004 to 31 December 2008, 25 August 2006 to 31 December 2009 and 8 May 2009 to 15 September 2012 respectively. During the year, the Company had passed a resolution to extend the exercise periods of the options issued on 21 October 2004 and 25 August 2006 for a further five years.

At 31 March 2011, the number of options which remained outstanding under the Share Option Scheme was 24,650,000 (31 March 2010: 24,650,000) which, if exercise in full, represents 1.30% (31 March 2010: 1.29%) of the enlarged capital of the Company.

Share options, which were granted on 21 October 2004, 25 August 2006 and 8 May 2009 at an initial exercise price at HK$2.075 per share, HK$3.290 per share and HK$1.500 per share, vesting periods ranging from 21 October 2004 to 31 December 2008, 25 August 2006 to 31 December 2009 and 8 May 2009 to 15 September 2012 respectively. During the year, the Company had passed a resolution to extend the exercise period for a further five years. The details of the options granted are as follows:

Options granted on 21 October 2004

Option type	Vesting period	Exercisable period	Exercise price *HK$*
Tranche 1	21.10.2004 to 31.10.2004	1.11.2004 to 20.10.2014	2.075
Tranche 2	21.10.2004 to 31.12.2005	1.1.2006 to 20.10.2014	2.075
Tranche 3	21.10.2004 to 31.12.2006	1.1.2007 to 20.10.2014	2.075
Tranche 4	21.10.2004 to 31.12.2007	1.1.2008 to 20.10.2014	2.075
Tranche 5	21.10.2004 to 31.12.2008	1.1.2009 to 20.10.2014	2.075

Options granted on 25 August 2006

Option type	Vesting period	Exercisable period	Exercise price *HK$*
Tranche 3	25.8.2006 to 31.12.2007	1.1.2008 to 24.08.2016	3.290
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 24.08.2016	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 24.08.2016	3.290

Options granted on 8 May 2009

Option type	Vesting period	Exercisable period	Exercise price *HK$*
Tranche 1	8.5.2009 to 15.9.2009	16.9.2009 to 15.9.2019	1.500
Tranche 2	8.5.2009 to 15.9.2010	16.9.2010 to 15.9.2019	1.500
Tranche 3	8.5.2009 to 15.9.2011	16.9.2011 to 15.9.2019	1.500
Tranche 4	8.5.2009 to 15.9.2012	16.9.2012 to 15.9.2019	1.500

The movements in the options during the two years ended 31 March 2010 and 31 March 2011 are as follows:

Grantee	At 1.4.2009	Granted during the year	Lapsed during the year	At 31.3.2010	Granted/ lapsed during the year	At 31.3.2011	Date of grant	Option type
Other employee in aggregate	250,000	—	—	250,000	—	250,000	21.10.2004	Tranche 1
	425,000	—	—	425,000	—	425,000	21.10.2004	Tranche 2
	2,775,000	—	—	2,775,000	—	2,775,000	21.10.2004	Tranche 3
	5,875,000	—	—	5,875,000	—	5,875,000	21.10.2004	Tranche 4
	7,275,000	—	(300,000)	6,975,000	—	6,975,000	21.10.2004	Tranche 5
	16,600,000	—	(300,000)	16,300,000	—	16,300,000		
Other employee in aggregate	125,000	—	(125,000)	—	—	—	25.8.2006	Tranche 3
	675,000	—	(225,000)	450,000	—	450,000	25.8.2006	Tranche 4
	750,000	—	(250,000)	500,000	—	500,000	25.8.2006	Tranche 5
	1,550,000	—	(600,000)	950,000	—	950,000		
Other employee in aggregate	—	1,850,000	—	1,850,000	—	1,850,000	8.5.2009	Tranche 1
	—	1,850,000	—	1,850,000	—	1,850,000	8.5.2009	Tranche 2
	—	1,850,000	—	1,850,000	—	1,850,000	8.5.2009	Tranche 3
	—	1,850,000	—	1,850,000	—	1,850,000	8.5.2009	Tranche 4
	—	7,400,000	—	7,400,000	—	7,400,000		
	18,150,000	7,400,000	(900,000)	24,650,000	—	24,650,000		
Weighted average exercised price	2.179	1.50	—	1.569	—	1.569		

Total share option expense in relation to the options granted by the Company recognised during the year amounted to HK$6,803,000 (2010: HK$2,353,000).

During the year, the Company extended the exercisable period of options granted on 21 October 2004 and 25 August 2006 to 20 October 2014 (2004 Scheme) and 24 August 2016 (2006 Scheme). As the modification occurred after the vesting period, the incremental fair value of the options determined on the date of modification using the Binomial model of HK$5,776,000 (included above) was recognised immediately in profit or loss.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The major inputs into the models at the date of modification were as follows:

	Options issued on	
	21 October 2004	25 August 2006
Expected volatility	47.0%	47.0%
Expected life	4 years	6 years
Risk-free rate	1.538% p.a.	1.941% p.a.
Dividend yield	4.428%	3.830%

The risk-free rate has made reference to the yield of HK Exchange Fund Notes ("EFN") as at the date of modification. The volatility of the Company's stock was determined by reference to the historical stock price and assumed to be constant throughout the option life.

No share options were exercised during the two years ended 31 March 2011.

(b) Kosmopolito Share Option Scheme

On 10 September 2010, a share option scheme of Kosmopolito ("Kosmopolito Share Option Scheme") was approved by Kosmopolito for the purpose of rewarding to directors (including executive, non-executive and independent non-executive directors) of the Company and Kosmopolito or any of its subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company and Kosmopolito or any of its subsidiaries. Under Kosmopolito Share Option Scheme, the board of directors of Kosmopolito may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Kosmopolito.

Without prior approval from Kosmopolito Share Option shareholders, (i) the total number of shares to be issued under the options of the Kosmopolito Share Option Scheme is not permitted to exceed 10% of the shares of the Kosmopolito then in issue (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Kosmopolito then in issue.

The offer of a grant of options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of Kosmopolito, and will not be less than the higher of (i) the closing price of the Kosmopolito's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of Kosmopolito's shares.

As at 31 March 2011, the number of options which remained outstanding under the Kosmopolito Share Option Scheme was 29,699,990 which, if exercise in full, represents 1.46% of the enlarged capital of Kosmopolito.

Details of share options, which were granted on 11 October 2010 at an initial exercise price at HK$2.20 per share, to employees are as follows:

Option type	**Vesting period**	**Exercisable period**	**Exercise price** *HK$*	**Granted during the year**	**Lapsed during the year**	**At 31.3.2011**
Tranche 1	11.10.2010 to 10.10.2011	11.10.2011 to 10.10.2014	2.20	6,826,353	(181,818)	6,644,535
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015	2.20	6,826,353	(181,818)	6,644,535
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016	2.20	7,530,899	(181,818)	7,349,081
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017	2.20	4,712,717	(181,818)	4,530,899
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018	2.20	4,712,758	(181,818)	4,530,940
				30,609,080	(909,090)	29,699,990

Total share option expense in relation to options granted by Kosmopolito recognised during the year amounted to HK$3,299,000.

The fair value of the options which was determined at the date of grant using the Binomial model was HK$18,001,000. The Group recognised a total expense of approximately HK$3,299,000 for the year to equity attributable to non-controlling interests.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variable so adopted may materially affect the estimation of the fair value of an option.

The major inputs into the models at the grant date were as follows:

Share price as at grant date	HK$1.88
Exercise price	HK$2.20
Expected volatility	41%–43%
Expected life	5 years
Risk-free rate	0.886%–1.739%
Dividend yield	1.5%
Trigger price multiple	2.75 times

The risk-free rate has made reference to the yield of HK EFN as at the grant date. The volatility of Kosmopolito's stock was determined by reference to the share price volatilities of companies in similar line of business of Kosmopolito and assumed to be constant throughout the option life.

47. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("the MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the controlof trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group makes contribution to independent superannuation master funds, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contribution.

Total retirement benefit expenses charged to the profit or loss in consolidated statement of comprehensive income amounted to HK$22,879,000 in the current year (2010: HK$16,962,000).

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital Number of share(s)	Par value per share/registered capital	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
					2011	*2010*	
Direct Subsidiaries							
Accord Rise Investments Limited	BVI/HK	1	US$1	Ordinary	100	100	Investment holding
Ample Bonus Limited	BVI/HK	101	US$1	Ordinary	100	100	Investment holding
Ondella International Limited	BVI/HK	1	US$1	Ordinary	100	100	Investment holding
Indirect Subsidiaries							
124 York Street Pty Ltd	Australia	10,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
13 Roper Street Pty Ltd	Australia	10,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
13 Roper Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation

Name of subsidiary	Place of incorporation/ operation	Issued share capital Number of share(s)	Par value per share/registered capital	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group 2011	2010	Principal activities
19 Bank Street Pty Ltd	Australia	10,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
19 Bank Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
344 Queen Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
94 York Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Accessway Profits Limited	BVI/HK	1	US$1	Ordinary	100	100	Investment holding
Action Fulfilled Assets Limited	BVI/HK	1	US$1	Ordinary	100	100	Property investment
Amphion Investment Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
Annick Investment Limited	HK	2	HK$1	Ordinary	100	100	Property investment
Apex Path Limited	BVI/HK	1	US$1	Ordinary	100	100	Investment holding
Arvel Company Limited	HK	10,000	HK$1	Ordinary	100	100	Property investment
Australian Property Management Pty Ltd	Australia	1	A$1	Ordinary	73.75	73.75	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
Best Hoover Limited	HK	1	HK$1	Ordinary	100	100	Property investment
Best Impact Limited	BVI/HK	1	US$1	Ordinary	100	100	Car park operation
Bournemouth Estates Limited	HK	2	HK$10	Ordinary	100	100	Property development
Bradney Proprietary Ltd	Australia	2	A$1	Ordinary	100	100	Investment holding
Capital Fortune Investment Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
Caragis Limited	HK	1,000	HK$1	Ordinary	73.10	100	Hotel operation
Care Park (Albert Street) Pty Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Finance Pty Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Investment holding
Care Park New Zealand Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Properties Pty Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Investment holding
Care Park Pty Ltd	Australia	1,000	A$0.012178	Ordinary	73.75	73.75	Car park operation
Carterking Limited	BVI/HK	1	US$1	Ordinary	100	100	Investment holding
Charter Joy Limited	HK	2	HK$1	Ordinary	73.10	100	Hotel operation
Charter National International Limited	HK	2	HK$1	Ordinary	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	N/A	US$8,800,000	N/A	73.10	100	Hotel management
Ching Chu Property Management (Shanghai) Company Limited (i)	PRC	N/A	US$700,000	N/A	64.29	100	Property management
Chun Wah Holdings Limited	HK	200	HK$1	Ordinary	100	100	Property development
Complete Delight Limited	BVI/HK	1	US$1	Ordinary	73.10	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000	HK$1	Ordinary	73.10	100	Hotel operation
Dorsett Imbi Sdn. Bhd.	Malaysia	2	RM$1	Ordinary	100	100	Property development
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000	RM$1	Ordinary	73.10	100	Hotel operation
Double Advance Group Limited	BVI/HK	1	US$1	Ordinary	73.10	100	Hotel operation
Double Gaining Limited	HK	1	HK$1	Ordinary	100	100	Administrative services
Dunjoy Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1	US$1	Ordinary	100	100	Investment holding
Esmart Management Limited	HK	2	HK$1	Ordinary	73.10	100	Hotel management
Everkent Development Limited	HK	2	HK$1	Ordinary	73.10	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000	US$1	Ordinary	100	100	Investment holding
Far East Consortium (Malaysia) Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	The Netherlands	6,000	US$1	Ordinary	100	100	Investment holding
Far East Consortium China Infrastructure Company Limited	HK	2	HK$1	Ordinary	100	100	Investment holding

Name of subsidiary	Place of incorporation/ operation	Issued share capital Number of share(s)	Par value per share/registered capital	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group *2011*	*2010*	Principal activities
Far East Consortium China Investments Limited	HK	6,000	HK$100	Ordinary	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12	A$1	Ordinary	100	100	Investment holding
		235	A$42.55	Redeemable preference	100	100	
Far East Consortium Limited	HK	830,650,000	HK$1	Ordinary	100	100	Investment holding and property investment
Far East Consortium Machinery Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
Far East Consortium Properties Pty Limited	Australia	12	A$1	Ordinary	100	100	Investment holding and property investment
		225	A$44.44	Redeemable preference	100	100	
Far East Consortium Property & Marketing Service Pty Limited	Australia	1	A$1	Ordinary	100	100	Property development
Far East Golf International Limited	HK	5	HK$1	Ordinary	100	100	Property development
Far East Real Estate and Agency (H.K.) Limited	HK	60,000	HK$100	Ordinary	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12	A$1	Ordinary	100	100	Investment holding
		375	A$10,000	Redeemable preference	100	100	
Far East Supermarket Limited	HK	500,000	HK$1	Ordinary	100	100	Property investment
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1	A$1	Ordinary	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1	S$1	Ordinary	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2	RM$1	Ordinary	100	100	Investment holding
FEC Financing Solutions Pty Ltd	Australia	1	A$1	Ordinary	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000	DFL1	Ordinary	100	100	Investment holding
FECFW 1 Pty Ltd	Australia	1	A$1	Ordinary	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1	A$1	Ordinary	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Focus Venue Sdn. Bhd.	Malaysia	100	RM$1	Ordinary	90	90	Property development
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000	RM$1	Ordinary	100	100	Property investment
Garden Resort Development Limited	HK	100	HK$1	Ordinary	100	100	Property development
Grand Expert Limited	HK	10,000	HK$1	Ordinary	73.10	100	Hotel operation
Guangzhou Pegasus Boiler Manufacture Company Limited (ii)	PRC	N/A	HK$ 50,000,000	N/A	51	51	Operation of boiler factory
Henrik Investment Limited	HK	2	HK$1	Ordinary	100	100	Property investment
Hong Kong Hotel REIT Finance Company Limited	HK	1	HK$1	Ordinary	73.10	100	Loan financing
Hong Kong (SAR) Hotel Limited	HK	10,000	HK$1	Ordinary	73.10	100	Property development
Kosmopolito Hotels International (M) Sdn Bhd	Malaysia	2		Ordinary	73.10	—	Investment holding
Kosmopolito Hotels International (Singapore) Pte. Limited	Singapore	1	S$1	Ordinary	73.10	100	Hotel management and consultancy service
Kosmopolito Hotels International Limited (listed on the Stock Exchange since 11 October 2010, stock code: 2266)	Cayman Islands/ HK	2,000,000,000	HK$0.1	Ordinary	73.10	100	Investment holding
Kosmopolito Hotels International Services Limited	HK	2	HK$1	Ordinary	73.10	100	Hotel management
Kuala Lumpur Land Holdings Limited	Channel Islands/ HK	100	£1	Ordinary	100	100	Investment holding

Name of subsidiary	Place of incorporation/ operation	Issued share capital Number of share(s)	Par value per share/registered capital	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group 2011	2010	Principal activities
Launceston York Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Madison Lighters and Watches Company Limited	HK	4	HK$1	Ordinary	100	100	Investment holding
Mass Perfect Limited	HK	1	HK$1	Ordinary	73.10	—	Investment holding
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000	RM$1	Ordinary	73.10	100	Hotel operation
Multi Yield (HK) Limited	HK	1	HK$1	Ordinary	100	100	Property investment
N.T. Horizon Realty (Jordan) Limited	HK	2	HK$100	Ordinary	100	100	Property investment
New Time Plaza Development Limited	HK	1,000	HK$1	Ordinary	100	100	Investment holding
New Union Investments (China) Limited	HK	300	HK$1	Ordinary	100	100	Investment holding
Oi Tak Enterprises Limited	HK	1,000,000	HK$1	Ordinary	75	75	Investment holding
Pandix Limited	HK	1	HK$1	Ordinary	100	100	Property development
Panley Limited	HK	1	HK$1	Ordinary	73.10	100	Property development
Pansy Development Limited	HK	2	HK$1	Ordinary	100	100	Property investment
Peacock Management Services Limited	HK	2	HK$1	Ordinary	100	100	Administration services
Quadrant Plaza Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Regency Hotels Proprietary Limited	Australia	100	A$1	Ordinary	100	100	Investment holding
Rich Diamond Holdings Limited	BVI/HK	10	US$1	Ordinary	70	70	Investment holding
Richfull International Investment Limited	HK	1	HK$1	Ordinary	73.10	100	Bar operation
Ridon Investment Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
Roper Debt Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Roseville Enterprises Limited	HK	6,000	HK$100	Ordinary	100	100	Property development
Royal Domain Plaza Pty. Ltd.	Australia	2	A$1	Ordinary	100	100	Property investment
Royal Domain Towers Pty. Ltd.	Australia	2	A$1	Ordinary	100	100	Property investment
Ruby Way Limited	HK	2	HK$1	Ordinary	73.10	100	Hotel operation
Scarborough Development Limited	HK	2	HK$1	Ordinary	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	N/A	US$35,000,000	N/A	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050	A$0.17093	Ordinary	73.75	73.75	Car park operation
Shepparton Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Singford Holdings Limited	BVI/HK	1	US$1	Ordinary	100	100	Treasury management
Southsino Development Limited	HK	100	HK$1	Ordinary	100	100	Property development
Star Bridge Development Limited	HK	2	HK$1	Ordinary	100	100	Property development
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000	RM$1	Ordinary	73.10	100	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000	RM$1	Ordinary	73.10	100	Hotel operation
Tang City Holdings Ltd.	Singapore	1,000,000	S$1	Ordinary	100	100	Property investment
Tang City Parkway Pte Limited	Singapore	10	S$1	Ordinary	100	100	Property investment
Tang City Properties Pte Limited	Singapore	2,600,000	S$1	Ordinary	100	100	Property investment
Tang Development Pte Limited	Singapore	2	S$1	Ordinary	100	100	Property investment
Tang Hotel Investments Pte. Ltd.	Singapore	2	S$1	Ordinary	73.10	100	Investment holding and property development
Tang Strategic Investment Pte. Ltd.	Singapore	10	S$1	Ordinary	100	100	Property investment
Tang Suite Pte. Ltd.	Singapore	1	S$1	Ordinary	73.10	100	Property development
Target Term Sdn. Bhd.	Malaysia	2	RM$1	Ordinary	100	100	Car park operation
Tantix Limited	HK	1	HK$1	Ordinary	100	100	Property development

Name of subsidiary	Place of incorporation/ operation	Issued share capital Number of share(s)	Par value per share/registered capital	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group 2011	2010	Principal activities
The Hotel of Lan Kwai Fong Limited	HK	10,000	HK$1	Ordinary	73.10	100	Hotel operation
Tomarta Sdn. Bhd.	Malaysia	1,000,000	RM$1	Ordinary	100	100	Property development
Turbulent Limited	HK	2	HK$10	Ordinary	100	100	Investment holding
Upperace Development Limited	HK	1,000,000	HK$1	Ordinary	100	100	Investment holding
Venue Summit Sdn. Bhd.	Malaysia	250,000	RM$1	Ordinary	73.10	100	Hotel operation
Vennex Limited	HK	1	HK$1	Ordinary	100	100	Property development
Vicco Development Limited	HK	2	HK$1	Ordinary	100	100	Investment holding
Vicsley Limited	HK	1,000	HK$1	Ordinary	73.10	100	Hotel operation
Victoria Land Pty Limited	Australia	12	A$1	Ordinary	100	100	Management services
Well Distinct Limited	BVI/HK	1	US$1	Ordinary	100	—	Investment holding
Win Chance Engineering Limited	HK	2	HK$1	Ordinary	100	100	Engineering services
Zhongshan Developments Limited	BVI/HK	1	US$1	Ordinary	73.10	100	Investment holding
武漢港澳中心物業管理有限公司(iii)	PRC	N/A	RMB500,000	N/A	73.10	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	N/A	US$29,800,000	N/A	73.10	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	N/A	US$38,000,000	N/A	73.10	100	Property development
麗悦酒店管理(上海)有限公司(iii)	PRC	N/A	RMB500,000	N/A	73.10	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.

(ii) Sino-foreign equity joint venture registered in the PRC.

(iii) Domestic wholly owned enterprise registered in the PRC.

None of the subsidiaries had issued any debt securities at the end of the year.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

49. PARTICULARS OF PRINCIPAL ASSOCIATES

Particulars of principal associates at the end of the year are as follows:

Name of associate	Place of incorporation/ operation	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group 2011	2010	Principal activities
Bermuda Investments Limited	HK	Ordinary	25	25	Property investment
Guangdong Xin Shi Dai Real Estate Limited	PRC	N/A	45	45	Property development
Kanic Property Management Limited	HK	Ordinary	50	50	Building management
Omicron International Limited	BVI/HK	Ordinary	30	30	Investment holding
Peacock Estates Limited	HK	Ordinary	25	25	Property investment

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

3. INDEBTEDNESS

Debt Securities

At the close of business on 7 May 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular. The Group had outstanding convertible bonds with carrying value of approximately HK$30 million.

Borrowings

As at the close of business on 7 May 2012, the Group had outstanding borrowing of approximately HK$6,739 million, comprising secured bank and other borrowings of approximately HK$6,662 million, borrowing from related companies and non-controlling interests of approximately HK$46 million and HK$30 million respectively and finance lease obligations of approximately HK$1 million.

The secured borrowings are secured by certain of the Group's assets with aggregated carrying value of approximately HK$10,142 million.

Contingent Liabilities

At the close of business on 7 May 2012, there were counter-claims for an amount of HK$26 million by a contractor in connection with the construction of a hotel owned by a subsidiary against which the subsidiary has initiated a lawsuit for unsatisfactory performance of the contractor. Our Directors are of the view that the counter-claims would not have a material adverse impact on our financial position.

Commitments

At the close of business on 7 May 2012, the Group has authorized capital expenditure not provided for in these financial statements amounting to approximately HK$697 million of which approximately HK$359 million was contracted for.

Disclaimers

Save as disclosed in this section headed "3. Indebtedness" above and apart from intra-group liabilities, the Group did not, at the close of business on 7 May 2012 have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

4. FINANCIAL AND TRADING PROSPECTS

The Group is a conglomerate with its core business in property development, hotel investment and operation, car park investment and management and property investment.

The Group launched a number of property development projects for presale in the last financial year. As at 31 March 2012, the Group recorded cumulative presales of properties under development of approximately 743,000 sq. ft in gross floor area ("**GFA**") with a value of approximately HK$4.3 billion from Star Ruby, Hong Kong and Upper West Side, Australia. Together with cumulative presale recorded at KHI with a value of HK$500 million, the Group's total cumulative presale as at 31 March 2012 was at HK$4.8 billion. Following the financial year end, the Group launched 288 apartments for presale in its California Garden project in Shanghai. Other new residential development projects/phases for launch in the coming 24 months include projects in Guangzhou, Shanghai, Hong Kong and Malaysia. Total GFA of the properties available for sale and presale amounted to approximately 3.5 million sq. ft. With current presale and anticipated new projects in the pipeline, the Group expects financial performance from property development business to be strong in the coming years.

The Group will continue to focus on developing future projects in the regions where the Group has an existing presence. The diversified location of the Group's presence allows the Group to take advantage of property cycle in different markets and the effect of cyclical risks can therefore be reduced. The Group's current development pipeline together with our land bank amounted to approximately 10 million sq. ft in GFA as at 31 March 2012, sufficient for property development in the coming 6 to 7 years. The Group will continue to search for attractive development opportunities to replenish our pipeline going forward.

The Group's hotel business is under our listed subsidiary, KHI. KHI is a hotel developer, owner and operator with business spreading over Hong Kong, the PRC, Malaysia, Singapore and United Kingdom. During the financial year 2012, KHI continued to achieve a strong growth in both room rates and occupancy rates with average daily revenue per available room at HK$663, an increase of 23.9%, compared with last year. Currently, KHI owns/manages 16 hotels of approximately 4,000 rooms. This is expected to increase to more than 7,000 rooms over the next few years.

The recent transaction involving a disposal of Dorsett Regency Hotel, Kennedy Town in Hong Kong has again proven the Group's capability in creating value for shareholders. The Group will continue its strategy to recycle the capital selling smaller hotels and investing in bigger ones with greater number of rooms. With this recently announced disposal, together with the Group's hotel development pipeline and expected contribution from sale of serviced apartments in Singapore (namely Dorsett Regency Residence) and Malaysia (namely Dorsett Place Waterfront, Subang), it is anticipated that KHI will continue its high growth in the coming few years.

The Group's car park has continued to grow with revenue reaching HK$537 million for the year ended 31 March 2012, an increase of 15.7% versus last year. Steady growth in the business has strengthened recurring cashflow stream. As at 31 March 2012, the Group managed more than 250 car parks, consisting a car park management portfolio of approximately 49,000 car park bays. In this portfolio, self owned car parks totaled 20 car parks with approximately 5,600 car park bays. These car parks are located in Australia and Malaysia. During the financial year 2012, approximately 3,000 car parks bays under management were added to the portfolio. With steady increase in the number of car park bays under management, the car park business is expected to continue to contribute to the Group with stable income and cash flow.

Investment properties mainly comprise retail and office building located in Shanghai, Hong Kong, Melbourne, Singapore and Malaysia. These investment properties provide the Group with rental income. On 30 March 2012, the Group announced the sale of an investment property (namely, 51 strata units in Parkway Centre) in Singapore. The sale will provide additional capital for the Group for future expansion. The property investment business will continue to provide the Group with solid cashflow stream.

With total assets of approximately HK$24.1 billion including the valuation surplus on hotel assets amounting to HK$7,750 million which is not recorded in the consolidated financial statements, the gearing ratio of net of cash was 28.8% as at 31 March 2012. The Group believes that it has strong financing capacity for its future developments and to capture new business opportunity that may arise.

Going forward, the Group will continue its strategy of expanding its hotel portfolio and development pipeline. Whilst global market conditions remain challenging with the slowdown in growth rate in Mainland China and the European economic crisis, the Group believes that the long term prospects of the property sector remain good in Asia. The Group is confident that it is well positioned to continue its growth in the coming years.

5. MATERIAL CHANGE

On 25 May 2012, KHI, Havena Holdings Limited, a wholly-owned subsidiary of KHI and a non-wholly owned subsidiary of the Company (the "**Seller**"), and a purchaser (the "**Purchaser**"), being an independent third party to the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), whereby the Seller has agreed to sell, and the Purchaser has agreed to purchase, the entire issued share capital of Hong Kong (SAR) Hotel Limited ("**HKSAR Hotel**") and related shareholder's loan at the aggregate consideration of HK$800,000,000 (the "**Disposal**") and KHI has agreed to guarantee the due performance by the Seller of its obligations and responsibilities under the Sale and Purchase Agreement. The principal activity of HKSAR Hotel is the operation and management of the Dorsett Regency Hotel, Hong Kong and the related facilities and HKSAR Hotel is registered and beneficial owner of the aforesaid hotel. It is expected that the Group will record a gain from the Disposal of approximately HK$329 million, such gain having been arrived at by reference to the terms of the Disposal and the carrying book value of HKSAR Hotel in the accounts of the Company. Further details of the Disposal are set out in the announcement jointly issued by the Company and KHI dated 25 May 2012.

Save for the above and the Share Repurchase, the Directors confirm that there has been no material change (whether adverse or not) in the financial or trading position or outlook of the Group since 31 March 2012, being the date to which the latest audited consolidated financial statement of the Group were made up.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma consolidated statement of financial position of the Company prepared based on the audited consolidated statement of financial position as at 31 March 2012 stated in the preliminary announcement of result of the Group for the year ended 31 March 2012 set out in Appendix I to this circular and adjusted for the impact of the Share Repurchase in accordance with Rules 4.29(1) of the Listing Rules assuming that the Share Repurchase had been completed on 31 March 2012 to illustrate the effect of the Share Repurchase on the financial position of the Group. As it is prepared for illustrative purpose only, it may not give a true picture, of what the financial position of the Group shall be on the actual completion of the share Repurchase.

	Before Share Repurchase	**Pro forma adjustment**		**After Share Repurchase**
		(i)	**(ii)**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current Assets				
Investment properties	2,456,469			2,456,469
Property, plant and equipment	5,988,002			5,988,002
Prepaid lease payments	597,485			597,485
Goodwill	68,400			68,400
Other intangible assets	2,100			2,100
Interests in associates	256,158			256,158
Interests in jointly controlled entities	90,966			90,966
Available-for-sale investments	16,190			16,190
Financial assets at fair value through profit or loss	7,750			7,750
Deposit for acquisition of property, plant and equipment	149,315			149,315
Amounts due from associates	70,784			70,784
Amount due from jointly controlled entity	26,936			26,936
Amount due from investee company	119,995			119,995
Other receivables	141,407			141,407
Pledged deposits	25,252			25,252
	10,017,209			10,017,209

	Before Share Repurchase	Pro forma adjustment (i)	Pro forma adjustment (ii)	After Share Repurchase
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current Assets				
Properties for sale				
Completed properties	100,699			100,699
Properties for/under development	3,797,152			3,797,152
Other inventories	10,719			10,719
Prepaid lease payments	18,867			18,867
Debtors, deposits and prepayments	280,570			280,570
Tax recoverable	11,386			11,386
Available-for-sale investments	18,694			18,694
Financial assets at fair value through profit or loss	458			458
Derivative financial instruments	10			10
Pledged deposits	342,672			342,672
Restricted bank deposits	971			971
Bank balances and cash	1,374,980	(289,900)		1,085,080
	5,957,178			5,667,278
Assets classified as held for sale	418,928			418,928
	6,376,106			6,086,206
Current Liabilities				
Creditors and accruals	606,298			606,298
Obligations under finance leases	218			218
Amounts due to related companies	46,165			46,165
Amounts due to associates	12,877			12,877
Amounts due to non-controlling shareholders of subsidiaries	30,070			30,070
Customers' deposits received	197,140			197,140
Derivative financial instruments	1,245			1,245
Tax payable	345,774			345,774
Secured bank and other borrowings	1,764,289			1,764,289
	3,004,076			3,004,076
Liabilities associated with assets classified as held for sale	2,994			2,994
Net Current Assets	3,369,036			3,079,136
Total Assets less Current liabilities	13,386,245			13,096,345

	Before Share Repurchase	Pro forma adjustment (i)	Pro forma adjustment (ii)	After Share Repurchase
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-Current Liabilities				
Secured bank and other borrowings	4,620,800			4,620,800
Obligations under finance leases	474			474
Deferred tax liabilities	234,888			234,888
Convertible bonds	30,074			30,074
	4,886,236			4,886,236
Net Assets	8,500,009			8,210,109
Capital and Reserves				
Share capital	195,976		(23,000)[(a)]	172,976
Share premium	2,822,611	(7,000)	(259,900)[(b)]	2,555,711
Reserves	4,433,033		(23,000)[(c)]	4,433,033
			23,000 [(c)]	
Equity attributable to owners of the Company	7,451,620			7,161,720
Non-controlling interests	1,048,389			1,048,389
Total Equity	8,500,009			8,210,109

Pro forma adjustments:

(i) to reflect the consideration payable for the repurchase of 230,000,000 Shares at the price of HK$1.23 per share payable in cash of HK$282,900,000 and the estimated expenses of HK$7,000,000 directly attributable to the Share Repurchase. The expenses include legal fee, financial advisory fee and other professional fee, which are incurred for an equity transaction and are accounted for as a reduction from equity.

(ii) to reflect the cancellation of the Repurchase Shares by,

(a) reducing share capital by the nominal value of the Repurchase Shares of HK$23,000,000;

(b) reducing share premium by the premium paid for the Repurchase Shares, being the total consideration of HK$282,900,000 over the nominal value of the Repurchase Shares of HK$23,000,000; and

(c) transferring an equivalent amount of the nominal value of the Repurchase Shares from retained profits to capital redemption reserve in accordance with the Companies Law of the Cayman Islands.

2. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the accountants' report on the unaudited pro forma financial information of the Group received from Deloitte Touche Tohmatsu prepared for the purpose of incorporation of this circular.

Deloitte.
德勤

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Far East Consortium International Limited

We report on the unaudited pro forma financial information of Far East Consortium International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), set out in Appendix II to the circular of the Company, dated 27 June 2012 ("the "Circular"), in connection with the proposed off-market repurchase of 230,000,000 shares of the Company at a price of HK$1.23 per share and cancellation of the shares repurchased (the "Share Repurchase"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Share Repurchase might have affected the financial information presented, for inclusion in Appendix II of the Circular. The basis of preparation of the unaudited pro forma financial information is set out on page II-1 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 March 2012 or any future date.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 27 June 2012

The followings are the text of letters and valuation certificates from independent valuers, in connection with the valuation of the properties held by the Group as at 31 March 2012, prepared for the purpose of incorporation in this circular.

(A) PROPERTIES LOCATED IN HONG KONG, THE PRC, AUSTRALIA (OTHER THAN THOSE HELD UNDER THE CARE PARK GROUP) AND THE UK

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

27 June 2012

The Directors
Far East Consortium International Limited
16/F, Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

Dear Sirs,

Re: Portfolio Valuation

Instructions, Purpose & Date of Valuation

We refer to your instructions for us to carry out market valuations of certain properties in which Far East Consortium International Limited (the "Company") and/or its subsidiaries and associated companies (together referred to as the "Group") have interests in Hong Kong, the People's Republic of China (the "PRC"), Australia and the United Kingdom (the "UK"). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of these properties as at 31 March 2012 (the "Date of Valuation").

Basis of Valuation and Assumption

Our valuation of each property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined 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".

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Unless otherwise stated, our valuations are carried out and stated on 100% interest basis.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values. In respect of the PRC properties, we have relied on the legal opinion given to us by the Group's legal advisers.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, The Code on Takeovers and Mergers and Share Repurchases of Securities and Future Commission and the HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group and the advice provided by the Group's legal advisers, Guangdong Zhengda United Law Firm, Shanghai Haokun Law Firm, Hubei Angel Law Firm and Grandall Law Firm (Chengdu), are set out in the notes in the respective valuation certificates.

Valuation Methodology

Unless otherwise stated, we have generally valued the properties either by direct comparison method by making reference to comparable sales transactions as available in the relevant market or where appropriate by capitalising the rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

Each of property nos. 8 to 15 in Hong Kong and the hotel portion of each of property nos. 35 and 36 in the PRC has been valued as fully operational hotels and by reference to comparable evidence as available in the market. Moreover, we have valued such properties with the benefit of all relevant statutory and/or mandatory permissions, permits, approvals and licences which are necessary for hotel operation.

In respect of the properties in Group V, Group XI and Group XVII which are held by the Group under development in Hong Kong, the PRC, Australia respectively and the property in Group XVIII which is held by the Group for development in the UK, we have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments. The "Capital value when completed at the Date of Valuation" represents our opinion of the aggregate selling prices of the developments assuming that they were completed at the Date of Valuation.

In valuing the properties in Group XIII which is contracted to be acquired by the Group in the PRC, we have been advised by the Group that the State-owned Land Use Rights Certificates of the properties have not been obtained yet and we therefore ascribe no commercial value to the properties.

According to the information provided by the Group, the potential tax liability of properties located in Hong Kong which would arise on disposal of the properties is profits tax of 16.5% of net profit upon disposal, save for deduction of any profit which is capital in nature. The potential tax liability in respect of properties held for owner-occupation, investment or held and operated by the Group under Group I, Group II and property nos. 8 to 14 of Group III, the likelihood of the relevant tax liability being crystallized is remote as the Group has no plan for the disposal of such properties yet. For property no. 15 and properties held for sale under Group IV, the likelihood of the relevant tax liability being crystallized is high upon disposal. As advised by the Group, the estimated amount of potential tax liability in respect of property nos. 15, 16, 17 and 18, which have been sold or being put up for sale in the market as at the Latest Practicable Date, are approximately nil, HK$21.5 million, HK$5.6 million and HK$1.0 million respectively. For properties held for development and future development under Group V and Group VI, the likelihood of the relevant tax liability being crystallized is remote as the Group will hold the properties for investment after development has been completed or has no plan for the disposal of such properties yet at the current stage.

For the properties located in the PRC under Group VII to Group XIII, we have been advised by the Group that the potential tax liabilities include Land Appreciation Tax (土地增值稅) at progressive tax rates from 30% to 60%, Business Tax (營業稅) at 5% of sales amount, related surcharge (附加稅) at 11% of Business Tax (營業稅), and Income Tax (所得稅) at 25% on profit before tax. The exact amount of tax payable upon realization of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon presentation of the relevant transaction documents. The likelihood of the relevant tax liability being crystallized is remote as the Group has no plan for the disposal of such properties yet. For property held for sale under Group X, the likelihood of the relevant tax liability being crystallized is high, as advised by the Group, the property will be sold after development has been completed. As advised by the Group, the estimated amount of potential tax liability in respect of property no. 37 under Group X, which has been sold or being put up for sale in the market as at the Latest Practicable Date, is approximately HK$17.7 million. For properties held for investment, owner-occupation, held and operated by the Group, under development, for future development and contracted to be acquired under Group VII to Group IX and Group XI to Group XIII respectively, the likelihood of the relevant tax liability being crystallized is remote as the Group has no plan for the disposal of such properties yet.

If the Australian properties are disposed of at valuation, a goods and services tax on gross realization will be assessed at 1/11 and the income tax may be payable at the current corporate tax rate of 30% on the taxable income of the property owner. As advised by the Group, it is likely that the relevant tax liabilities will be crystallized for property no. 46 in Group XIV as it is planned to be sold. As advised by the Group, the estimated amount of potential tax liability in respect of property no. 46 under Group XIV, which has been sold or being put up for sale in the market as at the Latest Practicable Date, is approximately HK$0.9 million. However, the likelihood of the relevant tax liabilities being crystallized for property nos. 47, 48 and 49 in Groups XV, XVI and XVII respectively is remote as the Group has no plan to dispose of such properties yet at the current stage.

According to the information provided by the Group, the potential tax liabilities which would arise on the disposal of the development rights and interests in property no. 50 in Group XVIII in the UK mainly comprise Corporation Tax, Value Added Tax and Capital Gains Tax charged at the rate appropriate to the circumstances as at the time of the transaction. The likelihood of the relevant tax liability being crystallized is remote as the Group will hold the properties for investment after development.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us by the Group, where applicable, on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion dates of buildings, lettings, particulars of occupancy, identification of properties, development schemes, floor plans and areas, site plans and areas, number of parking spaces and guest rooms, construction schedules and costs, relationship of the property owners with the Group, interests attributable to the Group and all other relevant matters.

Land Tenure

In valuing the properties in Hong Kong the Government Leases of which expired before 30 June 1997, we have taken into account the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance under which such leases have been extended without premium until 30 June 2047 and that rents of 3% of the rateable value are charged per annum from the date of extension.

In valuing the properties in the PRC, we have assumed that transferable land use rights in respect of the properties for respective specific terms at nominal land use fees have been granted and that all requisite land premiums payable have been fully settled. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

Title Investigation

We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry in Hong Kong and the UK, and Landata in Australia. In respect of the properties in the PRC, we have been provided by the Group with copies of extracts of documents. However, we have not searched the original documents to verify ownership or to verify any lease amendments. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. No on-site measurement has been taken.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal advisers, Guangdong Zhengda United Law Firm, Shanghai Haokun Law Firm, Hebei Angel Law Firm and Grandall Law Firm (Chengdu) in respect of the title to the properties in the PRC.

Property Inspection

Our DTZ Hong Kong Office valuer Amy Ho, Edmond Pang and Angelina Kwok, Guangzhou Office valuer Mina Ou, Shanghai Office George Deng and Shirlin Qi, Chengdu Office valuer David Guo, Wuhan Office valuer Lucy Xu, Australia Office valuer Ashley Shepherd and London Office Richard Dawes inspected the exterior and, wherever possible, the interior of the properties between March 2012 and June 2012. However, 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 whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services. For those properties which are under or held for future development, we have not carried out any soil investigations to determine the suitability of soil conditions and services for any future development. Moreover, we have not undertaken any environmental survey for the properties. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction.

Currency and Exchange Rate

Unless otherwise stated, the market values of the properties in Group I to Group VI are stated in Hong Kong dollars ("HK$"). The market values of the properties in Group VII to Group XIII are stated in Renminbi ("RMB"). The market values of the properties in Group XIV to Group XVII are stated in Australian dollars ("AUD"). The market value of the property in Group XVIII is stated in Great British Pound ("GBP").

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
CREA, MHKIS, MRICS, RPS (GP)
Senior Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor (General Practice) who has over 25 years' experience in valuation of properties in Hong Kong and the PRC and extensive experience in the valuation of properties in Australia and the UK.

SUMMARY OF VALUATIONS

	Property		Capital value in existing state as at 31 March 2012
			HK$
	Group I — Properties held by the Group for investment in Hong Kong		
1.	Units 1801–4 on 18th, 19th and 20th Floors (including lavatories of respective floors), Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong		167,000,000
2.	Far East Consortium Building, Nos. 204–206 Nathan Road, Tsim Sha Tsui, Kowloon		450,000,000
3.	Car Parking Space Nos. 14, 16, 17, 24, 26, 27, 29, 30, 34, 35, 40, 41, 44–46, 51, 53–56, 58, 62–71, 75, 77, 85, 86, 90, 91, 94, 96 and 97 on Basement 1 and Car Parking Space Nos. 98, 99, 114, 124, 125, 129, 139–141, 144–147, 149–152, 154–157, 159–162, 164 and 167 on Basement 2, Covent Garden, No. 88 Ma Tin Road, Yuen Long, New Territories		10,000,000
4.	Basement to 5th Floors of Far East Centre, Nos.135–143 Castle Peak Road, Tsuen Wan, New Territories		270,000,000
5.	First Floor of Block 4 and Car Parking Space Nos. 61 and 62 on Lower Ground Floor, Rise Park Villas, No. 38 Razor Hill Road, Sai Kung, New Territories		14,000,000
6.	Shop Nos. 1–7, 9–11, 14, 21, 26–33, 38, 39, 44, 49, 52, 56, 58–60, 66–70, 76–80, 86 and 87 on Lower Ground Floor and Shop Nos. 2–5, 7, 20–27, 29, 30, 35, 36, 40–42, 48, 49, 52, 54, 55, 62–64, 68 and 73 on Upper Ground Floor of the Commercial Podium of Plot A and Top Podium Exterior Walls of Plot A, Tsuen Wan Garden, Nos. 15–23 Castle Peak Road, Tsuen Wan, New Territories		82,000,000
		Sub-total:	993,000,000
	Group II — Property held by the Group for owner-occupation in Hong Kong		
7.	16th, Units 1805–6 on 18th and 24th Floors (including lavatories of respective floors and Flat Roof on 24th Floor), Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong		114,000,000
		Sub-total:	114,000,000
	Group III — Properties held and operated by the Group in Hong Kong		
8.	Cosmopolitan Hotel, No. 387 Queen's Road East, Wanchai, Hong Kong		2,245,000,000
9.	Cosmo Hotel, No. 375 Queen's Road East, Wanchai, Hong Kong		607,000,000
10.	Lan Kwai Fong Hotel @ Kau U Fong, No. 3 Kau U Fong, Central, Hong Kong		1,024,000,000
11.	Silka West Kowloon Hotel, No. 48 Anchor Street, Tai Kok Tsui, Kowloon		372,000,000
12.	Silka Seaview Hotel, No. 268 Shanghai Street, Yaumatei, Kowloon		745,000,000
13.	Silka Far East Hotel, Hong Kong, Nos. 135–143 Castle Peak Road, Tsuen Wan, New Territories		519,000,000
14.	Cosmo Hotel Mongkok, Nos. 35–43 Ivy Street (now known as No. 88 Tai Kok Tsui Road), Tai Kok Tsui, Kowloon		824,000,000
15.	Dorsett Regency Hotel, Hong Kong, Nos. 12–22 Davis Street, Kennedy Town, Hong Kong		800,000,000
		Sub-total:	7,136,000,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 31 March 2012
		HK$
	Group IV — Properties held by the Group for sale in Hong Kong	
16.	No. 684 Clear Water Bay Road, Sai Kung, New Territories	220,000,000
17.	Various units, Bakerview, No. 66 Baker Street, Hung Hom, Kowloon	105,000,000
18.	Ground Floor (with garden) and 1st Floor (with balcony), Nos. 109 and 110 Sheung Yeung, Sai Kung, New Territories	12,000,000
	Sub-total:	337,000,000
	Group V — Properties held by the Group under development in Hong Kong	
19.	Nos. 287–293 Sai Yeung Choi Street North, Sham Shui Po, Kowloon	212,000,000
20.	Nos. 1, 3, 5, 7, 9, 11 and 11A San Wai Street, Hung Hom, Kowloon.	523,000,000
21.	Project under development to be known as “Dorsett Regency Hotel, Kwun Tong”, No. 84 Hung To Road, Kwun Tong, Kowloon	862,000,000
22.	Project under development to be known as “Dorsett Regency Hotel, Kwai Chung”, No. 659 Castle Peak Road, Kwai Chung, New Territories	594,000,000
	Sub-total:	2,191,000,000
	Group VI — Properties held by the Group for future development in Hong Kong	
23.	Precious Hill Mansion, Nos. 90–100 Hill Road and the whole of No. 106 Hill Road, Pok Fu Lam, Hong Kong	349,000,000
24.	Lot Nos. 102, 190, 194, the Remaining Portion of Lot No. 196, Lot Nos. 203, 205, 209, 210, 212, 234, 270, 273, 279, 280, 282–284, 306, 307, 311, 318, 319, 393, 492, 493, 641, 642, 697, 701, 722, 733, 738, 740–743, 745–747, 760, 762, 764, 766, 769–771, 774–782, 800, 801, 804, 809, 810, 816, 818, 829, 830, 1024, 1038, 1040, 1042, 1044, 1045, 1047, 1050, 1051, 1054, 1058, 1059, 1063, 1065, 1067, 1070, 1071, 1081, 1084, 1086, 1087, 1115, 1117–1121, 1216 and the Remaining Portion of Lot No. 1218 in Demarcation District No. 360, Lot No. 385, the Remaining Portion of Lot No. 386, Lot Nos. 387–389, 392, 394–396, 400, 404, 406, 407, 442, 494, 510, 513, 515, 522, 540, 543, 565, 566, 571, 574 and 591 in Demarcation District No. 433 and Lot Nos. 37, 39, 79, 93, 170, 279, 281, 283, 303, 307, 308, 310, 311, 312, 320, 324, 325, 330, 335 and 336 in Demarcation District No. 435 and 86,925/100,000th shares of Tsuen Wan Town Lot No. 389, Chuen Lung, Tsuen Wan, New Territories	80,000,000
25.	The Remaining Portion of Lot No. 1134, the Remaining Portion of Lot No. 1137, Lot No. 1138 and the Remaining Portion of Lot No. 1139 in Demarcation District No. 222, Pak Kong, Sai Kung, New Territories	1,400,000
26.	The Remaining Portion of Lot No. 232 in Demarcation District No. 354, Yau Kam Tau, Tsuen Wan, New Territories	6,500,000
27.	Section A, Section B, Section C, Section D, Section E, Section F, Section G, Section H, Section J, Section K, Section L and the Remaining Portion of Lot No. 746 in Demarcation District No. 225, Sheung Yeung, Sai Kung, New Territories	3,410,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 31 March 2012
		HK$
28.	The Remaining Portion of Section B and Sub-section 1 of Section B of Lot No. 3927 in Demarcation District No. 124, Tan Kwai Tsuen, Yuen Long, New Territories	20,800,000
29.	Big Orange — Kwai Chung, No. 119 Wo Yi Hop Road, Kwai Chung, New Territories	214,000,000
	Sub-total:	675,110,000
	Total of properties in Hong Kong (Groups I–VI):	11,446,110,000

	Property	Capital value in existing state as at 31 March 2012
		RMB
	Group VII — Properties held by the Group for investment in the PRC	
30.	Jin Qiu Xintiandi, Lane 809 Jinqiu Road, Baoshan District, Shanghai, the PRC	308,000,000
31.	A portion of the retail podium (levels 1, 3 and 4) of Yue Shanghai Hotel, Nos. 796 and 800 Huamu Road, Pudong New Area, Shanghai, the PRC	30,000,000
32.	Retail portion (portion of level 1, mezzanine level 1, level 2, mezzanine level 2, and levels 3 to 7 and 9) and office portion (portion of level 10, and whole of levels 17 and 18) of Hongkong and Macao Center, No. 118 Jianghan Road, Jiangan District, Wuhan City, Hubei Province, the PRC	300,000,000
	Sub-total:	638,000,000
	Group VIII — Properties held by the Group for owner-occupation in the PRC	
33.	Jinqiu School, Club House, kindergarten and Ancillary portion of Area 17 I situated at California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	160,000,000
34.	The whole level 4 of Xinshidai Mansion, No. 11, Jianshe 3rd Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	10,000,000
	Sub-total:	170,000,000
	Group IX — Properties held and operated by the Group in the PRC	
35.	Hotel portion (levels 1 to 18 of No. 796 Huamu Road and level 2 of No. 800 Huamu Road) and underground car parks of Yue Shanghai Hotel, Nos. 796 and 800 Huamu Road, Pudong New District, Shanghai, the PRC	450,000,000
36.	Wuhan Cosmopolitan Hotel (portions of basement and level 1, whole of level 8, portion of level 10, levels 11 to 16 and car park (portion of basement) of Hongkong and Macao Center), No. 118 Jianghan Road, Jiangan District, Wuhan City, Hubei Province, the PRC	380,000,000
	Sub-total:	830,000,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 31 March 2012
		RMB
	Group X — Property held by the Group for sale in the PRC	
37.	The unsold portion of California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	63,000,000
	Sub-total:	63,000,000
	Group XI — Properties held by the Group under development in the PRC	
38.	Area 9B,16, 17II, California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	1,450,000,000
39.	Project under development to be known as “Hotel Kosmopolito City Centre, Chengdu, Nos. 124–177 Xiyulong Road, Qingyang District, Chengdu, Sichuan Province, the PRC	750,000,000
40.	The proposed development Xinshidai Mansion, west of Jianshe 3rd Road, south of Jiansheheng Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	234,000,000
	Sub-total:	2,434,000,000
	Group XII — Properties held by the Group for future development in the PRC	
41.	Commercial Center B, California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	78,000,000
42.	The proposed development Huadi Jiayuan at No.10, North of Miaoqian Street, Chajiao, Liwan District, Guangzhou, Guangdong Province, the PRC	397,000,000
43.	The proposed development Gantangyuan at Huadi, Fangcun, Liwan District, Guangzhou, Guangdong Province, the PRC	211,000,000
	Sub-total:	686,000,000
	Group XIII — Properties contracted to be acquired by the Group in the PRC	
44.	Dorsett Regency CBD, Zhongshan, Xintiecheng Hotel Block A, No. 107 Zhongshan First Road, West District, Zhongshan, Guangdong Province, the PRC	No commercial value
45.	Areas 12 to 15 and 18, California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	No commercial value
	Sub-total:	No commercial value
	Total of properties in the PRC (Groups VII–XIII):	4,821,000,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 31 March 2012
		AUD
	Group XIV — Property held by the Group for sale in Australia	
46.	11 Gem Place and 5 Norval Place, Northbank Place, Melbourne Victoria 3000, Australia	790,000
	Sub-total:	790,000
	Group XV — Property held by the Group for owner-occupation in Australia	
47.	Lots 501–508, 7C, 14C, 46C, 47C, 58C, 75C, 95C, 109C, 110C and 111C, Domain Tower, 370 St Kilda Road, Melbourne Victoria 3000, Australia	1,880,000
	Sub-total:	1,880,000
	Group XVI — Property held by the Group for investment in Australia	
48.	2–92 Rebecca Walk, Northbank Place, Melbourne Victoria 3000, Australia	1,750,000
	Sub-total:	1,750,000
	Group XVII — Property held by the Group under development in Australia	
49.	Upper West Side, 313–349 Lonsdale Street, Melbourne Victoria 3000, Australia	192,000,000
	Sub-total:	192,000,000
	Total of properties in Australia (Groups XIV — XVII):	196,420,000

	Property	Capital value in existing state as at 31 March 2012
		GBP
	Group XVIII — Property held by the Group for future development in the UK	
50.	58 Shepherd's Bush Green, London, W12 8QE, the UK	17,350,000
	Sub-total:	17,350,000
	Total of property in the UK (Group XVIII):	17,350,000

VALUATION CERTIFICATE

Group I — Properties held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
1.	Units 1801–4 on 18th, 19th and 20th Floors (including lavatories of respective floors), Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong Situated within Inland Lot Nos. 2198, 2200, 2201, Section A and the Remaining Portion of Inland Lot No. 2199 and Sections A, B and C of Marine Lot No. 299	The property comprises portion of 18th and the whole of 19th and 20th floors of a 25-storey commercial building completed in 1976. The property has a total gross floor area of approximately 1,457.82 sq.m. (15,692 sq.ft.). The property is located at Des Voeux Road Central, Central in Hong Kong. The general locality is characterized by commercial developments. The property is held under various Government Leases for the following terms: **Lot No(s).** — **Lease Term** Inland Lot No. 2198 — 999 years from 20 November 1903 Inland Lot Nos. 2199 s.A, 2199 R.P., 2200 and 2201 — 999 years from 18 November 1903 Marine Lot Nos. 299 s.A, 299 s.B and 299 s.C — 999 years from 24 July 1903 The current aggregate Government rent payable for the lots (I.L. Nos. 2198, 2199, 2200, 2201 and M.L. No. 299) is HK$244 per annum.	The property is leased to various tenants for various terms with the latest tenancy due to expire in February 2015 at a total monthly rent of about HK$392,600.	HK$167,000,000

Notes:

(1) The registered owner of the property is Annick Investment Limited, subsidiary of the Group.

(2) The property is subject to a Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited (Re: 18/F, 19/F and 20/F).

(3) The property is zoned for "Commercial" uses under Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/26.

(4) We have recently valued the property as at 31 March 2012 for the Company at HK$167,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group I — Properties held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
2.	Far East Consortium Building, Nos. 204–206 Nathan Road, Tsim Sha Tsui, Kowloon The Remaining Portion of Kowloon Inland Lot No. 10467 and the Remaining Portion of Kowloon Inland Lot No. 10468	The property comprises a 14-storey plus mezzanine floor commercial building erected upon a site with a registered site area of approximately 313.64 sq.m. (3,376 sq.ft.) completed in 1987. The basement, ground and mezzanine floors are devoted to retailing uses whilst the upper floors are office units. The property has a total gross floor area of approximately 3,548.60 sq.m. (38,197 sq.ft.). The property is located at Nathan Road, Tsim Sha Tsui in Kowloon. The general locality is characterized by commercial and residential developments. The property is held under Conditions of Regrant Nos. 10955 and 10956 for terms of 150 years from 8 October 1901. The current aggregate Government rent payable for the lots (K.I.L. 10467 and 10468) is HK$2,000 per annum.	The property is let to various tenants for various terms with the latest tenancy due to expire in February 2014 at a total monthly rent of about HK$1,366,800.	HK$450,000,000

Notes:

(1) The registered owner of the property is N.T. Horizon Realty (Jordan) Limited, subsidiary of the Group.

(2) The property is subject to a Mortgage and a Second Mortgage both in favour of Hang Seng Bank Limited.

(3) The property is subject to a second mortgage to secure all moneys in respect of general banking facilities in favour of Hang Seng Bank Limited.

(4) The property is zoned for “Commercial” uses under Tsim Sha Tsui Outline Zoning Plan No. S/K1/26.

(5) We have recently valued the property as at 31 March 2012 for the Company at HK$450,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group I — Properties held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
3.	Car Parking Space Nos. 14, 16, 17, 24, 26, 27, 29, 30, 34, 35, 40, 41, 44–46, 51, 53–56, 58, 62–71, 75, 77, 85, 86, 90, 91, 94, 96 and 97 on Basement 1 and Car Parking Space Nos. 98, 99, 114, 124, 125, 129, 139–141, 144–147, 149–152, 154–157, 159–162, 164 and 167 on Basement 2, Covent Garden, No. 88 Ma Tin Road, Yuen Long, New Territories Situated within Yuen Long Town Lot No. 419	The property comprises 67 car parking spaces on Basements 1 and 2 within a residential development completed in 1998. The property is located at Ma Tin Road, Yuen Long in the New Territories. The general locality is characterized by residential developments. The property is held under New Grant No. 4163 from 29 November 1993 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	47 of the car parking spaces are vacant whilst the remainder is let to various tenants with the latest tenancy due to expire in February 2013 at a total monthly rent of about HK$18,050, inclusive of rates and management fees.	HK$10,000,000

Notes:

(1) The registered owners of the property are Action Fulfilled Assets Limited, subsidiary of the Group (Re: Car Parking Space Nos. 14, 16, 17, 24, 26, 27, 29, 45, 46, 51, 53–56, 85, 86, 90, 91, 94, 96 and 97 on Basement 1 and Car Parking Space Nos. 98, 99, 114, 124, 125, 129, 139, 157, 159–162, 164 and 167 on Basement 2) and Far East Supermarket Limited, subsidiary of the Group (Re: Car parking Space Nos. 30, 34, 35, 40, 41, 44, 58, 62–71, 75 and 77 on Basement 1 and Car Parking Space Nos. 140, 141, 144–147, 149–152 and 154–156 on Basement 2).

(2) The property is subject to ten mortgages all in favour of Wing Hang Credit Limited.

(3) The property is zoned for “Residential (Group B)” uses under Yuen Long Outline Zoning Plan No. S/YL/21.

(4) We have recently valued the property as at 31 March 2012 for the Company at HK$10,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group I — Properties held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
4.	Basement to 5th Floors of Far East Centre, Nos.135–143 Castle Peak Road, Tsuen Wan, New Territories Situated within Lot No. 2158 in Demarcation District No. 449	The property comprises the whole of basement to 5th floors (including the mezzanine floor) of a 17-storey building completed in 1966. The total gross floor area of commercial portion of the property is about 3,562.43 sq.m. (38,346 sq.ft.). The property is located at Castle Peak Road, Tsuen Wan in the New Territories. The general locality is characterized by commercial and residential developments The property is held under New Grant No. 3915 for a term of 99 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	A gross floor area of approximately 24,400 sq.ft. is leased with the tenancy due to expire in October 2015 at a monthly rent of HK$494,500. The remaining of the property is vacant.	HK$270,000,000

Notes:

(1) The registered owner of the property is Far East Consortium Limited, subsidiary of the Group.

(2) The property is subject to a mortgage to secure general banking facilities and a rental assignment both in favour of Nanyang Commercial Bank Limited (Re: Mezzanine, basement, 1st, 2nd, 3rd and 5th Floors).

(3) The property is subject to another mortgage to secure general banking facilities and rental assignment both in favour of Nanyang Commercial Bank Limited (Re: Ground Floor).

(4) The property is subject to a Modification Letter.

(5) The property is zoned for “Residential (Group A)13” uses under Tsuen Wan Outline Zoning Plan No. S/TW/29.

(6) We have recently valued the property as at 31 March 2012 for the Company at HK$270,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group I — Properties held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
5.	First Floor of Block 4 and Car Parking Space Nos. 61 and 62 on Lower Ground Floor, Rise Park Villas, No. 38 Razor Hill Road, Sai Kung, New Territories Situated within Lot No. 1124 in Demarcation District No. 253	The property comprises a domestic unit on the 1st floor of Block 4 and two covered private car parking spaces of a residential development completed in 1979. The domestic unit has a gross floor area of approximately 157.93 sq.m. (1,700 sq.ft.), excluding the area of car parking spaces. The property is located at Razor Hill Road, Sai Kung in the New Territories. The general locality is characterized by residential developments. The property is held under New Grant No. 5577 for a term of 99 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is vacant.	HK$14,000,000

Notes:

(1) The registered owner of the property is Henrik Investment Limited, subsidiary of the Group.

(2) The property is subject to a Legal Charge to secure general banking facilities in favour of Wing Hang Bank Limited.

(3) The property is subject to an Order No. CWP/S1/100897/10/NT by Building Authority under Section 24(1) of the Buildings Ordinance (Re: for common part(s) only). In the course of our valuation, we have not taken into account costs for any remedial works for compliance with the said order.

(4) The property is zoned for "Residential (Group C) 2" uses under Tseng Lan Shue Outline Zoning Plan No. S/SK-TLS/8.

(5) We have recently valued the property as at 31 March 2012 for the Company at HK$14,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group I — Properties held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
6.	Shop Nos. 1–7, 9–11, 14, 21, 26–33, 38, 39, 44, 49, 52, 56, 58–60, 66–70, 76–80, 86 and 87 on Lower Ground Floor and Shop Nos. 2–5, 7, 20–27, 29, 30, 35, 36, 40–42, 48, 49, 52, 54, 55, 62–64, 68 and 73 on Upper Ground Floor of the Commercial Podium of Plot A and Top Podium Exterior Walls of Plot A, Tsuen Wan Garden, Nos. 15–23 Castle Peak Road, Tsuen Wan, New Territories Situated within Tsuen Wan Town Lot No. 241	The property comprises various shop units on the lower and upper ground floors of a 5-storey commercial/parking podium of Plot A and exterior walls of Plot A of the development completed in 1980. The property has a total gross floor area of approximately 3,822.19 sq.m. (41,142 sq.ft.). The property is located at Castle Peak Road, Tsuen Wan in the New Territories. The general locality is characterized by commercial and residential developments. The property is held under New Grant No. 5525 for a term of 99 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is either owner occupied or let to various tenants with the latest tenancy due to expire in December 2015 at a total monthly rent of HK$232,600, mostly inclusive of rates, management fees and Government rent.	HK$82,000,000

Notes:

(1) The registered owners of the property are Far East Consortium Limited, subsidiary of the Group (Re: Shop Nos. 2–5, 7, 11, 14, 31–33, 38, 39, 44, 58–60, 66–70, 76–80, 86 and 87 on Lower Ground Floor and Shop Nos. 22, 25–27, 29, 30, 35, 36, 40–42, 54, 55, 63, 64, 68 and 73 on Upper Ground Floor) and Arvel Company Limited, subsidiary of the Group (Re: Shop Nos. 1, 6, 9, 10, 21, 26–30, 49, 52 and 56 on Lower Ground Floor and Shop Nos. 2–5, 7, 20, 21, 23, 24, 48, 49, 52, 62 on Upper Ground Floor and Top Podium exterior walls of Plot A).

(2) The property is subject to a Mortgage to secure general banking facilities and a Rent Assignment both in favour of The Hongkong and Shanghai Banking Corporation Limited (Re: the whole of the property except Top Podium exterior walls of Plot A).

(3) The property is subject to a Sealed Copy Writ of Summons (Deeds Pending Registration) with The Incorporated Owners of Tsuen Wan Garden as "Plaintiff", Far East Consortium Limited as "1st Defendant" and Arvel Company Limited as "2nd Defendant" (Re: In S.C. Action No. A8855 of 1996).

(4) The property is zoned for "Residential (Group A)" uses under Tsuen Wan Outline Zoning Plan No. S/TW/29.

(5) We have recently valued the property as at 31 March 2012 for the Company at HK$82,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group II — Property held by the Group for owner-occupation in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
7.	16th, Units 1805–6 on 18th and 24th Floors (including lavatories of respective floors and Flat Roof on 24th Floor), Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong Situated within Inland Lot Nos. 2198, 2200, 2201, Section A and the Remaining Portion of Inland Lot No. 2199 and Sections A, B and C of Marine Lot No. 299	The property comprises the whole of 16th and 24th floors, portion of 18th floor of a 25-storey commercial building completed in 1976. The property has a total gross floor area of approximately 1,015.98 sq.m. (10,936 sq.ft.). The property is located at Des Voeux Road Central, Central in Hong Kong. The general locality is characterized by commercial developments. The property is held under various Government Leases for the following terms: **Lot No(s).** — **Lease Term** Inland Lot No. 2198 — 999 years from 20 November 1903 Inland Lot Nos. 2199 s.A, 2199 R.P., 2200 and 2201 — 999 years from 18 November 1903 Marine Lot Nos. 299 s.A, 299 s.B and 299 s.C — 999 years from 24 July 1903 The current aggregate Government rent payable for the lots (I.L. Nos. 2198, 2199, 2200, 2201 and M.L. No. 299) is HK$244 per annum.	The property is leased to various tenants for various terms with the latest tenancy due to expire in November 2012 at a total monthly rent of about HK$287,800.	HK$114,000,000

Notes:

(1) The registered owner of the property is Annick Investment Limited, subsidiary of the Group.

(2) The property is subject to a Mortgage to secure all sums of money including general banking facilities granted in favour of Industrial and Commercial Bank of China (Asia) Limited (Re: 16/F and 24/F).

(3) The property is subject to a Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited (Re: 18/F).

(4) The property is zoned for "Commercial" uses under Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/26.

(5) We have recently valued the property as at 31 March 2012 for the Company at HK$114,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
8.	Cosmopolitan Hotel, No. 387 Queen's Road East, Wanchai, Hong Kong The Remaining Portion of Inland Lot No. 1578	The property comprises a 22-storey hotel providing 454 guest rooms, a restaurant and a coffee lounge. The property was completed in 1978 and renovated in 2004. The property has a total gross floor area of approximately 15,895.10 sq.m. (171,095 sq.ft.). The site area of the property is approximately 1,092.73 sq.m. (11,762 sq.ft.). The property is located at Queen's Road East, Wanchai in Hong Kong. The general locality is characterized by commercial developments. The property is held under a Government Lease for a term of 75 years from 5 February 1900 renewed for a further term of 75 years. The current Government rent payable for the property is HK$82,800 per annum.	The 1st floor of the property is let for a term of 5 years from 1 March 2011 to 29 February 2016 at a current monthly base rent of HK$220,000. A tour counter is let for a term of 2 years from 1 October 2011 to 30 September 2013 at a monthly rent of HK$28,000. An advertising space and a mobile phone base station are let under 2 licences with the latest due to expire on 21 January 2014 at a total monthly fee of about HK$153,000. The remainder of the property is operated by the Group as a hotel.	HK$2,245,000,000

Notes:

(1) The registered owner of the property is Cosmopolitan Hotel Limited, subsidiary of the Group.

(2) The property is subject to a Modification Letter.

(3) The property is subject to a Debenture to secure all moneys in favour of DB Trustees (Hong Kong) Limited.

(4) The property is granted with a hotel/guesthouse licence for a period from 20 January 2012 to 19 January 2019 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(5) According to the Certificate issued by the Company's appointed Architect on 20 September 2010, the conversion of the property from office use into hotel use was carried out in accordance with the alteration and addition plans approved by the Building Authority and the requirements of the Buildings Ordinance and related regulations and the change of use from office into hotel was approved on 9 December 2002 by the Building Authority.

(6) The property is zoned for "Commercial" uses under Wong Nai Chung Outline Zoning Plan No. S/H7/16.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
9.	Cosmo Hotel, No. 375 Queen's Road East, Wanchai, Hong Kong Sub-section 1 of Section A of Inland Lot No. 1578	The property comprises a 25-storey (including a lower ground floor) hotel providing 142 guest rooms and a lounge. The property was completed in 1997 and renovated in 2005. The property has a total gross floor area of approximately 5,546.17 sq.m. (59,699 sq.ft.). The registered site area of the property is approximately 380.32 sq.m. (4,093.80 sq.ft.). The property is located at Queen's Road East, Wanchai in Hong Kong. The general locality is characterized by commercial developments. The property is held under a Government Lease for a term of 75 years from 5 February 1900 renewed for a further term of 75 years. The current Government rent payable for the property is HK$359,280 per annum.	Portion of the property on the ground floor and the whole of 1st floor are let under three tenancies with the latest due to expire on 30 September 2013 at a total monthly rent of HK$250,000. A tour counter is let for a term of 2 years from 1 October 2011 to 30 September 2013 at a monthly rent of HK$8,500. Various mobile phone base stations and antennae are let under various licences with the latest due to expire on 30 April 2013 at a total monthly fee of about HK$82,800. The remainder of the property is operated by the Group as a hotel.	HK$607,000,000

Notes:

(1) The registered owner of the property is Grand Expert Limited, subsidiary of the Group.

(2) The property is subject to a No-objection Letter.

(3) The property is subject to a Modification Letter.

(4) The property is also subject to a Debenture to secure all moneys in favour of DB Trustees (Hong Kong) Limited.

(5) The property is granted with a hotel/guesthouse licence for a period from 16 October 2007 to 15 October 2012 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(6) According to the Certificate issued by the Company's appointed Authorised Person on 31 August 2010, alteration works had been carried out at the property. The conversion of the property from office use into hotel use was carried out in accordance with the alteration and addition plans approved by the Building Authority on 9 March 2005 and the requirements of the Buildings Ordinance and related regulations are satisfied.

(7) The property is zoned for "Commercial" uses under Wong Nai Chung Outline Zoning Plan No. S/H7/16.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
10.	Lan Kwai Fong Hotel @ Kau U Fong, No. 3 Kau U Fong, Central, Hong Kong Part of the shares of and in the Remaining Portion of Inland Lot No. 8852	The property comprises a 36-storey hotel providing 162 guest rooms, a restaurant and a lounge. The property was completed in 2005. The registered site area of the property is approximately 377 sq.m. (4,058 sq.ft.). The property is located at Kau U Fong, Central in Hong Kong. The general locality is characterized by commercial and residential developments. The property is held under Conditions of Exchange No. 12569 for a term of 50 years from 27 May 2000. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	A mobile phone base station is let under a licence for a term of 2 years from 1 September 2011 to 31 August 2013 at a monthly fee of HK$32,000. The remainder of the property is operated by the Group as a hotel.	HK$1,024,000,000

Notes:

(1) The registered owner of the property is The Hotel of Lan Kwai Fong Limited, subsidiary of the Group.

(2) The property is subject to a Modification Letter.

(3) The property is subject to a Debenture to secure all moneys in favour of DB Trustees (Hong Kong) Limited.

(4) The property is granted with a hotel/guesthouse licence for a period from 7 May 2011 to 6 May 2014 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(5) The property is zoned for “Residential (Group A) 10” uses under Sai Ying Pun and Sheung Wan Outline Zoning Plan No. S/H3/27.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
11.	Silka West Kowloon Hotel, No. 48 Anchor Street, Tai Kok Tsui, Kowloon Kowloon Inland Lot No. 6374	The property comprises a 23-storey hotel providing 141 guest rooms and a restaurant completed in 2005. The property has a total gross floor area of approximately 3,210 sq.m. (34,554 sq.ft.). The registered site area of the property is approximately 356.74 sq.m. (3,840 sq.ft.). The property is located at Anchor Street, Tai Kok Tsui in Kowloon. The general locality is characterized by residential and industrial developments. The property is held under a Government Lease for a term of 75 years from 16 March 1953 renewable for a further term of 75 years. The current Government rent payable for the property is HK$176 per annum.	Radio station and antennae are let under a licence for a term expiring in July 2012 at a monthly fee of HK$18,000. The remainder of the property is operated by the Group as a hotel.	HK$372,000,000

Notes:

(1) The registered owner of the property is Double Advance Group Limited, subsidiary of the Group.

(2) The property is subject to a Debenture to secure all moneys in favour of DB Trustees (Hong Kong) Limited.

(3) The property is granted with a hotel/guesthouse licence for a period from 1 January 2011 to 31 December 2013 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(4) The property is zoned for “Residential (Group E)” uses under Mongkok Outline Zoning Plan No. S/K3/29.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
12.	Silka Seaview Hotel, No. 268 Shanghai Street, Yaumatei, Kowloon Kowloon Inland Lot Nos. 7429, 9701, 9705, 9727, 9769 and 9944	The property comprises a 21-storey (including a basement) hotel providing a total of 268 guest rooms and a restaurant. The property was completed in 1993 and renovated in 2009. The property has a total gross floor area of approximately 6,065.26 sq.m. (65,286 sq.ft.). The registered site area of the property is approximately 501.86 sq.m. (5,402 sq.ft.). The property is located at Shanghai Street, Yau Ma Tei in Kowloon. The general locality is characterized by commercial and residential developments. Kowloon Inland Lot No. 7429 is held under Conditions of Regrant No. 6282 for a term of 150 years from 2 February 1885. The remaining lots are held under Conditions of Regrant Nos. 9594, 9613, 9840, 9835 and 10170 for the same term of 150 years from 20 June 1898. The current aggregate Government rent payable for the lots is HK$372 per annum.	The basement is let for a term of 3 years from 1 September 2011 to 31 August 2014 at a monthly rent of HK$130,000. A tour counter is let for a term of one year from 1 July 2011 to 30 June 2012 at a monthly rent of HK$8,800. A mobile phone base station is let under a licence for a term expiring on 15 June 2013 at a monthly fee of HK$24,500. The remainder of the property is operated by the Group as a hotel.	HK$745,000,000

Notes:

(1) The registered owner of the property is Charter Joy Limited, subsidiary of the Group.

(2) The property is subject to a Modification Letter (Re: Kowloon Inland Lot No. 9944 only).

(3) The property is subject to a Debenture to secure all money in favour of DB Trustees (Hong Kong) Limited.

(4) The property is granted with a hotel/guesthouse licence for a period from 1 July 2011 to 30 June 2014 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(5) The property is zoned for "Residential (Group A)" uses under Yau Ma Tei Outline Zoning Plan No. S/K2/21.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
13.	Silka Far East Hotel, Hong Kong, Nos. 135–143 Castle Peak Road, Tsuen Wan, New Territories Part of the shares of and in Lot No. 2158 in Demarcation District No. 449	The property comprises portion of ground floor and 6th to 17th floors of a 17-storey building providing a total of 240 guest rooms. The property was completed in 1966 and renovated in 2006. The total gross floor area of the property is approximately 5,180.32 sq.m. (55,761 sq.ft.). The registered site area of the property is approximately 631.74 sq.m. (6,800 sq.ft.). The property is located at Castle Peak Road, Tsuen Wan in the New Territories. The general locality is characterized by commercial and residential developments. The property is held under New Grant No. 3915 for a term of 99 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	Various mobile phone base stations and antennae are let under various licences with the latest due to expire on 30 September 2014 at a total monthly fee of HK$63,000. The remainder of the property is operated by the Group as a hotel.	HK$519,000,000

Notes:

(1) The registered owner of the property is Complete Delight Limited, subsidiary of the Group.

(2) The property is subject to a Debenture to secure all money in favour of DB Trustees (Hong Kong) Limited.

(3) The property is granted with a hotel/guesthouse licence for a period from 1 October 2010 to 30 September 2013 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(4) According to the Certificate issued by the Company's appointed Architect on 30 August 2010, the Building Authority approved the building (alterations & additions) plan in October 2005 and consented to commencement of building works in November 2005. The alteration and addition works were completed in accordance with the requirements of the Building Ordinance and related regulations. The Building Authority has no objection to the completed works on 12 September 2006.

(5) The property is zoned for "Residential (Group A)" uses under Tsuen Wan Outline Zoning Plan No. S/TW/29.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
14.	Cosmo Hotel Mongkok, Nos. 35-43 Ivy Street (now known as No. 88 Tai Kok Tsui Road), Tai Kok Tsui, Kowloon Kowloon Inland Lot No. 8050	The property comprises a 25-storey hotel providing a total of 285 rooms and a restaurant completed in 2010. The property has a total gross floor area of approximately 6,224.62 sq.m. (67,002 sq.ft.). The registered site area of the property is about 513.56 sq.m. (5,528 sq.ft.). The property is located at Tai Kok Tsui Road, Tai Kok Tsui in Kowloon. The general locality is characterized by residential and industrial developments. The property is held under Conditions of Sale No. 6812 for a term of 75 years from 28 August 1961 and renewable for a further term of 75 years. The current Government rent payable for the lot is HK$254 per annum.	The 2nd floor of the property is let for a term of 5 years from 1 July 2011 to 30 June 2016 at a monthly rent of HK$100,000. The remainder of the property is operated by the Group as a hotel.	HK$824,000,000

Notes:

(1) The registered owner of the property is Ruby Way Limited, subsidiary of the Group.

(2) The property is subject to a Modification Letter.

(3) The property is subject to a Mortgage to secure all moneys in respect of general banking facilities in favour of The Hong Kong and Shanghai Banking Corporation Limited.

(4) The property is granted with a hotel/guesthouse licence for a period from 16 July 2011 to 15 July 2016 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(5) The property is zoned for “Other Specified Uses (Business)” uses under Mongkok Outline Zoning Plan No. S/K3/29.

VALUATION CERTIFICATE

Group III — Properties held and operated by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
15.	Dorsett Regency Hotel, Hong Kong, Nos. 12–22 Davis Street, Kennedy Town, Hong Kong The Remaining Portion of Sub-section 7 of Section A, Section D of Sub-section 7 of Section A, Section C of Sub-section 7 of Section A, Section B of Sub-section 7 of Section A, Section A of Sub-section 7 of Section A, Sub-section 12 of Section A of Inland Lot No. 905	The property comprises a 30-storey hotel providing a total of 209 guest rooms and a restaurant completed in 2011. The property has a total gross floor area of approximately 6,818.63 sq.m. (73,396 sq.ft.). The registered site area of the property is about 461.35 sq.m. (4,966 sq.ft.). The property is located at Davis Street, Kennedy Town in Hong Kong. The general locality is characterized by residential developments. The property is held under a Government Lease for a term of 999 years from 24 September 1883. The Government rent payable for the lots is HK$72 per annum.	Various mobile phone, base stations and antennae are let under various licences, all will expire in August 2013. The total monthly licence fee is HK$60,000. The remainder of the property is operated by the Group as a hotel.	HK$800,000,000

Notes:

(1) The registered owner of the property is Hong Kong (SAR) Hotel Limited, subsidiary of the Group.

(2) The property is subject to a Debenture, a Supplement to security documents and a Second Supplement to security document all in favour of Hang Seng Bank Limited.

(3) The property is subject to a Licence for Removal of Trades in Offensive Trade Clause.

(4) The property is granted with a hotel/guesthouse licence for a period from 23 June 2011 to 22 June 2012 under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.

(5) The property is zoned for "Residential (Group A)" uses under Kennedy Town & Mount Davis Outline Zoning Plan No. S/H11/19.

(6) We have recently valued the property as at 31 March 2012 for the Company at HK$800,000,000 for the purpose of public disclosure.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for sale in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
16.	No. 684 Clear Water Bay Road, Sai Kung, New Territories Lot No. 236 in Demarcation District No. 229	The property comprises four 3-storey (including carport) semi-detached/detached houses completed in 1996 and renovated in 2010. The total gross floor area of the property is approximately 1,152.17 sq.m. (12,402 sq.ft.). The registered site area of the property is about 1,860 sq.m. (20,021 sq.ft.). The property is located at Clear Water Bay Road, Sai Kung in the New Territories. The general locality is characterized by residential developments. The property is held under New Grant No. 7812 for a term commencing from 23 October 1990 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is vacant.	HK$220,000,000

Notes:

(1) The registered owner of the property is Far East Golf International Limited, subsidiary of the Group.

(2) The property is subject to a Mortgage in favour of Liu Chong Hing Bank Limited (now known as Chong Hing Bank Limited).

(3) The property is zoned for “Residential (Group C) 5” uses under Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/4.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for sale in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
17.	Various units, Bakerview, No. 66 Baker Street, Hung Hom, Kowloon Situated within the Remaining Portion of Section B, Section C, Section D, Section E, the Remaining Portion of Sub-section 1 of Section I, the Remaining Portion of Sub-section 2 of Section I and the Remaining Portion of Sub-section 3 of Section I of Hung Hom Inland Lot No. 235	The property comprises the whole of ground and 1st floors, 28 residential units on the upper floors and the car parking spaces on the ground to 3rd floors and 5th floor of a 33-storey composite building completed in 2002. The property has a total gross floor area of approximately 2,027.50 sq.m. (21,824 sq.ft.), excluding the car park area. The property is located at Baker Street, Hung Hom in Kowloon. The general locality is characterized by residential developments. The property is held under Government Lease for a term of 75 years renewable for 75 years from 1 January 1901. The Government rent payable for the lots is HK$3,486 per annum.	Except for 4 units which are vacant, the property is leased to various tenants with the latest tenancy due to expire in January 2014 at a total monthly rent of HK$345,700.	HK$105,000,000

Notes:

(1) The property comprises shops on Ground floor and 1st floor, car park and the following 28 residential units:

13A, 17A, 18D, 20D, 25C, 25D, 26C, 26D, 27C, 27D, 28D, 29B, 29C, 30B, 30C, 30D, 31B, 31C, 31D, 32B, 32C, 33B, 33C, 33D, 35A, 35B, 35C and 35D.

(2) The registered owner of the property is Charter National International Limited, subsidiary of the Group.

(3) The property is subject to a Legal Charge for all moneys in favour of Wing Hang Bank Limited.

(4) The property is zoned for "Residential (Group A) 4" uses under Hung Hom Outline Zoning Plan No. S/K9/24.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for sale in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
18.	Ground Floor (with garden) and 1st Floor (with balcony), Nos. 109 and 110 Sheung Yeung, Sai Kung, New Territories Situated within Section A and Section C of Lot No. 89 in Demarcation District No. 225	The property comprises ground floor and 1st floor of two 3-storey houses situated in an area known as Sheung Yeung in Sai Kung District completed in 2004. The saleable areas of the property are as follows: DD 225 Lot 89 sA sq.ft. / sq.m. G/F 680 / 63.15 1/F 642 / 59.61 DD 225 Lot 89 sC sq.ft. / sq.m. G/F 648 / 60.19 1/F 610 / 56.66 The ancillary areas of the property are as follows: DD 225 Lot 89 sA sq.ft. / sq.m. Garden on G/F 78 / 7.20 Balcony on 1/F 80 / 7.43 DD 225 Lot 89 sC sq.ft. / sq.m. Garden on G/F 272 / 25.26 Balcony on 1/F 80 / 7.44 The property is located at Sheung Yeung, Sai Kung in the New Territories, The general locality is characterized by village type houses. The property is held under Government Lease for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is currently vacant.	HK$12,000,000

Notes:

(1) The registered owners of the property are as follows:

DD	Lot	Floor	Owner
225	89 sA	Ground	Multi Yield (HK) Ltd, subsidiary of the Group
225	89 sA	1st	Best Hoover Limited, subsidiary of the Group
225	89 sC	Ground	Multi Yield (HK) Ltd, subsidiary of the Group
225	89 sC	1st	Best Hoover Limited, subsidiary of the Group

(2) The property is zoned for "Village Type Development" uses under Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/4.

VALUATION CERTIFICATE

Group V — Properties held by the Group under development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
19.	Nos. 287–293 Sai Yeung Choi Street North, Sham Shui Po, Kowloon Sub-section 1 of Section H of New Kowloon Inland Lot No. 317; Sub-section 2 of Section H of New Kowloon Inland Lot No. 317; Sub-section 3 of Section H of New Kowloon Inland Lot No. 317 and the Remaining Portion of Section H of New Kowloon Inland Lot No. 317	The property comprises a site with a registered site area of about 501.30 sq.m. (5,396 sq.ft.) and is under development into a residential building. Upon completion, the property will comprise a 31-storey (including lower ground floor) residential block. The development is scheduled to be completed in February 2014. The total gross floor area of the proposed development will be approximately 3,759.66 sq.m. (40,469 sq.ft.). The property is located at Sai Yeung Choi Street North, Sham Shui Po in Kowloon. The general locality is characterized by residential developments. The property is held under various Government Leases each for a term of 75 years from 1 July 1898 renewable for 24 years. The total Government rent payable for the lots is HK$3,610 per annum.	Site formation work is in progress.	HK$212,000,000

Notes:

(1) The registered owner of the property is Pandix Limited, subsidiary of the Group.

(2) The property is subject to a Mortgage in favour of Nanyang Commercial Bank Limited.

(3) As informed by the Group, the total estimated construction cost, including professional fees for development of the property is about HK$69,700,000. The total construction cost expended up to 31 March 2012 was about HK$9,000,000. We have taken into account such costs in our valuation.

(4) The capital value of the property when completed as at 31 March 2012 was HK$323,000,000.

(5) The property is zoned for “Residential (Group A) 7” uses under Cheung Sha Wan Outline Zoning Plan No. S/K5/33.

VALUATION CERTIFICATE

Group V — Properties held by the Group under development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
20.	Nos. 1, 3, 5, 7, 9, 11 and 11A San Wai Street, Hung Hom, Kowloon Kowloon Inland Lot Nos. 7488, 7489 (formerly known as Sub-section 2 of Section T of Kowloon Inland Lot No. 4321), 7490 (formerly known as the Remaining Portion of Section T of Kowloon Inland Lot No. 4321), 7491, 7492, 7493 and 7494	The property has a registered site area of approximately 680.79 sq.m. (7,328 sq.ft.) and is under development into a composite building. Upon completion, the property will comprise a 22-storey residential tower on top of a 4-storey commercial/recreational podium. The development is scheduled to be completed in June 2014. The total gross floor area of the proposed development will be approximately 6,108.05 sq.m. (65,747 sq.ft.). The property is located at San Wai Street, Hung Hom in Kowloon. The general locality is characterized by residential developments. The property is held under various Government leases each for a term of 75 years from 29 September 1941 renewable for 75 years. The total current Government rent payable for the lots (K.I.L. Nos. 7488, 7491, 7492, 7493, 7494 and Section T of K.I.L. 4321) is HK$146.35 per annum.	The property is under construction.	HK$523,000,000

Notes:

(1) The registered owner of the property is Tantix Limited, subsidiary of the Group.

(2) The property is subject to a Confirmation Letter with copy of the offer and acceptance letter attached (Re: KIL 7490).

(3) The property is subject to a Confirmation Letter from Director of Lands (Re: KIL 7489).

(4) The property is subject to a Debenture incorporation a first building mortgage and a first floating charge, a Second Mortgage to secure all moneys in respect of general banking facilities and a Supplement to Debenture all in favour of Hang Seng Bank Limited.

(5) As informed by the Group, the total estimated construction cost, including professional fees for development of the property is about HK$132,000,000. The total construction cost expended up to 31 March 2012 was about HK$35,000,000. We have taken into account such costs in our valuation.

(6) The capital value of the property when completed as at 31 March 2012 was HK$830,000,000.

(7) The property is zoned for "Residential (Group A)" uses under Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

VALUATION CERTIFICATE

Group V — Properties held by the Group under development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
21.	Project under development to be known as "Dorsett Regency Hotel, Kwun Tong", No. 84 Hung To Road, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 162	The property comprises a 30-storey hotel providing a total of 361 guest rooms. The property will come in full operation in June 2012. Upon completion, the total gross floor area of the property will be approximately 11,147.16 sq.m. (119,988 sq.ft.). The registered site area of the property is about 929.02 sq.m. (10,000 sq.ft.). The property is located at Hung To Road, Kwun Tong in Kowloon. The general locality is characterized by industrial developments. The property is held under a Government Lease for a term of 21 years from 1 July 1959 which has been renewed for a further term of 17 years less the last 3 days thereof. The term has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is under internal decoration and fitting out.	HK$862,000,000

Notes:

(1) The registered owner of the property is Everkent Development Limited, subsidiary of the Group.

(2) The property is subject to a Debenture and a Floating Charge, an Assignment of Revenue, a Supplement to other financing documents and a Second Supplement to other financing documents are all in favour of Wing Hang Bank, Limited.

(3) The property is subject to a modification letter.

(4) As informed by the Group, the total estimated construction cost, including professional fees for development of the property is about HK$210,600,000. The total construction cost expended up to 31 March 2012 was about HK$196,000,000. We have taken into account such costs in our valuation.

(5) The capital value of the property when completed as at 31 March 2012 was HK$885,000,000.

(6) The property is zoned for "Other Specified Uses (Business)" uses under Kwun Tong South Outline Zoning Plan No. S/K25S/16.

VALUATION CERTIFICATE

Group V — Properties held by the Group under development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
22.	Project under development to be known as "Dorsett Regency Hotel, Kwai Chung", No. 659 Castle Peak Road, Kwai Chung, New Territories Kwai Chung Town Lot No. 193	The property comprises an industrial building which is erected on a parcel of land with a registered site area of about 2,322.56 sq.m. (25,000 sq.ft.). The property was completed in 1981 and is currently under redevelopment. According to the Group, the property is planned to be redeveloped into a hotel providing 565 guest rooms. The property is scheduled to be completed in October 2012. Upon completion, the total gross floor area of the property will be approximately 21,249.72 sq.m. (228,732 sq.ft.). The property is located at Castle Peak Road, Kwai Chung in the New Territories. The general locality is characterized by industrial developments. The property is held under New Grant No. 4841 for a term of 99 years from 1 July 1898 less the last 3 days thereof. The term has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is under redevelopment.	HK$594,000,000

Notes:

(1) The registered owner of the property is Panley Limited, subsidiary of the Group.

(2) The property is subject to a Legal Charge in favour of Wing Hang Bank Limited.

(3) As informed by the Group, the total estimated construction cost, including professional fees for development of the property is about HK$284,800,000. The total construction cost expended up to 31 March 2012 was about HK$156,500,000. We have taken into account such costs in our valuation.

(4) The capital value of the property when completed as at 31 March 2012 was HK$1,345,000,000.

(5) The Group has made an application for modification of the Government Lease to permit redevelopment of the property into the proposed hotel.

(6) The property is zoned for "Other Specified Uses (Business)" uses under Kwai Chung Outline Zoning Plan No. S/KC/25.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
23.	Precious Hill Mansion, Nos. 90–100 Hill Road and the whole of No. 106 Hill Road, Pok Fu Lam, Hong Kong The Remaining Portion of Section A of Inland Lot No. 1095 and the whole of Remaining Portion of Section E of Inland Lot No. 1095	The property comprises a 9-storey (including cockloft) composite building erected on a site with a total registered site area of about 535.40 sq.m. (5,763 sq.ft.). According to the information provided by the Group, the Group is planning to redevelop the property into a multi-storey residential building with a total gross floor area of about 4,195.59 sq.m. (45,161sq.ft.). The estimated completion date of the development is in 2014. The property is located at Hill Road, Pokfulam in Hong Kong. The general locality is characterized by residential developments. The property is held under Government Lease for a term of 999 years from 20 December 1887. The Government rent payable for the lots is HK$34 per annum.	The property is currently vacant.	HK$349,000,000

Notes:

(1) The registered owner of the property is Vennex Limited, subsidiary of the Group.

(2) The property is subject to four Mortgages all in favour of Nanyang Commercial Bank Limited.

(3) The property is zoned for "Residential (Group A)" uses under Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/26.

(4) We have recently valued the property as at 31 March 2012 for the Company at HK$349,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
24.	Lot Nos. 102, 190, 194, the Remaining Portion of Lot No. 196, Lot Nos. 203, 205, 209, 210, 212, 234, 270, 273, 279, 280, 282–284, 306, 307, 311, 318, 319, 393, 492, 493, 641, 642, 697, 701, 722, 733, 738, 740–743, 745–747, 760, 762, 764, 766, 769–771, 774–782, 800, 801, 804, 809, 810, 816, 818, 829, 830, 1024, 1038, 1040, 1042, 1044, 1045, 1047, 1050, 1051, 1054, 1058, 1059, 1063, 1065, 1067, 1070, 1071, 1081, 1084, 1086, 1087, 1115, 1117–1121, 1216 and the Remaining Portion of Lot No. 1218 in Demarcation District No. 360, Lot No. 385, the Remaining Portion of Lot No. 386, Lot Nos. 387–389, 392, 394–396, 400, 404, 406, 407, 442, 494, 510, 513, 515, 522, 540, 543, 565, 566, 571, 574 and 591 in Demarcation District No. 433 and Lot Nos. 37, 39, 79, 93, 170, 279, 281, 283, 303, 307, 308, 310, 311, 312, 320, 324, 325, 330, 335 and 336 in Demarcation District No. 435 and 86,925/100,000th shares of Tsuen Wan Town Lot No. 389, Chuen Lung, Tsuen Wan, New Territories	The property comprises various pieces of agricultural lots, four pieces of house lots and a recreational lot situated in an area known as Chuen Lung in Tsuen Wan District. The registered site areas of the agricultural lots and house lots are approximately 21,552.86 sq.m. (231,995 sq.ft.) and 161.84 sq.m. (1,742 sq.ft.) respectively. The registered site area of the recreational lot (TWTL 389) is approximately 13,500 sq.m. (145,314 sq.ft.). The permitted gross floor area of any development on this lot is approximately 5,400 sq.m. (58,126 sq.ft.). A 3-storey golf club building with gross floor area of approximately 1,991.08 sq.m. (21,432 sq.ft.) has been erected on TWTL 389. The property was completed in 2009. The property is located at Chuen Lung, Tsuen Wan in the New Territories. The general locality is country park and recreation centres. The agricultural and house lots are held under three Government Leases for terms of 75 years renewed for further terms of 24 years less the last three days from 1 July 1898. The terms have been statutorily extended to 30 June 2047. TWTL 389 is held under New Grant No. 7217 for a term of 50 years from 23 May 2003. The current Government rent payable for all the lots is an amount equal to 3% of the rateable value for the time being of the lots per annum.	The property is currently vacant.	HK$80,000,000

Notes:

(1) The registered owners of the property are Deacon T.K. Chiu (Re: Lot Nos. 102, 273, 279, 280, 282–284, 306, 307, 311, 318, 319, 641, 642, 697, 701, 722, 733, 740–743, 745–747, 760, 762, 764, 766, 769–771, 774–782, 800, 801, 804, 809, 810, 816, 818, 829, 830, 1024, 1038, 1040, 1042, 1044, 1045, 1047, 1050, 1051, 1054, 1058, 1059, 1063, 1065, 1067, 1070, 1071, 1081, 1084, 1086, 1087, 1115, 1117–1121, 1216 and the Remaining Portion of Lot No. 1218 in Demarcation District No. 360, Lot Nos. 385, 388, 442 and 540 in Demarcation District No. 433 and Lot Nos. 79, 93, 170, 279, 281, 283, 303, 307, 308, 310–312, 320, 324, 325, 330, 335 and 336 in Demarcation District No. 435 and 46781/100000th shares of Tsuen Wan Town Lot No. 389), Tat Fung Enterprises Company Limited (Re: Lot Nos. 190, 194, the Remaining Portion of Lot No. 196, Lot Nos. 203, 205, 209, 210, 212, 234, 270, 393, 492, 493 and 738 in Demarcation District No. 360, the Remaining Portion of Lot Nos. 386, Lot Nos. 387, 389, 392, 394–396, 400, 404, 406, 407, 494, 510, 513, 515, 522, 543, 565, 566, 571, 574 and 591 in Demarcation District No. 433, Lot Nos. 37 and 39 in Demarcation District No. 435 and 40144/100000th shares of Tsuen Wan Town Lot No. 389).

(2) As advised by the Group, the Group is planning to develop an additional resort building with a gross floor area of about 3,408.64 sq.m. (36,691 sq.ft.) and it is subject to lease modification.

(3) The property is not zoned under any existing Outline Zoning Plans and Development Permission Area Plans.

(4) We have recently valued the property as at 31 March 2012 for the Company at HK$80,000,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
25.	The Remaining Portion of Lot No. 1134, the Remaining Portion of Lot No. 1137, Lot No. 1138 and the Remaining Portion of Lot No. 1139 in Demarcation District No. 222, Pak Kong, Sai Kung, New Territories	The property comprises four pieces of agricultural lots situated in an area known as Pak Kong in Sai Kung District. The property has a registered site area of approximately 3,524.43 sq.m. (37,937 sq.ft.). The property is located at Pak Kong, Sai Kung in the New Territories. The general locality is interspersed with village type houses and the neighbourhood is rural in nature. The property is held under a Government Lease for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is currently vacant.	HK$1,400,000

Notes:

(1) The registered owner of the property is Bournemouth Estates Limited, subsidiary of the Group.

(2) The property is zoned for “Conservation Area” uses under Pak Kong and Sha Kok Mei Outline Zoning Plan No. S/SK-PK/11.

(3) We have recently valued the property as at 31 March 2012 for the Company at HK$1,400,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
26.	The Remaining Portion of Lot No. 232 in Demarcation District No. 354, Yau Kam Tau, Tsuen Wan, New Territories	The property comprises an agricultural lot situated in an area known as Yau Kam Tau in Tsuen Wan District. The property has a registered site area of approximately 5,940.26 sq.m. (63,941 sq.ft.). The property is located at Yau Kam Tau, Tsuen Wan in the New Territories. The general locality is interspersed with residential developments and the neighbourhood is rural in nature. The property is held under New Grant No. 2723 for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is currently vacant.	HK$6,500,000

Notes:

(1) The registered owner of the property is Scarborough Development Limited, subsidiary of the Group.

(2) The property is zoned for “Green Belt” uses under Tsuen Wan Outline Zoning Plan No. S/TW/29.

(3) We have recently valued the property as at 31 March 2012 for the Company at HK$6,500,000 for the purpose of annual auditing.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
27.	Section A, Section B, Section C, Section D, Section E, Section F, Section G, Section H, Section J, Section K, Section L and the Remaining Portion of Lot No. 746 in Demarcation District No. 225, Sheung Yeung, Sai Kung, New Territories	The property comprises 12 lots situated in an area known as Sheung Yeung in Sai Kung District. The property has a registered site area of approximately 1,861.2 sq.m. (20,034 sq.ft.). The property is located at Sheung Yeung, Sai Kung in the New Territories. The general locality is interspersed with village type houses and the neighbourhood is rural in nature. The property is held under New Grant No. 2838 for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898. The term has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is currently vacant.	HK$3,410,000

Note: The registered owners and the zoning under Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/4 of the property are as follows:

DD	Lot	Owner	Zoning
*225	746 sA	Shing Ming Kee, independent third party	Village Type Houses
225	746 sB	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area
225	746 sC	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area
225	746 sD	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area
*225	746 sE	Wong San Pui, independent third party	Village Type Houses
*225	746 sF	Shing Wai Yip, independent third party	Village Type Houses
225	746 sG	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area
225	746 sH	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area
*225	746 sJ	Shing Shek Ying, independent third party	Village Type Houses
*225	746 sK	Sing Chi Hung, independent third party	Village Type Houses
225	746 sL	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area
225	746 RP	Chun Wah Holdings Limited, subsidiary of the Group	Conservative Area

* The lots, DD225 Lot 746 sA, sE, sF, sJ and sK, are subject to a total of five Deeds of Trusts dated 30 December 1994, 19 January 1995, 30 November 1995, 19 January 1995 and 30 November 1994 respectively, which are executed by the respective owners of the lots and Chun Wah Holdings Limited, subsidiary of the Group ("Chun Wah"). In each of those Deeds, it was declared that Chun Wah is the beneficial owner of the respective lots and the respective owners holds the lots in trust for Chun Wah.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
28.	The Remaining Portion of Section B and Sub-section 1 of Section B of Lot No. 3927 in Demarcation District No. 124, Tan Kwai Tsuen, Yuen Long, New Territories	The property comprises 2 lots situated in an area known as Tan Kwai Tsuen in Yuen Long District. The property has a registered site area of approximately 4,853.80 sq.m. (52,246 sq.ft.). The property is located at Tan Kwai Tsuen, Yuen Long in the New Territories. The general locality is interspersed with residential developments and village type houses. The property is held under Tai Po New Grant No. 6364, its lease term, date of commencement and Government rent cannot be ascertained from the New Grant.	The property is currently vacant.	HK$20,800,000

Notes:

(1) The registered owner of the property is Garden Resort Development Limited, subsidiary of the Group.

(2) As advised by the Group, the Group is planning to develop various houses with a gross floor area of about 4,486.7 sq.m. (48,383 sq.ft.) and it is subject to lease modification.

(3) The property is zoned for "Residential (Group B) 1" uses under Tong Yan San Tsuen Outline Zoning Plan No. S/YL-TYST/10.

VALUATION CERTIFICATE

Group VI — Properties held by the Group for future development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
29.	Big Orange — Kwai Chung, No. 119 Wo Yi Hop Road, Kwai Chung, New Territories Kwai Chung Town Lot No. 167	The property comprises a 14-storey industrial building completed in 1974. The property has a total gross floor area of approximately 14,591.82 sq.m. (157,066 sq.ft.). The registered site area of the property is about 1,311.78 sq.m. (14,120 sq.ft.). The property is located at Wo Yi Hop Road, Kwai Chung in the New Territories. The general locality is characterized by industrial and residential developments. The property is held under New Grant No. 4787 for a term of 99 years from 1 July 1898 and has been statutorily renewed until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	An area of about 102,400 sq.ft. and 3 car parking spaces were subject to various tenancies with the latest lease due to expire in December 2012 at a total rent of HK$202,300 per month, mostly inclusive of service charges, government rent and rates. The remainder of the property is vacant.	HK$214,000,000

Notes:

(1) The registered owner of the property is Novel Orient Investments Limited, subsidiary of the Group.

(2) The property is subject to a mortgage in favour of Nanyang Commercial Bank Limited for all monies.

(3) The property is zoned for "Other Specified Uses (Business)" uses under Kwai Chung Outline Zoning Plan No. S/KC/25.

VALUATION CERTIFICATE

Group VII — Properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
30.	Jin Qiu Xintiandi, Lane 809 Jinqiu Road, Baoshan District, Shanghai, the PRC	The property comprises 133 retail units with a total gross floor area of approximately 23,446.10 sq.m. which was completed in 2006. The property is located at Jinqiu Road, Baoshan District in Shanghai, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The property is for commercial use. The land use rights of the property have been granted for terms of 70 years from 3 June 1998 to 2 June 2068 and 17 June 1997 to 16 June 2067 respectively for residential use.	Portions of the property with a total gross floor area of 8,289.09 sq.m. are leased to various tenants with the latest tenancy expiring on 16 October 2024 at a total monthly rent of approximately RMB429,000.	RMB308,000,000

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. (2006) 032123 issued by Shanghai Housing and Land Resources Administration Bureau on 8 August 2006, the land use rights and building ownership of Nos.1–119 and 121, Lane 809, Jinqiu Road and Nos. 729–735, 741–769, 787–803, 815–831, 837–865 and 869–875, Jinqiu Road, comprising a total site area of 74,599 sq.m. and a total gross floor area of 28,259.47 sq.m., have been vested in Shanghai Ching Chu Property Development Co., Ltd., subsidiary of the Group for a term from 3 June 1998 to 2 June 2068 for residential use.

According to Shanghai Certificate of Real Estate Ownership No. (2006) 033439 issued by Shanghai Housing and Land Resources Administration Bureau on 6 September 2006, the land use rights and building ownership of Nos. 51–57 and 123–139, Lane 809, Jinqiu Road and Nos. 717–725, Jinqiu Road, comprising a total site area of 112,396 sq.m. and a total gross floor area of 1,717.91 sq.m., have been vested in Shanghai Ching Chu Property Development Co., Ltd. for a term from 17 June 1997 to 16 June 2067 for residential use.

(2) According to Business Licence No. 310000400169600, Shanghai Ching Chu Property Development Co., Ltd. was established as a limited liability company with a registered capital of USD35,000,000 for a valid operation period from 24 April 1997 to 23 April 2067.

(3) We have recently valued the property as at 31 March 2012 for the Company at RMB308,000,000 for the purpose of annual auditing.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Shanghai Ching Chu Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) The land use right of the property is mortgaged to Metropolitan Bank and Trust Company, Shanghai Branch, Bank of Shanghai (上海銀行股份有限公司浦東分行), China Construction Bank (上海浦東建信村鎮銀行有限責任公司) and 中國工商股份有限公司上海市寶山支. Under such mortgage contracts, Shanghai Ching Chu Property Development Co., Ltd. can lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the agreement of Metropolitan Bank and Trust Company, Shanghai Branch, Bank of Shanghai (上海銀行股份有限公司浦東分行), China Construction Bank (上海浦東建信村鎮銀行有限責任公司) and 中國工商股份有限公司上海市寶山支行; and

(iv) Other than the above mentioned mortgage, the property is free from seizing, mortgage, limitation of any other rights and third party rights.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group VII — Properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
31.	A portion of the retail podium (levels 1, 3 and 4) of Yue Shanghai Hotel, Nos. 796 and 800 Huamu Road, Pudong New Area, Shanghai, the PRC	The property comprises portions of a development with a 4-storey retail podium and an 18-storey hotel building. They were completed in 2000 and 2008 respectively. The property comprises levels 1, 3 and 4 of the retail podium with a total gross floor area of approximately 1,779.76 sq.m. The property is located at No. 800, Huamu Road, Pudong New Area, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The land use rights of the property have been granted for a term from 24 February 2009 to 28 September 2044 for commercial (hotel) use.	Portions of the property with a total gross floor area of 1,073.29 sq.m. has been leased to 3 tenants with the latest tenancy expiring on 30 October 2019 at a total monthly rent of approximately RMB127,000.	RMB30,000,000

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Pu Zi (2009) Di 012208 issued by Shanghai Housing and Land Resources Administration Bureau on 9 March 2009, the land use rights and building ownership of the development, comprising a total site area of approximately 3,990 sq.m. and a total gross floor area of approximately 18,149.49 sq.m., have been vested in Ching Chu (Shanghai) Real Estate Development Co., Ltd., a wholly owned subsidiary of the Group, for a term from 24 February 2009 to 28 September 2044 for commercial (hotel) use.

As advised by the Group, the property comprises portions of the development with a gross floor area of approximately 1,779.36 sq.m. as stated in the above Shanghai Certificate of Real Estate Ownership.

(2) According to 5 Shanghai Commodity Presold Contract Nos. 200800193699, 200800193353, 200800193517, 200800193593 and 200800193655 entered into between 上海建華房地產開發經營有限公司 (Party A) and Chingchu (Shanghai) Real Estate Development Co., Ltd. (Party B) dated 3 June 2008, Party A has agreed to transfer the property with a site area of approximately 3,990 sq.m. and a gross floor area of 17,998.28 to Party B at a total consideration of RMB280,000,000.

(3) According to Business Licence No. 310000400231020, Ching Chu (Shanghai) Real Estate Development Co., Ltd. was established as a limited liability company with a registered capital of USD16,000,000 for a valid operation period from 20 January 2000 to 19 January 2030.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Chingchu (Shanghai) Real Estate Development Co., Ltd. has lawfully owned the land use right of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights; and

(iii) The property is mortgaged to Agriculture Bank of China Shanghai, Fengxian Branch for a loan with the security term from 6 March 2009 to 5 March 2017. Under such mortgage contract, Chingchu (Shanghai) Real Estate Development Co., Ltd. can lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the agreement of Agriculture Bank of China Shanghai, Fengxian Branch.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Shanghai Commodity Presold Contract	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group VII — Properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
32.	Retail portion (portion of level 1, mezzanine level 1, level 2, mezzanine level 2, and levels 3 to 7 and 9) and office portion (portion of level 10, and whole of levels 17 and 18) of Hongkong and Macao Center, No. 118 Jianghan Road, Jiangan District, Wuhan City, Hubei Province, the PRC	Hongkong and Macao Center comprises a 19-storey composite building with basement erected upon a parcel of land with a site area of 5,338.89 sq.m. completed in 2000. The property comprises the retail and office portions with a total gross floor area of 39,305.49 sq.m. The property is located at Jianghan Road, Jiangan District, which is in urban central area of Wuhan. Developments nearby are mainly residential and commercial development. According to the Company, the property is for commercial use. The land use rights of the property have been granted for a term due to expire on 15 July 2043 for composite use.	Portions of the property with a total gross floor area of 34,375.40 sq.m. are leased to various tenants with the latest term expiring on 19 July 2017. The remaining portion of the property is vacant.	RMB300,000,000

Notes:

(1) According to 13 Building Ownership Certificates issued by Wuhan Municipal State-owned Land Resources and Housing Administrative Bureau (武漢市國土資源和房產管理) on 29 November 2007, the building ownership of the property located at Hongkong and Macao Center, No. 118 Jianghan Road, Jiangan District, has been vested in Wuhan Far East Dorsett Hotel Management Co., Ltd. (武漢遠東帝豪酒店管理有限公司), a wholly owned subsidiary of the Company. The details of the gross floor area of the property are as follows:

Certificate No.	Level	Gross Floor Area (sq.m.)
Wu No.2007029525	1 (unit 1001)	393.00
Wu No.2007029527	1 (unit 1002)	2,794.45*
	mezzanine level 1	1,524.38
Wu No.2007029529	2	3,596.64
	mezzanine level 2	3,056.98
Wu No.2007029530	3	3,931.16
Wu No.2007029531	4	3,928.40
Wu No.2007029536	5	3,928.40
Wu No.2007029516	6	3,928.40
Wu No.2007029517	7	3,556.98
Wu No.2007029519	9	3,663.57
Wu No.2007029521	10	3,634.63
Wu No.2007029546	17	1,084.47
Wu No.2007029547	18	589.40

The property comprises a portion of Level 1 (Unit 1002) with a gross floor area of 2,489.08 sq.m.

(2) According to State-owned Land Use Rights Certificate No. Wu (2008) 88 dated 28 February 2008, issued by Wuhan Municipal People's Government (武漢市人民政府), Plot No. A14050007 at No. 118 Jianghan Road Jiangan District with a site area of approximately 5,338.89 sq.m. has been granted for a term due to expire on 15 July 2043, is held by Wuhan Far East Dorsett Hotel Management Co., Ltd. (武漢遠東帝豪酒店管理有限公司).

(3) According to Business Licence No. 420100400000141, Wuhan Far East Dorsett Hotel Management Co., Ltd. (武漢遠東帝豪酒店管理有限公司) was established as a limited liability company with a registered capital of USD29,800,000, for a valid operation period from 25 June 2007 to 25 June 2037.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Wuhan Dorsett Far East Hotel Management Ltd. has lawfully owned the land use rights of the property;

(ii) Wuhan Dorsett Far East Hotel Management Ltd. is the sole legal land user of the property;

(iii) The property is mortgaged to DBS Bank (China) Limited.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes
State-owned Land Use Rights Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group VIII — Properties held by the Group for owner-occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
33.	Jinqiu School, Club House, kindergarten and Ancillary portion of Area 17 I situated at California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	The property comprises 4 school buildings, a 2-storey club house, a 2-storey kindergarten and Ancillary facilities of Area 17 I. The property has a total gross floor area of approximately 21,942.87 sq.m. The property is located at Jinqiu Road, Baoshan District in Shanghai, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The property is for composite use. The land use rights of the property have been granted for 70 years from 17 June 1997 to 16 June 2067, 2 July 2002 to 1 July 2072, 3 June 1998 to 2 June 2068 and 8 September 2005 to 7 September 2075 for residential use.	Portions of the property are subject to various tenancies at a total monthly rental of approximately RMB82,462. The remainder of the property is currently operated by the Group as school, sales office and ancillary facilities.	RMB160,000,000

Notes:

(1) According to four Shanghai Certificates of Real Estate Ownership Nos. (2002) 025337, (2005) 012554, (2006) 036777 and (2010) 046066 issued by Shanghai Housing and Land Resources Administration Bureau on 10 June 2002, 22 March 2005, 27 September 2006 and 3 November 2010 respectively, the land use rights and the building ownership rights of the property have been vested in Shanghai Ching Chu Property Development Co., Ltd. (上海錦秋房地產有限公司), subsidiary of the Group

(2) According to Business Licence No. 310000400169600, Shanghai Ching Chu Property Development Co., Ltd. was established as a limited liability company with a registered capital of USD35,000,000 for a valid operation period from 24 April 1997 to 23 April 2067.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Shanghai Ching Chu Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Shanghai Ching Chu Property Development Co., Ltd. is the sole legal land user of the property; and

(iv) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group VIII — Properties held by the Group for owner-occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
34.	The whole level 4 of Xinshidai Mansion, No. 11, Jianshe 3rd Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	The property comprises the whole level 4 of an 8-storey commercial and office complex which was completed in 1981. The property has a total gross floor area of approximately 1,001.73 sq.m. The property is located at West of Jianshe Third Road, Yuexiu District, which is in urban area of Guangzhou. Developments nearby are mainly commercial and residential development. According to the Company, the property is for residential and commercial use. The land use rights of the property have been granted for terms of 40 years for commercial and 50 years for office use from 6 February 1996.	The property is occupied by the Group.	RMB10,000,000

Notes:

(1) Pursuant to Guangzhou Real Estate Ownership Certificate No. 108025 (廣州市房地產權屬證明書第108025號)) issued by Guangzhou Land Administrative Bureau dated 1 December 2000, the land use right of the property with a total gross floor area of 7,680.64 sq.m. is vested in Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司) for a term of 40 years for commercial use and 50 years for office use from 6 February 1996.

(2) Pursuant to Particulars of Property Units (樓盤單元明細表) issued by Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司) dated 8 April 2008, the title of the whole level 4 of Xinshidai Mansion, No.11, Jianshe 3rd Road, Yuexiu District, Guangzhou, with a total gross floor area of 1,001.73 sq.m. is vested in Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司).

(3) According to Business Licence No. 0324066《企業法人營業執照》(注冊號440000400006719) Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司) was established on 18 October 1994 as a limited company with a registered capital of RMB68,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Guangdong Xinshidai Real Estate Co. Ltd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Guangdong Xinshidai Real Estate Co. Ltd. is the sole legal land user of the property; and

(iv) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group IX — Properties held and operated by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
35.	Hotel portion (levels 1 to 18 of No. 796 Huamu Road and level 2 of No. 800 Huamu Road) and underground car parks of Yue Shanghai Hotel, Nos. 796 and 800 Huamu Road, Pudong New District, Shanghai, the PRC	The property comprises portions of a development with a 4-storey retail podium and an 18-storey hotel building. They were completed in 2000 and 2008 respectively. The property comprises level 2 of the retail podium, arcade on the first floor, underground car parks and the hotel portion of the development with a gross floor area of 14,014.27 sq.m. providing 264 rooms which was completed in 2008. The property is located at No. 800, Huamu Road, Pudong New Area, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The property is for composite use. The land use rights of the property have been granted for a term from 24 February 2009 to 28 September 2044 for commercial (hotel) use.	The property is operated by the Group as a hotel.	RMB450,000,000

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Pu Zi (2009) Di 012208 issued by Shanghai Housing and Land Resources Administration Bureau on 9 March 2009, the land use rights and building ownership of the development, comprising a total site area of approximately 3,990 sq.m. and a total gross floor area of approximately 18,149.49 sq.m., have been vested in Ching Chu (Shanghai) Real Estate Development Co., Ltd., a wholly owned subsidiary of the Group, for a term from 24 February 2009 to 28 September 2044 for commercial (hotel) use.

As advised by the Group, the property comprises portions of the development with a gross floor area of 14,014.27 sq.m. as stated in the above Shanghai Certificate of Real Estate Ownership.

(2) According to 5 Shanghai Commodity Presold Contract Nos. 200800193699, 200800193353, 200800193517, 200800193593 and 200800193655 entered into between 上海建華房地產開發經營有限公司 (Party A) and Chingchu (Shanghai) Real Estate Development Co., Ltd. (Party B) dated 3 June 2008, Party A has agreed to transfer the property with a site area of approximately 3,990 sq.m. and a gross floor area of 17,998.28 to Party B at a total consideration of RMB280,000,000.

(3) According to Business Licence No. 310000400231020, Ching Chu (Shanghai) Real Estate Development Co., Ltd. was established as a limited liability company with a registered capital of USD16,000,000 for a valid operation period from 20 January 2000 to 19 January 2030.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Ching Chu (Shanghai) Real Estate Development Co., Ltd. has lawfully owned the land use right of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights; and

(iii) The property is mortgaged to Agriculture Bank of China Shanghai, Fengxian Branch for a loan with the security term from 6 March 2009 to 5 March 2017. Under such mortgage contract, Ching Chu (Shanghai) Real Estate Development Co., Ltd. can lease, transfer, mortgage and dispose of the land use rights of the property after obtaining the agreement of Agriculture Bank of China Shanghai, Fengxian Branch.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Shanghai Commodity Presold Contract	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group IX — Properties held and operated by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
36.	Wuhan Cosmopolitan Hotel (portions of basement and level 1, whole of level 8, portion of level 10, levels 11 to 16 and car park (portion of basement) of Hongkong and Macao Center), No. 118 Jianghan Road, Jiangan District, Wuhan City, Hubei Province, the PRC	Hongkong and Macao Center comprises a 19-storey composite building with basement erected on a parcel of land with a site area of 5,338.89 sq.m. completed in 2000. The property comprises the hotel portion of the building with a gross floor area of 28,001.16 sq.m. providing 384 guest rooms. The property is located at Jianghan Road, Jiangan District, which is in urban central area of Wuhan. Developments nearby are mainly residential and commercial development. According to the Company, the property is for commercial use. The land use rights of the property have been granted for a term expiring on 15 July 2043 for composite use.	The property is operated by the Group as a hotel.	RMB380,000,000

Notes:

(1) According to 10 Building Ownership Certificates issued by Wuhan Municipal State-owned Land Resources and Housing Administrative Bureau (武漢市國土資源和房產管理) on 29 November 2007, the building ownership of the property located at Hongkong and Macao Center, No. 118 Jianghan Road, Jiangan District, has been vested in Wuhan Far East Dorsett Hotel Management Co., Ltd. (武漢遠東帝豪酒店管理有限公司), a wholly owned subsidiary of the Company. The details of the gross floor area of the property are as follows:

Certificate No.	Level	Gross Floor Area (sq.m.)
Wu Fang Quan Zheng Shi Zi Di No. 2007029523	basement	3,422.82
Wu Fang Quan Zheng Shi Zi Di No. 2007029527	1 (Unit 1002)	2,794.45*
Wu Fang Quan Zheng Shi Zi Di No. 2007029518	8	3,589.41
Wu Fang Quan Zheng Shi Zi Di No. 2007029534	11	3,447.26
Wu Fang Quan Zheng Shi Zi Di No. 2007029541	13	3,447.26
Wu Fang Quan Zheng Shi Zi Di No. 2007029539	14	3,447.26
Wu Fang Quan Zheng Shi Zi Di No. 2007029538	12	3,447.26
Wu Fang Quan Zheng Shi Zi Di No. 2007029542	15	3,447.26
Wu Fang Quan Zheng Shi Zi Di No. 2007029544	16	3,447.26

The property comprises a portion of Level 1 (Unit 1002) with a gross floor area of 305.37 sq.m.

(2) According to State-owned Land Use Rights Certificate No. Wu Guo Yong (2008) Di No. 88 dated 28 February 2008 issued by Wuhan Municipal People's Government (武漢市人民政府), the land use rights of Plot No. A14050007 at No. 118 Jianghan Road Jiangan District with a site area of approximately 5,338.89 sq.m. have been vested in Wuhan Far East Dorsett Hotel Management Co., Ltd. (武漢遠東帝豪酒店管理有限公司) for a term due to expire on 15 July 2043 for composite use.

(3) According to Business Licence No. 420100400000141, Wuhan Far East Dorsett Hotel Management Co., Ltd. (武漢遠東帝豪酒店管理有限公司) was established with a registered capital of USD29,800,000 for a valid operation period from 25 June 2007 to 25 June 2037.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Wuhan Dorsett Far East Hotel Management Ltd. has lawfully owned the land use rights of the property;

(ii) Wuhan Dorsett Far East Hotel Management Ltd. is the sole legal land user of the property;

(iii) The property is mortgaged to DBS Bank (China) Limited.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes
State-owned Land Use Rights Certificate	Yes
Business Licences	Yes

VALUATION CERTIFICATE

Group X — Property held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
37.	The unsold portion of California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	The property comprises the unsold portion of California Garden completed between 1999 and 2007. The property comprises various residential and retail units with a total gross floor area of approximately 3,175.71 sq.m. with details as follows: **Use** — **Gross Floor Area (sq.m.)** Residential — 3,112.73 Retail — 62.98 Total — 3,175.71 The property is located at Jinqiu Road, Baoshan District in Shanghai, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The property is for commercial and residential use. The land use rights of the property have been granted for terms of 70 years from 3 June 1998 to 2 June 2068, 17 June 1997 to 16 June 2067, 9 April 2004 to 8 April 2074 and 2 July 2002 to 1 July 2072 respectively for residential use.	The property is vacant.	RMB63,000,000

Notes:

(1) According to five Shanghai Certificates of Real Estate Ownership Nos. (2002) 025337, (1999) 009983, (2008) 003694, (2008) 004026 and (2008) 003693 issued by Shanghai Housing and Land Resources Administration Bureau between 28 June 1999 and 25 January 2008, the land use rights and the building ownership rights of the property have been vested in Shanghai Ching Chu Property Development Co., Ltd.(上海錦秋房地產有限公司), subsidiary of the Group.

(2) According to the Sales records provided by the Group as at 31 March 2012, various units with a total gross floor area of approximately 602.34 sq.m. have been sold but not been handed over to the purchasers for a total consideration of approximately RMB10,575,000. In the course of our valuation, we have included such consideration in our valuation.

(3) According to Business Licence No. 310000400169600, Shanghai Ching Chu Property Development Co., Ltd. was established as a limited liability company with a registered capital of USD35,000,000 for a valid operation period from 24 April 1997 to 23 April 2067.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Shanghai Ching Chu Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Shanghai Ching Chu Property Development Co., Ltd. is the sole legal land user of the property; and

(iv) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group XI — Properties held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
38.	Area 9B,16, 17II, California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	The property comprises Area 9B, 16, 17II of California Garden erected upon a parcel of land with a total site area of 396,458.40 sq.m. Upon completion, the property will have a total gross floor area of approximately 155,548.34 sq.m. and the development scheme is summarized as follow; Area — Approximate Gross Floor Area (sq.m.) 9B — 29,313.89 16 — 74,388.42 (Including area 16,712.02 sq.m. not count into plot ratio) 17II — 51,846.03 (Including area 3,587.34 sq.m. not count into plot ratio) The property is scheduled to be completed in 2013. The property is located at Jinqiu Road, Baoshan District in Shanghai, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The land use rights of the property have been granted for terms of 70 years from 8 September 2005 to 7 September 2075 and 18 January 2006 to 17 January 2076 and 9 April 2004 to 8 April 2074 for residential use respectively.	The property is currently under construction.	RMB 1,450,000,000

Notes:

(1) According to 4 Grant Contracts for State-owned Land Use Rights Nos. (1998)1, (2005)086, (2004)048, (2006)012 entered into between Baoshan District Housing and Land Administration Bureau ("Party A") and Shanghai Ching Chu Property Development Co., Ltd., subsidiary of the Group ("Party B"), Party A has agreed to grant the land use rights of the property to Party B with details as follows:

Contract No.	Site Area (sq.m.)	Land Use Term	Land Use	Plot Ratio	Land Premium (RMB)
(1998)1	222,950.00	70 years	Residential	≤ 0.8	17,836,000
(2005)086	97,051.00	70 years	Residential	≤ 0.99	9,705,100
(2004)048	169,628.50	70 years	Residential	≤1, ≤1.5	16,962,850
(2006)012	55,179.90	70 years	Residential	≤1.05	5,517,990
Total:	544,809.40				

(2) According to 4 Shanghai Certificates of Real Estate Ownership issued by Shanghai Housing and Land Resources Administration Bureau, the land use rights of the property have been vested in Shanghai Ching Chu Property Development Co., Ltd. with details as follows:

Certificate No.	Site Area (sq.m.)	Land Use Term	Land Use
(2005)006172	169,628.50	9 April 2004 to 8 April 2074	Residential
(2005)036873	97,051.00	8 September 2005 to 7 September 2075	Residential
(2006)007537	55,179.90	18 January 2006 to 17 January 2076	Residential
(2006)0036777	74,599.00	3 June 1998 to 2 June 2068	Residential
Total:	396,458.40		

(3) According to three Planning Permits for Construction Use of Land Nos. (2004) 0083, (2003) 0126 and (2005) 13050429E00347 issued by Baoshan District Planning Administration Bureau, California Garden was in compliance with the requirement of urban planning and was permitted to be developed with a total site area of approximately 345,547.40 sq.m.

(4) According to three Planning Permits for Construction Works Nos. (2008)13080227F00436, (2009) FA31011320090846 and (2007)13070814F02281 issued by Baoshan District Planning Administration Bureau dated 24 April 2009, 22 February 2008 and 13 August 2007 respectively, the construction works of the property were in compliance with the requirement of urban planning and was permitted to be developed with a total gross floor area of approximately 155,547.45 sq.m.

(5) According to three Permits for Commencement of Construction Work Nos. 0702BS0135D02, 0902BS0036D01 and 0502BS0049D01 dated 27 March 2008 and 22 June 2005 and 29 April 2009 respectively, the construction works of the property with a total gross floor area of 170,675.42 sq.m. were in compliance with the requirements for works commencement.

(6) As advised by the Group, the total expended construction cost as at 31 March 2012 was approximately RMB214,000,000 and the estimated outstanding construction cost for completion was approximately RMB198,200,000. We have taken into account such amount in our valuation.

(7) The capital value when completed of the proposed development as at 31 March 2012 was approximately RMB2,530,000,000.

(8) According to Business Licence No. 310000400169600, Shanghai Ching Chu Property Development Co., Ltd. was established as a limited liability company with a registered capital of USD35,000,000 for a valid operation period from 24 April 1997 to 23 April 2067.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Shanghai Ching Chu Property Development Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of land use rights at no extra land premium or other onerous payment payable to the government;

(ii) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled;

(iii) The property can be freely disposed of to the purchasers at nil encumbrances.

(iv) A portion of the property is mortgaged to 中國建設銀行股份有限公司上海寶鋼寶山支行 and 上海中國浦東發展銀行股份有限公司寶山支行 with the security term from 29 April 2009 to 28 April 2012 and 21 March 2011 to 22 March 2014 respectively.

(v) Other than the above mentioned mortgage, the property is free from seizing, mortgage, limitation of any other rights and third party rights; and

(10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Grant Contracts for State-owned Land Use Rights	Yes
Shanghai Certificates of Real Estate Ownership	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permit for Commencement of Construction Work	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group XI — Properties held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
39.	Project under development to be known as "Hotel Kosmopolito City Centre, Chengdu", Nos. 124–177 Xiyulong Road, Qingyang District, Chengdu, Sichuan Province, the PRC	The property comprises a hotel to be developed upon a parcel of land with a total site area of approximately 5,865.62 sq.m. The property has a total planned gross floor area of approximately 67,616.94 sq.m. with details as follows: **Planned Portion** — **Approximate Planned Gross Floor Area (sq.m.)** Above ground — 51,478.41 Under ground — 16,138.53 **Total:** — **67,616.94** According to the Group, the property is scheduled to be completed in the 3rd quarter of 2012. The property is located at Qingyang District, which is in urban area of Chengdu. Development nearby is mainly commercial and office development. According to the Company, the property is planned for commercial (hotel) use. The land use rights of the property have been granted for a term expiring on 22 September 2047 for hotel and restaurant uses.	The property is currently under construction.	RMB750,000,000

Notes:

(1) According to State-owned Land Use Rights Certificate Cheng Guo Yong (2009) Di No. 156 dated 19 February 2009, the land use rights of a parcel of land with a site area of approximately 5,865.62 sq.m. have been vested in Far East Dorsett Hotel Management (Cheng Du) Co., Ltd. (遠東帝豪酒店管理(成都)有限公司), a wholly owned subsidiary of the Company, for a term expiring on 22 September 2047 for hotel and restaurant uses.

(2) According to Yinzuo Building Transfer Contract entered into between Industrial and Commercial Bank of China Limited, Sichuan Province Branch (中國工商銀行股份有限公司四川省分行) (Party A) and Far East Dorsett Hotel Management (Cheng Du) Co., Ltd (Party B) dated 26 April 2007, Party A has agreed to transfer the property which was under construction with a apportioned site area of approximately 5,738.81 sq.m. and a gross floor area of 67,616.94 sq.m. to Party B at a consideration of RMB279,000,000.

(3) According to the survey report of real estate prepared by Sichuan Survey Technology Service Centre, the gross floor area of the property is approximately 67,616.94 sq.m.

(4) According to Construction Land Planning Permit Cheng Gui Guan (2000) Di No. 1522 issued by Chengdu Urban Planning Bureau on 14 August 2000, the proposed construction land use of the property complies with the town planning requirements and permission for construction of the land is granted.

(5) According to Planning Permit for Construction Works No. Cheng Gui Guan (2000) Di No. 1544 issued by Chengdu Urban Planning Bureau on 14 July 2000, the construction works with a gross floor area of 85,000 sq.m. are in compliance with the construction works requirements and have been permitted.

(6) According to Chengdu Permit for Commencement of Construction Works No. Cheng Jian Shi Jian Zi (1998) No. 0206 issued by Chengdu Construction Committee on 18 September 2000, the construction works with a gross floor area of 85,000 sq.m. are in compliance with the requirements for commencement of works and have been permitted.

(7) According to Business Licence No. 004095, Far East Dorsett Hotel Management (Cheng Du) Co., Ltd. was established as a limited company with a registered capital of USD38,000,000 for a valid operation period from 30 October 2006 to 29 October 2036.

(8) According to the information provided by the Group, the total estimated construction cost as at 31 March 2012 was approximately RMB208,370,000 and the cost expended up to 31 March 2012 was approximately RMB180,120,000. We have taken into account such amount in our valuation.

(9) The capital value of the property when completed as at 31 March 2012 was RMB900,000,000.

(10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Far East Dorsett Hotel Management (Cheng Du) Co., Ltd. has lawfully owned the land use right of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Far East Dorsett Hotel Management (Cheng Du) Co., Ltd is the sole legal land user of the property; and

(iv) All the land premium stated in the Grant Contract of Land Use Rights has been duly paid and settled.

(11) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Transfer Contract	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group XI — Properties held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
40.	The proposed development Xinshidai Mansion, west of Jianshe 3rd Road, south of Jiansheheng Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	The property is erected upon a regular-shaped site with a total site area of approximately 2,963 sq.m. According to the development scheme provided to us, upon completion, the property will comprise a 28-storey composite building. The property is scheduled to be completed in 2014. The property has a total planned gross floor area of approximately 21,343.2 sq.m. with details as follows:	The property is currently under construction.	RMB234,000,000

Planned Portion	Approximate Planned Gross Floor Area (sq.m.)
Above ground	
Residential	12,231.10
Office	4,143.10
Commercial	644.30
Others	344.40
Car Park Space	2,247.90
Sub-total:	19,610.80
Under ground	
Commercial	505.10
Facilities	949.30
Car Park Space	278.00
Sub-total:	1,732.40
Total:	**21,343.20**

The property is located at West of Jianshe Third Road, Yuexiu District, which is in urban area of Guangzhou. Developments nearby are mainly commercial and residential development. According to the Company, the property is planned for residential and commercial use.

In addition, upon completion the proposed development will provide a total 56 aboveground car parking spaces.

The land use rights of the property have been granted for terms of 70 years 20 December 2004 for residential use, 40 years 20 December 2004 for commercial and tourism uses.

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2005) 419 (國有土地使用證(穗府國用(2005)419號)) dated 18 June 2006, the land use rights of a parcel of land with a site area of approximately 2,963 sq.m. had been granted to Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司), the associate of the Group.

(2) Pursuant to Grant Contract of Land Use Rights No. (99) 499 (廣州市國有土地使用權出讓合同(穗國地出合(99)499號)) dated 10 September 1999, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 3,059 sq.m. had been granted to Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司) at a consideration of RMB14,809,587.

(3) Pursuant to Planning Permit for Construction Use of Land No. (1994) 91 (建設用地規劃許可證(穗城規東片地字(1994)第91號)) dated 31 February 1994 issued by Guangzhou Urban Planning Bureau, the details are summarized as follows:

Constructor	:	Guangdong Province Construction Development Company (廣東省建設發展公司);
Construction Name	:	Commercial, office, apartment, market, resettlement apartments for building demolition (回遷房 — 拆遷回遷至原址的補償性住房);
Location	:	west of Jianshe 3rd Road, south of Jiansheheng Road, Dongshan District
Site Area	:	3,948 sq.m. (12 for Road)

(4) Pursuant to the Reply letter (復函(穗規地複字 (1998) 第254號)) dated 16 February 1998 issued by Guangzhou Urban Planning Bureau, the constructor name listed in the Planning Permit for Construction Use of Land No. (1994) 91 (建設用地規劃許可證(穗城規東片地字(1994)第91號)) will be changed from Guangdong Province Construction Development Company (廣東省建設發展公司) to Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司).

(5) Pursuant to Planning Permit for Construction Works No. (2007) 5070 (建設工程規劃許可證(穗規建證(2007)5070號)) dated 22 November 2007 issued by Guangzhou Urban Planning Bureau, the details are summarized as follows:

Constructor	:	Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司).
Construction Name	:	Basement of 1 block of residential, commercial and office building
Location	:	west of Jianshe 3rd Road, south of Jiansheheng Road, Yuexiu District
Scale	:	2-storey basement with the total GFA: 1,732 sq.m.

(6) Pursuant to the Total Planning Scheme of the proposed development《建築面積核算資料》(20070008001192) dated 13 August 2007, issued by the Guangzhou Urban Planning Technical Service Department, the details are summarized as follows:

(i) Planned total GFA 21,343.2 sq.m., planned plot ratio GFA 20,020.7 sq.m.;

(ii) Planned aboveground GFA 19,610.8 sq.m., planned underground GFA 1,732.4 sq.m.;

(iii) The planned public facilities details are listed below:

	GFA (sq.m.)
Above Ground	
Residential	12,231.10
Office	4,143.10
Commercial	644.30
Car parking spaces	2,247.90
Others	249.20
Ceiling and Lifts	95.20
Sub-total	19,610.80
Underground	
Car parking spaces	25.00
Other parking spaces	253.00
Commercial	505.10
Facilities	949.30
Sub-total	1,732.40
Total	**21,343.20**

(7) Pursuant to Permit for Commencement of Construction Works No. 440102200803131501 dated 13 March 2008 issued by Guangzhou Yuexiu District Construction Bureau, the construction work of foundation excavation of the proposed development are in compliance with the requirements for works commencement and are permitted.

(8) Pursuant to Permit for Commencement of Construction Works No. 440102200811175401 dated 17 November 2008 issued by Guangzhou Yuexiu District Construction Bureau, the construction work of the basement of the proposed development with a total gross floor area of approximately 1,732 sq.m. are in compliance with the requirements for works commencement and are permitted.

(9) Pursuant to the Contract for Cooperative Joint Venture of Guangdong Xinshidai Real Estate Co. Ltd. (合作經營廣東新時代房地產有限公司合同) dated 18 December 1993, entered into between Guangdong Province Construction Development Company (廣東省建設發展公司) (Party A), Hong Kong Xinlian Investment (China) Co., Ltd. (香港新聯投資(中國)有限公司) (Party B), Hong Kong Dongwei Investment Trade Company (香港東偉投資貿易公司) (Party C) and Hong Kong Dakang International Co., Ltd. (香港達康國際有限公司) (Party D), both Parties agreed to cooperate developing the plot of land which located in west of Jianshe 3rd Road, south of Jiansheheng Road for the proposed Xinshidai Mansion Project.

(10) Pursuant to the Supplement Contract for Cooperative Joint Venture of Guangdong Xinshidai Real Estate Co. Ltd. (合作經營廣東新時代房地產有限公司補充合同) dated 19 September 1997, entered into between Guangdong Province Construction Development Company (廣東省建設發展公司) (Party A), Hong Kong Xinlian Investment (China) Co., Ltd.(香港新聯投資(中國)有限公司) (Party B) and Hong Kong Dakang International Co., Ltd. (香港達康國際有限公司) (Party C), both Parties agreed to cooperate developing the plot of land which located in west of Jianshe 3rd Road, south of Jiansheheng Road for the proposed Xinshidai Mansion Project.

(11) As advised by the Group, the total expended construction cost as at 31 March 2012 was approximately RMB26,830,000. The outstanding cost to complete the subject portion of the development was estimated to be approximately RMB66,920,000. In the course of our valuation, we have taken such costs into account.

(12) The capital value when completed of the proposed development as at 31 March 2012 was approximately RMB450,000,000.

(13) According to Business Licence No. 0324066《企業法人營業執照》(註冊號440000400006719) Guangdong Xinshidai Real Estate Co. Ltd. (廣東新時代房地產有限公司) was established on 18 October 1994 as a limited company with a registered capital of RMB68,000,000.

(14) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Guangdong Xinshidai Real Estate Co. Ltd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Guangdong Xinshidai Real Estate Co. Ltd. is the sole legal land user of the property; and

(iv) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled.

(15) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Grant Contracts for State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	Yes
Planning Permits for Construction Use of Land	No
Commencement of Construction Works	No
Business Licence	Yes

VALUATION CERTIFICATE

Group XII — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
41.	Commercial Center B, California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	The property comprises portion of piece of land with a site area of approximately 11,667 sq.m. The site area of whole land is approximately 74,599 sq.m. According to the information provided by the Group, the property is planned to be developed into a commercial development with a planning gross floor area of approximately 9,334 sq.m. The property is located at Jinqiu Road, Baoshan District in Shanghai, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. According to the Company, the property is planned for commercial use. The land use right of the property has been granted for a term of 70 years from 3 June 1998 to 2 June 2068 for residential use.	The property is currently undergoing clearance and demolition work.	RMB78,000,000

Notes:

(1) According to Grant Contracts for State-owned Land Use Rights No. (1998)1 entered into between Baoshan District Housing and Land Administration Bureau ("Party A") and Shanghai Ching Chu Property Development Co., Ltd., subsidiary of the Group ("Party B"), Party A has agreed to grant the land use rights of the property to Party B with details as follows.

Site Area	:	222,950 sq.m.
Land Use	:	Residential
Land Use Term	:	70 years
Land Premium	:	RMB17,836,000
Plot Ratio	:	No more than 0.8

(2) According to Shanghai Certificate of Real Estate Ownership (2006)036777 issued by Shanghai Housing and Land Resources Administration Bureau, the land use rights have been vested in Shanghai Ching Chu Property Development Co., Ltd. for a term from 3 June 1998 to 2 June 2068 for residential use.

(3) According to Business Licence No. 310000400169600, Shanghai Ching Chu Property Development Co., Ltd. was established as a limited liability company with a registered capital of USD35,000,000 for a valid operation period from 24 April 1997 to 23 April 2067.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Shanghai Ching Chu Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Shanghai Ching Chu Property Development Co., Ltd. is the sole legal land user of the property; and

(iv) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Grant Contracts for State-owned Land Use Rights	Yes
Shanghai Certificates of Real Estate Ownership	Yes
Planning Permits for Construction Use of Land	No
Planning Permits for Construction Works	No
Permit for Commencement of Construction Work	No
Business Licence	Yes

VALUATION CERTIFICATE

Group XII — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
42.	The proposed development Huadi Jiayuan at No.10, North of Miaoqian Street, Chajiao, Liwan District, Guangzhou, Guangdong Province, the PRC	The property comprises a regular-shaped site with a total site area of approximately 24,359 sq.m. According to the development scheme provided to us, upon completion, the property will comprise 6 blocks of residential and commercial complex. The property is scheduled to be completed in 2014. The property has a total planned gross floor area of approximately 94,748 sq.m. with details as follows:	The property is currently undergoing clearance and demolition work.	RMB397,000,000

Planned Portion	Approximate Planned Gross Floor Area (sq.m.)
Above ground	
Residential	63,790
Commercial	3,157
Ancillary	6,955
Sub-total:	73,902
Under ground	
Car Park Space	22,916
Sub-total:	22,916
Total:	**96,818**

In addition, upon completion the proposed development will provide a total 467 underground car parking spaces.

The property is located at North of Miaoqian Street, Chaojiao, Liwan District, which is in urban area of Guangzhou. Developments nearby are mainly commercial and residential development. According to the Company, the property is planned for residential and commercial use.

The land use rights of the property have been granted for terms of 70 years for residential use, 40 years for commercial, tourism, entertainment uses, and 50 years for the other uses from 6 April 2005.

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2008) 1100114 (國有土地使用證(穗府國用(2008)1100114號)) dated 23 July 2008, the land use rights of a parcel of land with a site area of approximately 24,359 sq.m. had been granted to Guangzhou Xingqiao Real Estate Development Co. Ltd. (廣州市星僑房地產開發有限公司), subsidiary of the Group.

(2) Pursuant to Grant Contract of Land Use Rights No. (2000) 400 (廣州市國有土地使用權出讓合同(穗國地出合(2004)400號)) dated 31 August 2004, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 35,517 sq.m. had been granted to Guangzhou Jiancai Real Estate Development Co. Ltd. (廣州市建材房地產開發有限公司) and Guangzhou Jiancai Terrazzo Factory (廣州市建材水磨石廠) at a consideration of RMB16,281,455.

(3) Pursuant to No. 1 Modification Agreement of Grant Contract of Land Use Rights (2000) 400 (廣州市國有土地使用權出讓合同變更協議(穗國地出合(2004)400號的變更協議之一號)) dated 16 September 2005, land premium was adjusted to RMB16,574,874 due to supplement payment of the gross floor area for self use.

(4) Pursuant to Transfer Contract of Land Use Rights No. (2005) 10049 (廣州市國有土地使用權轉讓合同書((2005)交地10049號)) dated 19 September 2005 entered into between Guangzhou Jiancai Real Estate Development Co. Ltd. (廣州市建材房地產開發有限公司) and Guangzhou Fiber Reinforced Plastics Factory (廣州市玻璃鋼總廠) (Party B) and Guangzhou Xingqiao Property Management Co. Ltd. (廣州星僑物業管理有限公司) (Party B), Party A agreed to transfer the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 24,359 sq.m. to Party B at a consideration of RMB70,000,000.

(5) Pursuant to Planning Permit for Construction Use of Land No. (1995) 61(建設用地規劃許可證(穗城規南片地字(1995)第61號)) dated 4 July 1995 issued by Guangzhou Urban Planning Bureau, the details are summarized as follows:

Constructor	:	Guangzhou Jiancai Real Estate Development Co. Ltd. (廣州市建材房地產開發有限公司); Guangzhou Jiancai Terrazzo Factory (廣州市建材水磨石廠)
Construction Name	:	Commercial and residential complex
Location	:	No.10, North of Miaoqian Street, Chajiao, Fangcun
Site Area	:	35,517 sq.m. (10,103 sq.m. for Road and 375 sq.m. for river way)

(6) Pursuant to the Reply letter of Application for change of the constructor's name (關於申請變更建設用地單位名稱函的復函穗規函(2006) 6044號) dated 26 August 2006 issued by Guangzhou Urban Planning Bureau, the constructor name listed in the Planning Permit for Construction Use of Land No.(1995) 61(建設用地規劃許可證(穗城規南片地字(1995)第61號)) will be changed from Guangzhou Jiancai Real Estate Development Co. Ltd. (廣州市建材房地產開發有限公司) and Guangzhou Jiancai Terrazzo Factory (廣州市建材水磨石廠) to Guangzhou Xingqiao Property Management Co. Ltd. (廣州市星僑物業管理有限公司).

(7) Pursuant to the Reply letter of change of the constructor's name (關於變更建設用地單位名稱的復函穗規函(2008) 7991號) dated 22 September 2008 issued by Guangzhou Urban Planning Bureau, the constructor name listed in the Planning Permit for Construction Use of Land No.(1995) 61(建設用地規劃許可證(穗城規南片地字(1995)第61號)) will be changed to Guangzhou Xingqiao Real Estate Development Co. Ltd. (廣州市星僑房地產開發有限公司).

(8) Pursuant to the Reply letter for total planning scheme《關於同意修建性詳細規劃的復函》穗規批(2008) 86號 dated 12 March 2008, issued by the Guangzhou Urban Planning Bureau, the details are summarized as follows:

(i) Plot Ratio 3.18 (the site area 23,668 sq.m.), planned plot ratio GFA 75,200 sq.m., planned residential GFA 70,790 sq.m., planned public facility GFA 4,410 sq.m.;

(ii) Construction Density 24% (the site area 23,668 sq.m.);

(iii) Greenery Ratio 30.1% (the site area 23,668 sq.m.);

(iv) the planned public facilities details are listed below:

Facility	Site Area (sq.m.)	GFA (sq.m.)
Primary School	2,120	NA
Kindergarten	1,800	1,440
Cultural Activities Center	0	250
Senior Citizen Service Center	0	120
Toilets	0	50
Community citizen committee	0	100
Property Management	0	150
Market	0	2000
Community Sports Facilities Center	800	300

(9) According to Business Licence No. 0491743《企業法人營業執照》(企獨粵穗總字第007976號) Guangzhou Xingqiao Real Estate Development Co. Ltd. (廣州市星僑房地產開發有限公司) was established on 29 September 2004 as a limited company with a registered capital of USD280,000,000.

(10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:

(i) Guangzhou Xingqiao Real Estate Development Co. Ltd. has lawfully owned the land use right of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(ii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights;

(iii) Guangzhou Xingqiao Real Estate Development Co. Ltd. is the sole legal land user of the property; and

(iv) All land premium, costs of public utilities and ancillary infrastructure fees have been fully settled.

(11) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Reply Letter for Total Planning Scheme	Yes
Business Licences	Yes

VALUATION CERTIFICATE

Group XII — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
43.	The proposed development Gantangyuan at Huadi, Fangcun, Liwan District, Guangzhou, Guangdong Province, the PRC	The property comprises a regular-shaped site with a total site area of approximately 7,687 sq.m. According to the development scheme provided to us, upon completion, the property will comprise 2 blocks of residential and commercial complex. The property is scheduled to be completed in 2016. The property has a total planned gross floor area of approximately 47,080 sq.m. with details as follows:	There is one block of 2-storey temporary commercial complex on top of the subject property.	RMB211,000,000

Planned Portion	**Approximate Planned Gross Floor Area (sq.m.)**
Above ground	
Residential	39,270
Commercial	600
Public Facilities	1,710
Sub-total:	41,580
Under ground	
Car Park Space	5,500
Sub-total:	5,500
Total:	**47,080**

In addition, upon completion the proposed development will provide a total 138 underground car parking spaces.

The property is located at Huadiwan, Liwan District, which is in urban area of Guangzhou. Developments nearby are mainly commercial and residential development. According to the Company, the property is planned for residential and commercial use.

The land use rights of the property have been granted for terms of 70 years for residential use, 40 years for commercial, tourism, entertainment uses, and 50 years for the other uses from 19 June 1998.

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2004) 105 (國有土地使用證(穗府國用(2004)105號)), the land use rights of a parcel of land with a site area of approximately 7,687 sq.m. had been granted to Guangdong Province Xintuo Real Estate Development Co. Ltd. (廣東省信託房產開發公司), subsidiary of the Group.

(2) Pursuant to Grant Contract of Land Use Rights No. (2003) 378 (廣州市國有土地使用權出讓合同(穗國地出合(2003)378號)) dated 25 November 2003, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 9,496 sq.m. had been granted to Guangdong Province Xintuo Real Estate Development Co. Ltd. (廣東省信託房產開發有限公司) at a consideration of RMB322,468.

(3) Pursuant to Planning Permit for Construction Use of Land No. (2003) 392 (建設用地規劃許可證(穗規地證(2003)392號)) dated 14 October 2003 issued by Guangzhou Urban Planning Bureau, the details are summarized as follows:

Constructor	:	Guangdong Province Xintuo Real Estate Development Co. Ltd. (廣東省信託房產開發公司).
Construction Name	:	Commercial and residential use land (R1)
Location	:	Huadi, Fangcun District
Site Area	:	9,496 sq.m. (1,1809 sq.m. for road and 7,687 sq.m. for construction)

(4) Pursuant to Planning Permit for Construction Works No. (1993) 348 (建設工程規劃許可證(穗城規東片建字(1993)348號)) dated 20 April 1994 issued by Guangzhou Urban Planning Bureau, the details are summarized as follows:

Constructor	:	Guangdong Province Xintuo Real Estate Development Co. Ltd. (廣東省信託房產開發有限公司).
Construction Name	:	2 blocks of residential buildings of Gantangyuan (No. A26 and A35)
Location	:	Huadiwan
Scale	:	Total GFA: 41,700 sq.m. 25-storey (3-storey for certain portion)

(5) Pursuant to the Contract for Cooperative Joint Venture of Guangzhou Dongqiao Real Estate Development Co. Ltd. (合作經營廣州市東僑房地產開發有限公司合同), entered into between Guangdong Province Xintuo Real Estate Development Co. (廣東省信託房產開發公司) (Party A) and Xingqiao Development Co., Ltd. (星僑發展有限公司) (Party B), both Party A and Party B agreed to cooperate developing the plot of land which located in the east of Huadi Avenue, Fangcun District with a site area of approximately 5,500 sq.m. for the proposed Gantangyuan Project. The responsibility of both parties are summarized as below:

(i) Party A responsibility:

(a) Party A will offer the land which located in the east of Huadi Avenue, Fangcun District with a site area of approximately 5,500 sq.m. for the proposed Gantangyuan Project to the cooperative Joint Venture company for development and;

(b) Party A will be responsible for transferring the land use right of the subject plot to the cooperative Joint Venture Company and pay for the relative fees and;

(c) Party A will be responsible for the construction of public facilities of the proposed development and;

(d) Party A will be responsible for the examination of the proposed development.

(ii) Party B responsibility:

(a) Party B will be responsible for the construction of the proposed development and all the costs involved are subjected to Party B and;

(b) Party B should finish the construction of the proposed development in 2.5 years from the date when the Permit for Commencement of Construction Works is permitted by the relative authority and;

(c) Party B will be responsible for applying the business licence of the cooperative Joint Venture Company and its relative fees.

Notes:

(1) The register capital of the cooperative Joint Venture Company is USD5,000,000. Party A will contribute USD750,000 whilst the remaining USD4,250,000 will be responsible by Party B.

(2) The total invested amount is USD12,500,000.

(6) According to Business Licence No. 0720320《企業法人營業執照》(企作粵穗總字第007103號) Guangzhou Dongqiao Real Estate Development Co. Ltd. (廣州市東僑房地產開發有限公司) was established on 13 February 2003 as a limited company with a registered capital of USD5,000,000.

(7) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:

(i) The land use rights of the property is seized by the Guangzhou Supreme People's Court. According to the decision of Guangzhou Arbitration Commission, Guangzhou Dongqiao Real Estate Development Co. Ltd. is in possession of a proper legal title to the property.

(8) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Contract for Cooperative Joint Venture of Guangzhou Dongqiao Real Estate Development Co. Ltd.	Yes
Business Licences	Yes

VALUATION CERTIFICATE

Group XIII — Properties contracted to be acquired by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
44.	Dorsett Regency CBD, Zhongshan, Xintiecheng Hotel Block A, No. 107 Zhongshan First Road, West District, Zhongshan, Guangdong Province, the PRC	The property comprises a 31-storey hotel erected on a 9-storey podium which is under renovation and scheduled to commence operation in 2013. Upon renovation, the property will provide a total gross floor area of approximately 42,463.00 sq.m. with details as follows: **Portion** / **Gross Floor Area (sq.m.)** Commercial 13,607.00 Hotel 26,103.00 Others 1,108.00 Basement 1,645.00 **Total** **42,463.00** The property is located at Zhongshan First Road, Western District, which is in the urban area of Zhongshan. Developments nearby are mainly office and commercial development. According to the Company, the property is planned for hotel use. The outstanding internal decoration work is scheduled to be completed in 2013. The land use rights of the property have been agreed to be transferred to the Group.	The property is currently under construction.	No commercial value

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the Certificate of Real Estate Ownership had not been obtained by the Group. Had the valid Certificate of Real Estate Ownership been issued to the Group and all land premium and related fees for the grant of the certificate been fully settled, the market value of the property as at the valuation date would be RMB220,000,000.

(2) According to Guangdong Certificate of Real Estate Ownership No. 4851081 issued by the People's Government of Guangdong on 30 April 1997, the land use rights and building ownership of the property, comprising a total gross floor area of approximately 42,635.336 sq.m., have been vested in Industrial and Commercial Bank of China, Zhongshan Branch.

(3) According to the Foshan Auction Confirmation 08-02 entered into between Foshan Fajian Auction Limited (Party A) and Shanghai Ching Chu Property Development Co., Ltd. (上海錦秋房地產有限公司), a wholly owned subsidiary of the Company (Party B) dated 29 January 2008, the subject building ownership under the Real Estate Ownership No. 4851081 (Block A of Xintiecheng Hotel Zhongshan) with a total gross floor area of 42,635.336 sq.m. is auctioned by Party A and agreed to be sold to Party B at a price of RMB121,500,000 while the land use rights of the property are still vested in Industrial and Commercial Bank of China, Zhongshan Branch.

(4) According to Business Licence No. 310000400231020, Ching Chu (Shanghai) Real Estate Development Co., Ltd. was established as a limited liability company with a registered capital of USD16,000,000 for a valid operation period from 20 January 2000 to 19 January 2030.

(5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) A portion of the auction price being RMB95,000,000 has been paid. The balance of the auction price being RMB26,500,000 has not been fully settled; and

(ii) Ching Chu (Shanghai) Property Development Co., Ltd. will transfer the property to Ching Chu (Shanghai) Real Estate Development Co., Ltd. After obtaining the Certificate of Real Estate Ownership, Ching Chu (Shanghai) Real Estate Development Co., Ltd. will own the building ownership of the property and is entitled to occupy, use, lease, transfer and mortgage the property or to dispose of the property by other lawful means.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Auction Confirmation	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group XIII — Properties contracted to be acquired by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
45.	Areas 12 to 15 and 18, California Garden, Jinqiu Road, Baoshan District, Shanghai, the PRC	The property comprises three parcels of land with a total site area of approximately 255,647 sq.m. As advised by the Group, the property will be developed into a residential development. The property is located at Jinqiu Road, Baoshan District in Shanghai, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. The land use rights of the property have not been granted to the Group.	The property is currently undergoing clearance and demolition work.	No commercial value

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the title certificate has not been obtained.

(2) According to three Contracts for Land Value-added Revenue Nos. (2004) 005, (2004)006 and (2006)001 entered into between Baoshan District Land Reserve Center ("Party A") and Shanghai Ching Chu Property Development Co., Ltd., subsidiary of the Group ("Party B"), the total site area of the property is about 255,647 sq.m. and the total land value-added revenue is about RMB95,298,175.

(3) According to two Planning Permits for Construction Use of Land No. (2003) 0241, (2003)0339, issued by Baoshan District Planning Administration Bureau, the construction land of the property was in compliance with the requirement of urban planning and was permitted to be developed with a total site area of approximately 211,228 sq.m.

(4) According to Business Licence No. 310000400169600, Shanghai Ching Chu Property Development Co., Ltd. was established as a limited liability company with a registered capital of USD35,000,000 for a valid operation period from 24 April 1997 to 23 April 2067.

(5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

(i) Shanghai Ching Chu Property Development Co., Ltd. has no legal obstacle to obtain the Shanghai Certificate of Real Estate Ownership of the property from the relevant government departments.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are summarized as follows:

Grant Contracts for State-owned Land Use Rights	No
Shanghai Certificates of Real Estate Ownership	No
Planning Permits for Construction Use of Land	Yes (Part)
Business Licence	Yes

VALUATION CERTIFICATE

Group XIV — Property held by the Group for sale in Australia

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
46.	11 Gem Place and 5 Norval Place, Northbank Place, Melbourne Victoria 3000, Australia	The property comprises two ground floor retail units of two different composite buildings completed in about 2009. The total lettable area of the property is approximately 139.30 sq.m. The property is held under freehold ownership.	The property is currently vacant.	AUD790,000

Notes:

(1) The registered owners of the property are Far East Consortium (Australia) Pty Ltd, a wholly owned subsidiary of the Group, (1/4), Royal Domain Towers Pty Ltd, a wholly owned subsidiary of the Group, (1/4) and Oceanis NB Pty Ltd (2/4), an independent third party.

(2) The property is not subject to any encumbrances.

(3) The property falls within "Capital City Zone".

Group XV — Property held by the Group for owner-occupation in Australia

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
47.	Lots 501–508, 7C, 14C, 46C, 47C, 58C, 75C, 95C, 109C, 110C and 111C, Domain Tower, 370 St Kilda Road, Melbourne Victoria 3000, Australia	The property comprises 8 office units on level 5, 7 car parking spaces and 3 motor cycle parking spaces in the basement of a 7-storey office building erected upon a 2-tier parking basement completed in about 1965. The total lettable area of the office units of the property is approximately 496.50 sq.m. The property is held under freehold ownership.	The property is currently occupied by the Group.	AUD1,880,000

Notes:

(1) The registered owner of the property is Royal Domain Towers Pty Ltd, a wholly owned subsidiary of the Group.

(2) The property is not subject to any encumbrances.

(3) The property falls within "Business 5 Zone".

VALUATION CERTIFICATE

Group XVI — Property held by the Group for investment in Australia

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
48.	2–92 Rebecca Walk, Northbank Place, Melbourne Victoria 3000, Australia	The property comprises 7 single storey transportable buildings completed in the late 2000's. The total lettable area of the property is approximately 734 sq.m. The property is held under a leasehold interest from the Hon. Tim Pallas MP for an initial term from 5 April 2007 to 12 November 2047 subject to options of renewal for terms of 21 years plus 21 years plus 7 years until 12 November 2096. The annual ground rent payable is AUD1.	The property is currently subject to various tenancies with the latest expiring in 2025 at a total annual rent of AUD165,360.	AUD1,750,000

Notes:

(1) The registered owners of the leasehold interest of the property are Far East Consortium (Australia) Pty Ltd, a wholly owned subsidiary of the Group, Royal Domain Towers Pty Ltd, a wholly owned subsidiary of the Group, and Oceanis NB Pty Ltd, an independent third party.

(2) The property is not subject to any encumbrances.

(3) The property falls within "Capital City Zone".

VALUATION CERTIFICATE

Group XVII — Property held by the Group under development in Australia

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
49.	Upper West Side, 313–349 Lonsdale Street, Melbourne Victoria 3000, Australia	The property comprises 11 land lots with a total site area of 9,195 sq.m. and is proposed to be developed into 4 residential towers plus a 6-storey building to be known as "Upper West Side". The total proposed floor area of the property to be developed is approximately 81,446 sq.m. The property is held under a freehold ownership.	The property is currently under construction and is scheduled to be completed in phases between 2012 and 2014.	AUD192,000,000

Notes:

(1) The registered owner of the property is Far East Consortium (Australia) Pty Ltd, a wholly owned subsidiary of the Group.

(2) The property is not subject to any encumbrances.

(3) The property falls within "Capital City Zone".

(4) As advised by the Group, the total budget construction cost is approximately AUD470,000,000. A total sum of approximately AUD192,500,000 was expended up to 31 March 2012. In the course of our valuation, we have taken into account both sums.

(5) The capital value when completed of the proposed development was approximately AUD606,000,000 as at the Date of Valuation.

VALUATION CERTIFICATE

Group XVIII — Property held by the Group for future development in the UK

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2012
50.	58 Shepherd's Bush Green, London, W12 8QE, the UK	The property comprises a site of 0.3 hectare proposed to be redeveloped into a hotel building. The total developable area of the property is approximately 15,000 sq.m. with over 242 hotel guest rooms. The property is held under a freehold ownership.	The property is currently undergoing demolition of existing old buildings and structures to make way for redevelopment.	GBP17,350,000

Notes:

(1) The registered owner of the property is Marvel Green Limited, an indirectly held subsidiary of the Group.

(2) The property is not subject to any encumbrances.

(3) The property possesses a planning consent for the use as a 242-bedroom hotel.

(4) The gross value of the property before deduction of acquisition costs such as legal fees, agency fees and stamp duty was GBP18,350,000 as at the Date of Valuation.

(B) PROPERTIES LOCATED IN MALAYSIA

The Directors
Far East Consortium International Limited
16/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

27th June 2012

Dear Sirs,

RE:

A) A 5-STAR HOTEL BUILDING CONSISTING OF THREE (3) STOREY PODIUM WITH EIGHT (8) STOREY AND FOURTEEN (14) STOREY HOTEL TOWERS AS WELL AS A DOUBLE STOREY RESTAURANT AND FOUR (4) STOREY CAR PARKS BUILDING KNOWN AS GRAND DORSETT SUBANG HOTEL, MALAYSIA;

B) A NINE (9) STOREY 5-STAR HOTEL BUILDING (178 ROOMS) WITH A SEMI-BASEMENT CAR PARKS KNOWN AS GRAND DORSETT LABUAN HOTEL, MALAYSIA;

C) A THIRTY (30) STOREY 4-STAR HOTEL BUILDING WITH THREE (3) LEVELS BASEMENT CAR PARKS KNOWN AS DORSETT REGENCY HOTEL BEARING POSTAL ADDRESS DORSETT REGENCY HOTEL, 172, JALAN IMBI, 55100 KUALA LUMPUR;

D) 179 ROOM 4 STAR HOTEL SITUATED AT 21ST FLOOR TO 30TH FLOOR AND PART OF THE LOBBY AREA WITHIN A THIRTY THREE (33) STOREY HOTEL & SERVICED APARTMENTS BUILDING KNOWN AS SILKA MAYTOWER HOTEL & SERVICED RESIDENCES BEARING POSTAL ADDRESS NO. 7, JALAN MUNSHI ABDULLAH, 50100 KUALA LUMPUR;

E) 248 ROOM 3-STAR HOTEL WITHIN A TEN (10) STOREY HOTEL/SERVICED APARTMENT BUILDING KNOWN AS SILKA JOHOR HOTEL, MALAYSIA;

F) 25 APARTMENT UNITS AND 27 CAR PARK BAYS WITHIN A BLOCK OF TEN (10) STOREY APARTMENT BUILDING WITH TWO (2) LEVELS OF CAR PARK BEARING POSTAL ADDRESS SRI JATI, JALAN JATI, OFF JALAN IMBI, 55100, KUALA LUMPUR;

G) LOT NOS. 600 AND 619 HELD UNDER TITLE NOS. GRN 47373 AND 27523 RESPECTIVELY, MUKIM KERLING, DISTRICT OF ULU SELANGOR, STATE OF SELANGOR;

H) EIGHT (8) DOUBLE STOREY SEMI-DETACHED HOUSES AND FOURTEEN (14) DOUBLE STOREY TERRACE HOUSES BEARING POSTAL ADDRESS NOS. 4 TO 7, 32 TO 40, 43 TO 46 AND 48 TO 52, JALAN OKK DAUD, TAMAN SEH HUAT, 87000 WILAYAH PERSEKUTUAN LABUAN;

I) 1,750 CAR PARK BAYS (1,688 CAR PARK BAYS WITHIN BASEMENT LEVEL AND 62 CAR PARK BAYS ON GROUND LEVEL (ACCESSORY PARCELS)) LOCATED WITHIN PHASE 1 AND PHASE 2 PLAZA DAMAS JALAN SRI HARTAMAS 1 SRI HARTAMAS 50480 KUALA LUMPUR;

J) LOT NO. 470 SECTION 0067 HELD UNDER TITLE NO. GRN 36268 TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KL;

K) A GROUND FLOOR SHOP TOGETHER WITH AN ACCESSORY PARCEL WITHIN A FOURTEEN (14) STOREY SERVICED APARTMENT BUILDING BEARING POSTAL ADDRESS UNIT K-0-7, DORCHESTER SERVICE APARTMENT BLOCK K, PLAZA DAMAS JALAN SRI HARTAMAS 1, 50480 KUALA LUMPUR;

L) A TWENTY FIRST FLOOR SERVICED APARTMENT UNIT BEARING POSTAL ADDRESS UNIT NO. B-21-15, WINDSOR TOWER SERVICE APARTMENT, NO. 62, JALAN SRI HARTAMAS 1, SRI HARTAMAS, 50480 KUALA LUMPUR;

M) A TOTAL OF 420 CAR PARK BAYS AND A SEVEN (7) STOREY ELEVATED CAR PARK AREA WITHIN WINDSOR AND WALDORF TOWER SERVICE APARTMENTS, PLAZA DAMAS, JALAN SRI HARTAMAS 1, SRI HARTAMAS, 50480 KUALA LUMPUR.

1. INSTRUCTION

In pursuance to the instruction for us to carry out market valuations of the above captioned properties held by Far East Consortium International Limited (the "Company") and its subsidiaries (together referred to as the "Group") situated in Malaysia, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Market Value of the properties as at 31st March 2012 (referred to as the "valuation date").

2. BASIS OF VALUATION

Our basis of valuation is our opinion of the Market Value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined 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".

3. METHOD OF VALUATION

In arriving at the Market Value of the subject properties, we have adopted as our main approach, the **Comparison Method of Valuation**.

This method of valuation seeks to determine the value of the properties being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

4. ASSUMPTIONS

Our valuation also has been made on the assumption that the properties can be sold on the open market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the properties.

We have assumed that all consent, approvals and licenses from relevant government for rights to use and occupy the properties have been granted and in good validation status.

We have also assumed that the subject properties can be freely transferred and leased without any additional land premium or substantial costs payable to the relevant government.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors.

5. TITLE INVESTIGATION

We have been provided with extracts of title documents relating to the properties. In addition, we have caused searches to be made at the appropriate government registries of properties. However, we have not searched the original documents to verify ownership nor to verify the existence of any lease amendments which do not appear on the copies handed to us. All documents have been used for reference only and no responsibility regarding title to the properties is assumed in this report.

6. LIMITING CONDITIONS

We have carried out inspection of the properties; however, we have not carried out site investigation to determine the suitability of the ground condition or the services provided. All dimensions, measurements and arrears are based on information supplied by the Company and where possible, they will be verified by us by reference to the copies of documents made available to us.

While due care is taken to note building defects in the course of inspection no structural survey is made nor any inspection of woodwork or other parts of the structure which are covered or inaccessible and we are therefore unable to report that such part of the properties are free of hidden defects or concealed infestation.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on matters such as statutory notices, tenure, occupancy, site and floor areas and in identification of the properties.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We have relied on the Company's confirmation that no material facts have been omitted from the information supplied.

No allowance has been made in our valuation for any charge, mortgage or amount owing on any properties interest nor expense or taxation which may incurred in effecting a sale. We have assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their value.

7. CURRENCY

The Market Values of all the subject properties are stated in Ringgit Malaysia. The exchange rate adopted in our valuation is RM1= **HK$2.5271**, which was the approximate prevailing exchange rates as at the date of valuation.

8. TAXATION

According to the information provided by the Group, the potential tax liability of properties located in Malaysia which would arise on disposal of properties G and J is income tax at 25% and properties I, K, L and M is real property gain tax at 5%. The rest of the properties are not subject to any tax at their disposal. The likelihood of the relevant tax liability being crystallized is remote as the Group has no plan for the disposal of the subject properties.

9. REMARKS

The properties' interests have been valued as follows:

	Properties' Interests	Market Values as at 31 May 2012
A.	**GRAND DORSETT SUBANG HOTEL** Jalan SS 12/1, Section SS 12, 47500 Subang Jaya, Selangor Darul Ehsan.	*RM303,940,000.00 **RM340,940,000.00
B.	**GRAND DORSETTE LABUAN HOTEL** No. 462, Jalan Merdeka, 87029 Wilayah Persekutuan Labuan.	RM73,000,000.00
C.	**DORSETT REGENCY HOTEL KUALA LUMPUR** 172, Jalan Imbi, 55100 Kuala Lumpur.	RM 150,000,000.00
D.	**SILKA MAYTOWER HOTEL & SERVICED RESIDENCES** No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur.	RM80,500,000.00
E.	**SILKA JOHOR HOTEL** Lot 101375, Jalan Masai Lama, Mukim Plentong, 81750 Masai, Johor Darul Takzim.	RM78,000,000.00
F.	**SRI JATI** 25 apartment units and 27 car park bays within a ten (10) storey apartment building with two (2) levels of car park.	RM17,000,000.00
G.	**KERLING** Two (2) contiguous parcels of agriculture land.	RM9,000,000.00
H.	**TAMAN SEH HUAT** Eight (8) double storey semi-detached houses and fourteen (14) double storey terrace houses.	RM4,330,000.00
I.	**PHASE 1 AND PHASE 2, PLAZA DAMAS** 1,750 car park bays (1,688 car park bays within basement level and 62 car park bays on ground level (accessory parcels)).	RM52,500,000.00
J.	**JALAN IMBI** A parcel of vacant development land.	RM32,500,000.00
K.	**DORCHESTER SERVICE APARTMENT, BLOCK K, PLAZA DAMAS** A ground floor shop together with an accessory parcel within a fourteen (14) storey serviced apartment building.	RM380,000.00
L.	**WINDSOR TOWER SERVICE APARTMENTS** A twenty first floor serviced apartment unit located within a twenty nine (29) storey serviced apartment building.	RM660,000.00
M.	**WINDSOR AND WALDORF TOWER SERVICE APARTMENTS, PLAZA DAMAS** A total of four hundred and twenty (420) car park bays occupied the first five levels of elevated car park area.	RM12,600,000.00

TOTAL MARKET VALUE

i)	On an 'As is' basis i.e. The Hotel (400 rooms) together with part of an excess land (5.945 acres).	*RM814,410,000.00
ii)	**** ON THE ASSUMPTION THAT THE ADDITIONAL 78 ROOMS UNDER RENOVATION LOCATED ON NINTH, TENTH AND ELEVENTH FLOORS ARE FULLY COMPLETED AND CERTIFIED FIT FOR OCCUPANCY AND HENCE THE HOTEL (478 ROOMS) TOGETHER WITH PART OF AN EXCESS LAND (5.945 ACRES).**	**RM851,410,000.00

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTION (S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION (S) THAT IS/ARE NOT YET OR FULLY REALISED".

We enclosed herewith our summary of valuation and valuation certificates.

Yours faithfully,

For and on behalf of
Raine & Horne International Zaki + Partners Sdn. Bhd.
Perpetual 99,
Jalan Raja Muda Abdul Aziz,
50300 Kuala Lumpur

Noraini Binti Jaafar Sidek
Registered Valuer (MIS)
Reg. No. V-523

Note: Noraini Binti Jaafar Sidek is a Member of the Malaysia Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate agent in Malaysia, has over 18 years experience in valuation properties in Malaysia for listed companies.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 May 2012
A.	A 5-star hotel building consisting of three (3) storey podium with eight (8) storey and fourteen (14) storey hotel towers as well as a double storey restaurant and four (4) storey car parks building bearing postal address Grand Dorsett Subang Hotel, Jalan SS 12/1, Section SS 12, 47500 Subang Jaya, Selangor Darul Ehsan Subang Jaya is an integrated mixed development within an affluent commercial, residential and institutional township in Selangor.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Site Areas: Lot 4244: 19,474 sq. metres (209,616 sq. ft.) Lot 4245: 18,308 sq. metres (197,065 sq. ft.) The total gross floor area of the building is about 43,264.10 sq. metres (465,691 sq. ft.) with an existing 400 rooms. The age of building is about 15 years. The land is of freehold interest and to be used for commercial buildings only. The land is held under Lot Nos. 4244 and 4245 held under Title Nos. GRN 38842 and 38843, Mukim of Damansara, District of Petaling, State of Selangor. Annual government rent: Lot 4244: RM38,734.00. Lot 4245: RM36,415.00	The subject property is managed by the owner, Subang Jaya Hotel Development Sdn. Bhd. The current occupancy rate of the subject property is 60.70%. The hotel is currently undergoing internal renovation.	*RM303,940,000.00 **RM340,940,000.00

Notes:

* On an 'As is' basis i.e. The Hotel (400 rooms) together with part of an excess land (5.945 acres)

** **ON THE ASSUMPTION THAT THE ADDITIONAL 78 ROOMS UNDER RENOVATION LOCATED ON NINTH, TENTH AND ELEVENTH FLOORS ARE FULLY COMPLETED AND CERTIFIED FIT FOR OCCUPANCY AND HENCE THE HOTEL (478 ROOMS) TOGETHER WITH PART OF AN EXCESS LAND (5.945 ACRES).**

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION (S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION (S) THAT IS/ARE NOT YET OR FULLY REALISED"

(i) The property was inspected by Hafizah Binti Che Omar (B. Sc. Property Management) on April 6, 2012.

(ii) The ownership of the property is Subang Jaya Hotel Development Sdn. Bhd; (Company No. 44190-A), a non wholly owned subsidiary of the Company.

(iii) Both the lands are charged to AFFIN BANK BERHAD, registered on 28 March 2008.

(iv) A private caveat has been entered on both lands by PUBLIC BANK BERHAD, vide Presentation No. 67832/2011 registered on 22nd December 2011.

(v) Lot No 4245

The land is partly leased to TENAGA NASIONAL BERHAD for 30 years from 1st February 1987 and expiring on 31st January 2017.

(vi) The property is situated within an area zoned for commercial use.

(vii) The status of the title and licences in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business License	Yes

(viii) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Subang Jaya Hotel Development Sdn. Bhd has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are charged to AFFIN BANK BERHAD and under such charge, Subang Jaya Hotel Development Sdn. Bhd can lease, transfer, charge and dispose of the land use rights of property after obtaining the agreement of AFFIN BANK BERHAD and

(c) Other than the above mentioned charge, the property is free from seizing, charge, limitation of any other rights and third party rights.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
B.	A nine (9) storey 5-Star hotel building (182 rooms) with a semi-basement car park bearing postal address Grand Dorsett Labuan Hotel, No. 462, Jalan Merdeka, 87029 Wilayah Persekutuan Labuan. This hotel is located within the Town of Labuan, along the southern side of Jalan Merdeka, a main road which links Labuan town centre with Jalan Tun Mustapa commercial developments. Developments nearby are mainly mixed development in character.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Site Areas: 6,071 sq. metres (65,348 sq. ft.). The total gross floor area of the building is about 21,564.98 sq. metres (232,123 sq. ft). The age of building is about 16 years. The land is of 99 years leasehold interest expiring on 31st December 2090. The unexpired term of the lease is approximately 78 years and to be used for the purpose of a hotel. The land is Lot No. 2075331888 held under Title No. PN 347, Bandar Labuan, District and State of W. Persekutuan Labuan. Annual government rent: RM12,141.00	The subject property is currently managed by the owner, Merdeka Labuan Sdn. Bhd. (formerly known as Merlin Labuan Sdn. Bhd.) The occupancy rate of the subject property is about 80.60%.	RM73,000,000.00

Notes:

(i) The property was inspected by Azlina Mat Rahim (B. Sc. Estate Management) on April 9, 2012.

(ii) The ownership of the property is Merlin Labuan Sdn. Bhd. (Company No. 109695-U), a non wholly owned subsidiary of the Company.

(iii) The land is free from encumbrances.

(iv) The property is situated within an area zoned for commercial use.

(v) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business License	Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alia, the following information:

(a) Merlin Labuan Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
C.	A 320 room thirty (30) storey 4-star hotel building with three (3) levels of basement car parks bearing postal address Dorsett Regency Hotel Kuala Lumpur. 172, Jalan Imbi, 55100 Kuala Lumpur. The subject property is sited fronting Jalan Imbi. Jalan Imbi is one of the prime commercial streets within the Commercial Business District (CBD) of Kuala Lumpur city centre.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Site Area: 1,270 sq. metres (13,670 sq. ft.) The total gross floor area of the building is about 27,752.58 sq. metres (298,726. sq. ft.). The age of building is about 15 years. The land is of freehold interest and to be used for commercial building only. The land is held under Lot No. 1300 Seksyen 0067 held under Title No. GRN 49963, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Annual government rent is RM5,842.00.	The subject property is currently managed by the owner, Dorsett Regency Hotel (M) Sdn. Bhd. The occupancy rate of the subject property is about 88.1%.	RM150,000,000.00

Notes:

(i) The property was inspected by Azlina Mat Rahim (B. Sc. Estate Management) on April 6, 2012.

(ii) The ownership of the property is Dorsett Regency Hotel (M) Sdn, Bhd.(Company No:199686-K), a non wholly owned subsidiary of the Company.

(iii) The land is currently charged to PUBLIC BANK BERHAD dated 5th December 2011.

(iv) Part of the land (360 sq.ft) has been leased to Tenaga Nasional Berhad for 30 years commencing from 8/2/2000 until 7/2/2030 for the purposes of substation.

(v) The property is situated within an area zoned for commercial use

(vi) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business License	Yes

(vii) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Dorsett Regency Hotel (M) Sdn, Bhd. as lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are charged to PUBLIC BANK BERHAD and under such charge, Dorsett Regency Hotel (M) Sdn, Bhd. can lease, transfer, charge and dispose of the land use rights of property after obtaining the agreement of PUBLIC BANK BERHAD and

(c) Other than the above mentioned charged, the property is free from seizing, charge, limitation of any other rights and third party rights.

VALUATION CERTIFICATE

	Properties	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
D.	179 room 4-star hotel situated at 21st Floor to 30th Floor and part of the lobby area within a 33 storey hotel & serviced residences building bearing postal address Silka Maytower Hotel & Serviced Residences, No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur. The subject property is sited fronting Jalan Munshi Abdullah, Kuala Lumpur, a major road within Kuala Lumpur city centre which links Jalan Dang Wangi and Jalan Ampang developments. The abovementioned Jalan Munshi Abdullah accommodates the city's prime commercial buildings and purpose-built offices.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Site Area: 2,162 sq. metres (23,271 sq. ft.) Hotel Floor Area: 5,158.17 sq. metres (55,522 sq. ft.) Lobby Area: 465 sq. metres (5,007 sq. ft.) The building comprises eleven (11) storey service apartments, ten (10) storey 4-Star Hotel and serviced apartments, one (1) storey of podium level, one (1) storey of mezzanine level, one (1) storey of lobby level, two (2) storey of offices and seven (7) storey of car parks. The age of building is about 4 years. The subject land comprises a parcel of building land designated for commercial use. The land is held under Lot No. 301 Seksyen 40 held under Title No. GRN 54118, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL which conveys a freehold interest. Annual government rent is RM9,946.00.	The subject property is currently managed by the owner, Venue Summit Sdn. Bhd. The occupancy rate of the subject property is about 85.6%.	RM80,500,000.00

Notes:

(i)

No.	Strata Title Nos.	Parcel Nos.	Level	Total Floor Area (Sq. Metres)
1.	Geran 54118/M1/22	321, 323, 334, 337, 345, 347	22	230
2.	Geran 54118/M1/23	350, 351, 353, 364, 365, 367–369, 375	23	350
3.	Geran 54118/M1/24	379, 386, 392, 393, 396–400, 403	24	358
4.	Geran 54118/M1/25	405–407, 410, 411, 415, 419, 420, 423–428, 431	25	555
5.	Geran 54118/M1/26	432–434, 437, 439, 440, 447–452, 454–456, 459	26	587
6.	Geran 54118/M1/27	463, 471, 472, 478–481, 483, 485, 487	27	391
7.	Geran 54118/M1/28	488, 489, 491, 496, 498, 500–505	28	482
8.	Geran 54118/M1/29	507, 509, 513–516, 518–523	29	540
9.	Geran 54118/M1/30	524, 528, 530–532, 534–541	30	583
10.	Geran 54118/M1/31	542–559	31	669

(ii) The strata titles of the property are registered under Mayland Boulevard Sdn Bhd, which is not a subsidiary of the Company, but the strata titles of the property are currently in progress to be transferred to a subsidiary of the Company, i.e. Venue Summit Sdn Bhd.

(iii) The property was inspected by Hafizah Binti Che Omar (B. Sc. Property Management) on April 6, 2012.

(iv) The property is situated within an area zoned for commercial use.

(v) Venue Summit Sdn. Bhd. is a limited liability company incorporated in Malaysia on 7th April 2006 which is a non wholly owned subsidiary of the Company.

(vi) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business License	Yes

(vii) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Mayland Boulevard Sdn Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
E.	248 room 3-star hotel a ten (10) storey hotel/ serviced apartment building known as Silka Johor Hotel, Malaysia. The subject property is sited off the south-western side of Lebuhraya Pasir Gudang and alongside Jalan Masai Baru, Johor Bahru. Developments nearby are mainly residential and commercial in character.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Site area: 56,723 sq. metres (610,561.3 sq. ft.) Built Site Area: 4,370 sq. metres (47,038.24 sq. ft.) Hotel Floor Area: 8,804.06 sq. metres (94,766.00 sq. ft.) The age of building is about 8 years. The land is of freehold interest and for the purposes of constructing serviced apartment building including residences/shops/club house which are to be constructed in accordance with plans approved by the Local Authorities". The land is held under Master Lot No. 66270 held under Title No. GRN 358714, Mukim of Plentong, District of Johor Bahru, State of Johor. Annual government rent is RM238,560.00.	The subject property is currently managed by the owner, Success Range Sdn. Bhd. The average occupancy rate is 57.7%	RM78,000,000.00

Notes:

(i) The property was inspected by Azlina Mat Rahim (B. Sc. Estate Management) on April 12, 2012.

(ii) The master title of the property is registered under Mayland Projects (Johor) Sdn. Bhd. (Company No. 478695-T), the property developer of the project, which is not a subsidiary of the Company. The master title of the property has been submitted to the local authority for issuance of strata titles. Pending the issuance of strata titles and the transfer and registration, Success Range Sdn Bhd is the beneficial owner of the property.

(iii) The land is free from encumbrances.

(iv) The property is situated within an area zoned for commercial use.

(v) Success Range Sdn. Bhd. is a limited liability company incorporated in Malaysia on 18th April 2006 which is a non wholly owned subsidiary of the Company.

(vi) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes
Business License	Yes

(vii) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Mayland Projects (Johor) Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
F.	25 apartment units and 27 car park bays within a block of ten (10) storey apartment building with two (2) levels of car park known as Sri Jati. The subject property is sited fronting Jalan Jati, Off Jalan Imbi, Kuala Lumpur. Jalan Imbi is one of the prime commercial streets within the Commercial Business District (CBD) of Kuala Lumpur city centre.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Total built up area: 28,639 sq. ft. The age of building is about 15 years. The land is of freehold interest and designated for residential. The land is held under Parent Lot No. 1292 Seksyen 0067 held under Master Title No. GRN 49606, Town and District of Kuala Lumpur, Wilayah Persekutuan KL. Annual government rent is RM638.00.	The subject property is currently unoccupied as well as being rented out on daily or monthly basis	RM16,500,000.00

Notes:

(i) The property was inspected by Hazrul Affandi Bin Abd Wahab (B. Sc. Estate Management) on April 6, 2012.

(ii) The ownership of the property is Fortune Plus (M) Sdn. Bhd, a wholly owned subsidiary of the Company.

(iii) The land is free from encumbrances.

(iv) The subject property is situated in an area zoned for mixed development with a Plot Ratio of 1:4.

(iv) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

(v) An application for the conversion of land use from residential to commercial has been submitted dated 5th April 2012.

Certificate of Real Estate Ownership	Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Fortune Plus (M) Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights.

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
G.	Two (2) contiguous parcels of agriculture land. The subject properties are situated within an area known as Kerling, Selangor. This part of Kerling is located approximately 18 kilometres and 11 kilometres to the south-west of Kuala Kubu Bharu town centre and Pekan Kerling respectively.	Public utilities such as electricity, main water supply and telecommunication lines are not connected to the subject properties. Total Site Area: 42.29 hectares/104.50 acres. The total net site area of the subject properties after less for provision of river and river reserve is approximately 38.11 hectares/94.16 acres. The subject properties are of freehold interest and free from encumbrances. These two (2) parcels of contiguous land are held under Lot Nos. 600 and 619 held under Title Nos. GRN 47373 and 27523 respectively, Mukim Kerling, District of Ulu Selangor, State of Selangor. The annual government rent for Lot Nos. 600 and 619 are RM652.00 and RM677.00 respectively.	The subject properties are vacant, undeveloped and overgrown with shrubs, bushes and wild trees.	RM9,000,000.00

Notes:

(i) The property was inspected by Hazrul Affandi Bin Abd Wahab (B. Sc. Estate Management) on April 6, 2012.

(ii) The ownership of the properties is Focus Avenue Sdn Bhd. (Company No. 109695-U), a wholly owned subsidiary of the Group.

(iii) The lands are free from encumbrances.

(iv) The subject properties are zoned for agriculture use.

(v) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Focus Avenue Sdn Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
H.	Eight (8) double storey semi-detached houses and fourteen (14) double storey terrace houses bearing postal address No. 4 to 7, 32 to 40, 43 to 46 and 48 to 52, Jalan OKK Daud, Taman Seh Huat, 87000 Wilayah Persekutuan Labuan. Development nearby are mainly residential in character.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. Double storey semi-detached houses: Site area: About 190.00 sq. metres (2,045 sq. ft.) each. Double storey terrace houses: Site area: From 183.76 sq. metres (1,978 sq. ft.) to 200.00 sq. metres (2,155 sq. ft.) each. The age of buildings are about 16 years. The subject properties are of 99 years leasehold expiring on 22nd June 2057. The unexpired term of the lease is approximately 45 years and to be used for residential building only. The land is held under Lot Nos. 205325373, 205325382, 205325391, 205325408, 205325659, 205325668, 205325677, 205325686, 205325695, 205325702, 205325711, 205325720, 205325739, 205325766, 205325775, 205325784, 205325793, 205325819, 205325828, 205325837, 205325846 and 205325855 held under Title Nos. PN 2844, PN 2843, PN 2842, PN 2841, PN 675, PN 673, PN 672, PN 671, PN 668, PN 670, PN 667, PN 666, PN 665, PN 792, PN 791, PN 790, PN 789, PN 785, PN 786, PN 836, PN 783 PN 781, Town of Labuan, District and State of W. Persekutuan Labuan. Total annual government rent is RM1,628.80.	The subject properties are unoccupied as well as occupied by owner's staff.	RM4,420,000.00

Notes:

(i) The property was inspected by Azlina Mat Rahim (B. Sc. Property Management) on April 9, 2012.

(ii) The ownership of the properties is Merlin Labuan Sdn. Bhd. (Company No. 109695 U), a non wholly owned subsidiary of the Company.

(iii) The subject properties are all free from encumbrances.

(iv) The properties are situated within an area zoned for residential use.

(v) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Merlin Labuan Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 June 2012
I.	1,750 car park bays (1,688 car park bays within basement level and 62 car park bays on ground level (accessory parcels)) located within Phase 1 and Phase 2, Plaza Damas, Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur. Plaza Damas, Sri Hartamas is an integrated commercial development within an affluent residential and commercial township in Kuala Lumpur.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. A total of 1,750 car park bays comprising the following: 1,099 car park bays located within two (2) levels of basement car park of Phase 1, Plaza Damas namely B1 and B2. The age of building is about 8 years. It is held under Lot No. 56228, Hakmilik Strata Title No. Geran 59225/M1/B1/1, Accessory Parcel No. Tiada, Mukim of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur. 589 car park bays located within seven (7) levels of basement split car park of Phase 2, Plaza Damas namely Level P1a, P1, P2a, P2, P3a, P3 and P3b. It is held under Lot No. 56228, Hakmilik Strata Title No. Geran 59225/M1/1/2, Accessory Parcel No. Tiada, Mukim of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur. 62 units of accessory Parcels (car park bays) located on the ground level of Phase 1 and Phase 2, Plaza Damas. It is held under Lot No. 56228, Hakmilik Strata Title No. Geran 59225/M1-C/3/48, Accessory Parcel Nos.:– A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59, A60, A61, A62 and A63 all within Mukim of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur. The land conveys a freehold interest.	The subject property is opened for season and daily rental at per hour basis.	RM52,500,000.00

Notes:

(i) The property was inspected by Mohamad Hasbie Chalo (B. Sc. Property Management) on April 9, 2012.

(ii) The ownership of the property is Target Term Sdn. Bhd. (Company No. 109695-U), a wholly-owned subsidiary of the Group.

(iii) The property is situated within an area zoned for commercial use.

(iv) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership Yes

(v) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Target Term Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
J.	A parcel of vacant development land. The subject property is sited fronting Jalan Imbi, to the immediate south-west of Dorsett Regency Hotel, Kuala Lumpur. Jalan Imbi is one of the prime commercial streets within the Commercial Business District (CBD) of Kuala Lumpur city centre.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. The subject property is a parcel of development land which is fairly rectangular in shape and generally flat in physical terrain. Site Area: 1,643.982 sq. metres (17,696 sq. ft.) The land is of freehold interest and the category of land use is not stated. The land is held under Lot No. 470 Section 0067 held under Title No. GRN 36268, Town and District of Kuala Lumpur, Wilayah Persekutuan KL. Annual government rent: RM7,563.00.	The subject property is vacant and currently used as car parks.	RM32,500,000.00

Notes:

(i) The property was inspected by Hazrul Affandi Bin Abd Wahab (B. Sc. Estate Management) on April 6, 2012.

(ii) The ownership of the property is DORSETT IMBI SDN BHD. (Company No. 109695 U), a wholly owned subsidiary of the Group.

(iii) The land is charged to PUBLIC BANK BERHAD dated 23rd March 2011.

(iv) The subject property is situated within an area zoned for commercial with a Plot Ratio of 1:7.

(v) The subject property has been granted with a conditional Development Order for the following development dated 27 March 2012:

(vi) A 30 storey (299 rooms) comprising 2 storey basement and podium car parks, 5 storey car parks with lift, ground lobby, hotel suites from level 7 to 29 and a swimming pool at the roof.

(vii) The subject property was purchased at RM31,852,476.00 dated 25th October 2010.

(viii) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership Yes

(ix) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) DORSETT IMBI SDN BHD. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are charged to PUBLIC BANK BERHAD and under such charged, Subang Jaya Hotel Development Sdn. Bhd can lease, transfer, charge and dispose of the land use rights of property after obtaining the agreement of PUBLIC BANK BERHAD and

(c) Other than the above mentioned charged, the property is free from seizing, charge, limitation of any other rights and third party rights.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
K.	A ground floor shop together with an accessory parcel within a fourteen (14) storey serviced apartment building bearing postal address Unit K-0-7, Dorchester Service Apartment, Block K, Plaza Damas, Jalan Sri Hartamas 1, 50480 Kuala Lumpur. Plaza Damas, Sri Hartamas is an integrated commercial development within an affluent residential and commercial township in Kuala Lumpur.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. The gross floor area of the subject property is: 31 sq. metres (333 sq. ft.). The age of building is about 8 years. The subject property is held under Lot No. 56228, Hakmilik Strata Title No. Geran 59225/M1-C/3/48, Accessory Parcel No. A99, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur. The tenure is freehold interest.	Tenant occupied until 30th April 2012.	RM380,000.00

Notes:

(i) The property was inspected by Mohamad Hasbie Chalo (B. Sc. Property Management) on April 9, 2012.

(ii) The ownership of the property is Target Term Sdn. Bhd, a wholly owned subsidiary of the Group.

(iii) The subject property is free from encumbrances.

(iv) The subject property is zoned for commercial use.

(v) The status of the title and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's Malaysian legal advisor, which contains, inter-alias, the following information:

(a) Target Term Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
L.	A twenty first floor serviced apartment unit located within a twenty nine (29) storey serviced apartment building bearing postal address Unit No. B-21-15, Windsor Tower Service Apartments, No. 62, Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur. Plaza Damas, Sri Hartamas is an integrated commercial development within an affluent residential and commercial township in Kuala Lumpur.	Basic utility services such as electricity supply, water supply and other common facilities are provided to the subject property. The floor area is 114.27 sq. metres (1,230 sq. ft.). The age of building is about 8 years. Based on the Sale & Purchase Agreement, we noted the subject property is Windsor Tower Service Apartment, (B-21-03). We noted that the subject property is held under Master Title No. Geran 59219, Lot No. 56229, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan which conveys a freehold interest.	The property is currently unoccupied and held for owner occupation.	RM660,000.00

Notes:

(i) The property was inspected by Mohamad Hasbie Chalo (B. Sc. Property Management) on April 9, 2012.

(ii) The ownership of the property is Target Term Sdn. Bhd. (Company No. 109695-U), a wholly owned subsidiary of the Group.

(iii) The subject property is free from encumbrances.

(iv) The subject property is zoned for commercial use.

(v) The status of the title in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Target Term Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Market Value in existing state as at 31 March 2012
M.	A total of four hundred and twenty (420) car park bays occupied the first five levels of elevated car park area within Windsor and Waldorf Tower Service Apartments, Plaza Damas, Jalan Sri Hartamas I, Sri Hartamas, 50480 Kuala Lumpur. Plaza Damas, Sri Hartamas is an integrated commercial development within an affluent residential and commercial township in Kuala Lumpur.	Public utilities such as electricity and main water supplies are connected to the subject property. The subject property has not been issued with valid strata title documents as yet. The age of building is about 8 years. The subject property is erected on part of Master Title No. Geran 59219, Lot No. 56229, Mukim of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan which conveys a freehold interest.	The subject property is opened for season and daily rental at per hour basis.	RM12,600,000.00

Notes:

(i) The property was inspected by Mohamad Hasbie Chalo (B. Sc. Property Management) on April 9, 2012.

(ii) Based on a Sale and Purchase Agreement dated 18th March 2009, the ownership of the property is Target Term Sdn. Bhd (Company No. 109695-U), a wholly owned subsidiary of the Group.

(iii) The subject property is free from encumbrances.

(iv) The subject property is situated within an area zoned for commercial with a Plot Ratio of 1:7.

(v) The status of the ownership and licenses in accordance with the information provided by the Group are summarized as follows:

Certificate of Real Estate Ownership	Yes

(vi) We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter-alias, the following information:

(a) Target Term Sdn. Bhd. has lawfully owned the land use rights of the property and there is no pending or threatened legal, governmental or arbitrative proceeding or action against the land use rights;

(b) The land use rights of the property are free from seizing, limitation of any other rights and third party rights;

(C) PROPERTIES LOCATED IN SINGAPORE

Far East Consortium International Limited
16/F, Far East Consortium Building
121 Des Voeux Road, Central
Hong Kong

June 27, 2012

Attention: The Directors

Dear Sirs,

VALUATION OF:
1) THE EXISTING 382 CARPARK LOTS LOCATED ON THE 5TH TO 11TH STOREYS OF PEARL'S CENTRE AT NO 100 EU TONG SEN STREET SINGAPORE 059812
2) 1 MARINE PARADE CENTRAL (51 STRATA UNITS) PARKWAY CENTRE SINGAPORE 449408
3) 100A EU TONG SEN STREET PEARL'S CENTRE OFFICE PODIUM SINGAPORE 059813

In accordance with your recent instruction to value the Market Value of the above-mentioned properties (the "Properties") as at March 31, 2012 (the "date of valuation") based on existing leases and occupancy arrangements. We confirm that we have inspected the properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Market Value of the Properties.

Our valuation is prepared in accordance with our 'General Principles Adopted in the Preparation of Valuations and Reports', a copy of which is attached.

Our valuations are prepared in accordance with the "HKIS Valuation Standards on Properties (First Edition 2005)" and meet the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities (the "Exchange Listing Rules") issued by the Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission.

Our valuation of the property is our opinion of the market value which we would define as intended to mean "the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

(a) a willing seller;

(b) that, prior to the date of valuation, there had been a reasonable period having regard to the nature of the property and the state of the market for the property marketing of the interest, for the agreement of price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation; and

(d) that no account is taken of any additional bid by a purchaser with a special interest.

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuation is based on direct comparison with recent transactions of comparable properties within the vicinity and elsewhere and adjustments have been made for differences between the Properties and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions, the prevailing market conditions and other factors affecting their values.

We have also cross-checked our valuation with the income approach. This method entails the estimation of the gross rental income less vacancies and the necessary expenses such as maintenance and service charges, property tax and all other relevant expenses to derive the net income. This is then capitalized at an appropriate market yield for the remaining period of the lease to arrive at the open market value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties, nor for any expenses or taxation which may incurred in effecting a sale. It is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have not carried out investigations on site in order to determine the suitability of ground conditions and services for the existing developments, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, this valuation is for the use only of Far East Consortium International Limited. No responsibility is accepted to any other third party for the whole or any part of its contents.

A summary of our valuation and details relating to the Properties are set out in the following pages.

Faithfully,

Tan Keng Chiam
B.Sc. (Est. Mgt.) MSISV
Regional Director
JONES LANG LASALLE

Note: Mr Tan is a Licensed Appraiser from Inland Revenue Authority of Singapore (IRAS), a member of Singapore Institute of Surveyors & Valuers (SISV). He has over 18 years of valuation experience in the Singapore property market and has also carried out valuation assignments in Indonesia, Vietnam, Mauritius and Shanghai.

Jones Lang LaSalle is located at 9 Raffles Place #39-00 Republic Plaza Singapore 048619

SUMMARY OF VALUES

	Property Interests held for investment		Capital Values as at March 31, 2012
1	**Pearl's Centre Carpark** 100 Eu Tong Sen Sreet Singapore 059812		S$5,400,000/-
2	**Parkway Centre (51 strata units)** 1 Marine Parade Central Singapore 449408		S$53,300,000/-
3	**Pearl's Centre Office Podium** 100A Eu Tong Sen Street Singapore 059813		S$39,000,000/-
		Total	S$97,700,000/-

VALUATION CERTIFICATE

	Property	Description and Tenure	Details of Occupancy	Capital Value in the existing state as at March 31, 2012
1.	**Pearl's Centre Carpark** 100 Eu Tong Sen Sreet Singapore 059812	Pearl's Centre Carpark is located from the 5th to 11th storeys (total of 382 carpark lots) within a 22-storey building comprising 3 storeys of retail shops incorporating a cineplex within the podium and apartments in the tower block. The Strata Floor Area of the property is 151,170 sq.ft. (14,044 sq.m.) The subject development is approximately 36 years old. The property is held for a term of 99 years commencing October 15, 1969.	The carpark premises had been leased to K.C. Park Safe (Singapore) Sdn Bhd with the lease commencing from August 1, 2011 for a period of 3 years. The monthly rental payable is 70% of the Gross Operating Profit based on the monthly profit and loss account for the preceding month submitted by the tenant to the landlord.	S$5,400,000/- (Singapore Dollars Five Million And Four Hundred Thousand Only)

Note:

i. The property was inspected by Tang Weiming (B. Sc. Real Estate) on April 4, 2012.

ii. The registered owner of the property is Tang Development Pte Ltd (formerly known as Waldorf Development Pte Ltd, a wholly owned subsidiary of the Company).

iii. The property is subject to the following encumbrances:

(a) Mortgage to The Hong Kong and Shanghai Banking Corporation Limited.

iii. The property is situated in an area designated as "Commercial" with a plot ratio of 5.6 under the 2008 Edition Master Plan Zoning.

iv. We had relied on information (i.e. lease agreement) provided by the client and performed title search of the Property.

v. We were informed that the Group has no plan for disposal of such property interest yet. However, if the property is disposed at valuation, there will not be any potential liabilities as it is capital in nature.

VALUATION CERTIFICATE

	Property	Description and Tenure	Details of Occupancy	Capital Value in the existing state as at March 31, 2012
2.	**Parkway Centre** 1 Marine Parade Central (51 Strata Units) Singapore 449408	Parkway Centre is a 13-storey L-shaped block of office development. The properties are 51 strata office units located within the development. Vertical movement within the building is facilitated by 3 passenger lifts, 2 staircases and 1 fire lift. Fire protection is by means of automatic sprinklers, dry riser, hosereels and alarms. Car parking spaces for the occupiers of the building are available within an adjacent 6-storey HDB car park of about 600 car capacity, which is linked to the subject building by a pedestrian overhead bridge on the 2nd storey. The total Strata Floor Areas of the properties are 51,193 sq.ft. (4,756 sq.m.) The subject development is approximately 28 years old. The properties are held for a term of 99 years commencing July 23, 1981.	The properties, except for unit #04-05 which is owner-occupied, were leased to various tenants at a total gross monthly rent of S$210,576.92.	S$53,300,000/- (Singapore Dollars Fifty-Three Million And Three Hundred Thousand Only)

Note:

i. The property was inspected by Tang Weiming (B. Sc. Real Estate) on April 9, 2012.

ii. The registered proprietor is Tang City Parkway Pte Ltd, a wholly owned subsidiary of the Company.

iii. The properties are subject to the following encumbrances:

(a) Mortgage to The Hong Kong and Shanghai Banking Corporation Limited.

(b) Caveat Nos. IC/835028J and IC/835025L were lodged against the Properties by Parkway Investment Holdings Pte Ltd on March 30, 2012.

iii. The properties are situated in an area designated as "Commercial" with a plot ratio of 3.2 under the 2008 Edition Master Plan Zoning.

iv. We had relied on information (i.e. tenancy schedule) provided by the client and performed title searches on the properties.

v. We understand that the Group has made plans for the disposal of Properties. We were informed that if the properties are disposed at the valuation, the potential tax liabilities are tax at 17% of the gain on disposal with 75% exemption on the first S$10,000/- and 50% exemption on the next S$290,000/-. We have not taken into consideration the potential tax liabilities in our valuations.

VALUATION CERTIFICATE

	Property	Description and Tenure	Details of Occupancy	Capital Value in the existing state as at March 31, 2012
3.	**Pearl's Centre Office Podium** 100A Eu Tong Sen Street Singapore 059813	Pearl's Centre Office Podium is a 8-storey commercial-cum-entertainment centre building comprising of a food court, offices and Yangtze Cinema which is adjoining as part of the Pearl's Centre podium. The Strata Floor Area of the property is 86,187 sq.ft. (8,007 sq.m.) The total Net Lettable Area of the property is 41,108 sq.ft. (3,819.03 sq.m.) The subject development is approximately 36 years old. The property is held for a term of 99 years commencing October 15, 1969.	The Property is partially owner-occupied and partially tenanted with a total gross monthly rental of S$133,871.60.	S$39,000,000/- (Singapore Dollars Thirty-Nine Million Only)

Note:

i. The property was inspected by Tang Weiming (B. Sc. Real Estate) on April 4, 2012.

ii. The registered owner of the property is Tang City Holdings Pte Ltd (formerly known as Waldorf Holdings Pte Ltd, a wholly owned subsidiary of the Company).

ii. The property is subject to the following encumbrances:

(a) Mortgage to The Hong Kong and Shanghai Banking Corporation Limited

iii. The property is situated in an area designated as "Commercial" with a plot ratio of 5.6 under the 2008 Edition Master Plan Zoning.

iv. We had relied on information (i.e. tenancy schedule) provided by the client and performed title searches on the property.

v. We were informed that the Group has no plan for disposal of such property interest yet. However, if the property is disposed at valuation, there will not be any potential liabilities as it is capital in nature.

GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

1) VALUATION STANDARDS

All work are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), subject to variations to meet local laws, customs, practices and market conditions.

2) VALUATION BASIS

Our valuations are made on the basis of Market Value, defined by the SISV as follows:

"*Market Value is 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.*"

3) CONFIDENTIALITY

Our Valuations and Reports are confidential to the party to whom they are addressed or their other professional advisors for the specific purpose(s) to which they refer. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which they will appear.

4) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied by the sources listed, this information is believed to be reliable and we shall not be responsible for its accuracy nor make any warranty or representation of the accuracy of the information. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities.

5) DOCUMENTATION

We do not normally read leases or documents of title and, where appropriate, we recommend that lawyer's advice on these aspects should be obtained. We assume, unless informed to the contrary, that all documentation is satisfactorily drawn and that good title can be shown and there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have an effect on the value of the interest under consideration.

6) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plans (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

7) TENANTS

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8) STRUCTURAL SURVEYS

We have not carried out a building survey nor any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advise upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair are noted during the course of inspection, we are not able to give any assurance in respect of rot, termite or past infestation or other hidden defects.

9) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

10) OUTSTANDING DEBTS

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

11) INSURANCE VALUE

Our opinion of the insurance value is our assessment of the reinstatement cost for insurance purpose and it comprises the total cost of completely rebuilding the property to be insured, together with allowances for inflation, demolition and debris removal, professional fees, the prevailing G.S.T. (goods and services tax) and, if applicable, compliance with current regulations and by-laws.

VALUATION REPORT

PREPARED FOR
FAR EAST CONSORTIUM INTERNATIONAL LIMITED

27 JUNE 2012

331 & 333 New Bridge Road

Singapore 088764 & 088765

(Land Lots 777W & 782P of Town Subdivision 5)

PREPARED BY
SAVILLS VALUATION AND PROFESSIONAL SERVICES (S) PTE LTD

CONTENTS

Our Ref: MOR/2012/C-FECL/LS/0317

27 June 2012

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Dear Sirs

VALUATION OF 331 & 333 NEW BRIDGE ROAD SINGAPORE 088764 & 088765 ON LAND LOTS 777W & 782P OF TOWN SUBDIVISION 5 ("the Property")

1. INTRODUCTION

1.1 Instructions

We have been instructed by Far East Consortium International Limited ("FEC") to provide our opinion of the Market Value of the leasehold interest in the Property as at 31 March 2012 for the purpose of FEC's proposed share re-purchase transaction. We confirm that this report may be included in FEC's company circular to its shareholders.

Our valuation is prepared in accordance with the "HKIS Valuation Standards on Properties (First Edition 2005)" and meet the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities (the "Exchange Listing Rules") issued the Stock Exchange of Hong Kong Limited.

1.2 Qualifications of Valuer

We confirm that the valuer who has undertaken this valuation:

a) is suitably qualified to carry out such valuations and has at least five years appropriate experience and in particular has the necessary expertise and experience in valuing properties of this type and in the relevant area;

b) is authorized under the law of the State or Territory where the valuation takes place to practice as a valuer;

c) is not a related corporation of or has a relationship with FEC, any adviser or other party whom FEC is contracting with (unless FEC is satisfied that it would not interfere with the valuer's ability to give an independent and professional valuation of the Property).

1.3 Basis of Valuation

This valuation is made on the basis of a 99-year leasehold interest commencing from 7 December 2009. We are to provide our opinion of the market values as at 31 March 2012 of the leasehold interest in the Property as follows:

A) Capital Value in existing state as at 31 March 2012.

B) Gross Development Value of the proposed hotel/residential development on the Property, subject to satisfactory completion and issuance of Temporary Occupation Permit ("TOP") and Certificate of Statutory Completion ("CSC"), assuming it is free from encumbrances and that the residential development can be freely disposed of individually in the open market. We are to furnish the notional breakdown of the value according to the following components:

i) Hotel, comprising 285 guest rooms

ii) Residential, comprising 68 apartments

iii) Commercial, comprising 1,076.35 sq metres of space

1.4 Market Value Definition

"Market Value" as defined by the International Valuation Standards Committee and advocated by the Singapore Institute of Surveyors and Valuers is as follows:

"Market Value is 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."

In addition, "Market Value" assumes:

(a) a willing seller;

(b) that, prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

No allowances have been made for any expenses, or realisation, or for taxation which might arise in the event of a disposal. The Property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

1.5 Date of Instructions

25 April 2012.

1.6 Date of Inspection

26 April 2012 conducted by Jessie Yeo.

1.7 Date of Valuation

31 March 2012.

This valuation is conditional upon there being no material difference in the Property between the dates of inspection and the date of valuation.

2. LOCATION

The Property is located at the main intersection between New Bridge Road and Cantonment Road, just within the traffic restricted area of the Central Business District. New Bridge Road is a 4-lane major thoroughfare carrying traffic out of the city centre south-westwards and runs parallel with Eu Tong Sen Street which carries city-bound traffic. Cantonment Road is a dual carriageway that connects to the Central Expressway due north, and to the Ayer Rajah Expressway and East Coast Parkway farther south.

It is on the fringe of the historic Chinatown district and within easy reach of the prime financial district at Raffles Place while Orchard Road, Singapore's premier shopping, hotel and entertainment belt is situated about 3 km to the north.

In the immediate vicinity are several small to mid-sized hotels converted from conservation prewar shophouses such as the nearby New Majestic Hotel, Hotel 1929, The Keong Saik Hotel, Chinatown Hotel, G Hotel and Hotel 81 Cosy.

Slightly further afield, a new hotel enclave has emerged in the Tiong Bahru neighbourhood in recent years. Within the area bounded by Tiong Bahru Road, Seng Poh Road and Outram Road are the Link Hotel, New Cape Inn, Wangz Hotel and Nostalgia Hotel.

Similar 4-star hotels such as Furama City Centre, Park Regis Singapore, Swissotel Merchant Court Singapore, Novotel Singapore Clarke Quay, ParkRoyal on Pickering (under construction) can be found within about 1 km north-east of the Property.

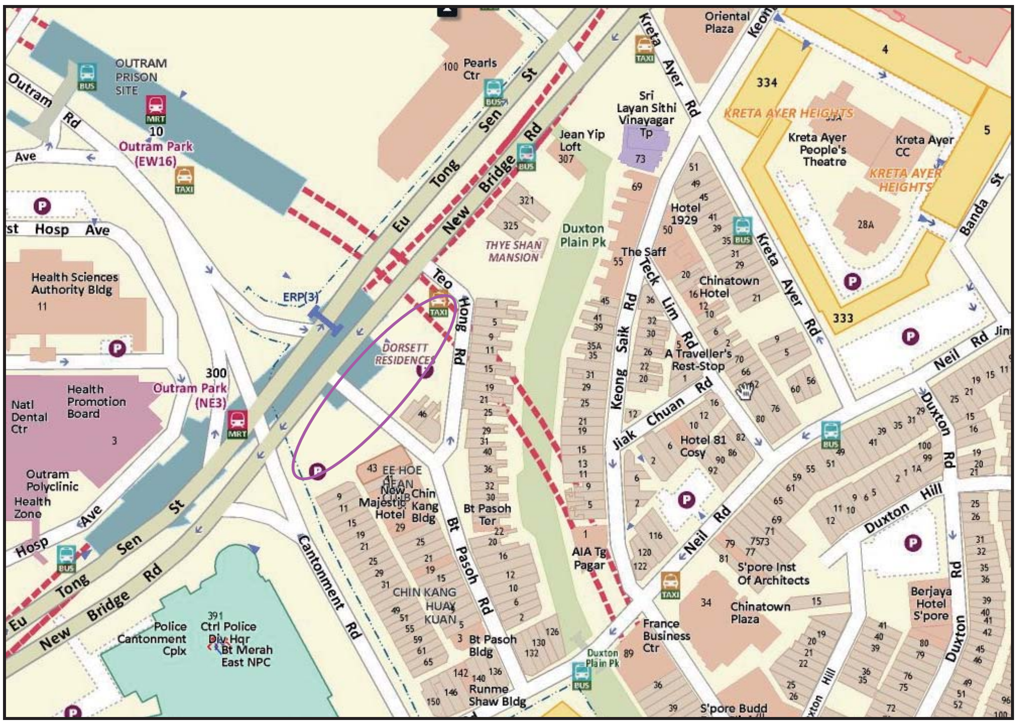
The subject locality comprises parades of conservation prewar shophouses flanking the various minor roads that link New Bridge Road to Neil Road. Besides hotels, these shophouses accommodate clan association premises and a host of services like spas, bridal and beauty/hair salons; F&B establishments; KTV lounge and pubs; tourists' duty-free shops; yoga, music and even a hotel school; as well as some offices.

Notable landmarks include the Singapore General Hospital and the headquarters of the Health Sciences Authority and Health Promotion Board to the west of the Property; the Police Cantonment Complex to its south west; and Pearl's Centre to its north east, beyond which are more shopping facilities, namely People's Park Complex, Lucky Chinatown, Yue Hwa Building, OG Building, People's Park Centre and Chinatown Point.

The Property enjoys excellent accessibility to public transport as several bus services ply along the surrounding major arterial roads and the Outram Park Mass Rapid Transit ("MRT") Station, the interchange station between the North East Line and the East West Line, is located just across New Bridge Road/Eu

Tong Sen Street to the northwest. In fact an MRT entrance/exit structure stands on the Property and will be incorporated into its proposed development. Accessibility to the other parts of Singapore is further enhanced by its proximity to major expressways such as Central Expressway, Ayer Rajah Expressway and East Coast Parkway.

LOCATION PLAN
331 & 333 NEW BRIDGE ROAD
SINGAPORE 088764 & 088765



3. KEY TITLE PARTICULARS

Title particulars of the Property, extracted from an on-line title search are as follows:

Legal Description/ Land Area :

All of Town Subdivision 5 Lot No.	**Land Area (sq metres)**
Lot 777W	4,482
Lot 782P	168.4
Total Land Area:	**4,650.4 (approx. 50,506 sq feet[1])**

Tenure : Leasehold for 99 years with effect from 7 December 2009. The remaining term of the lease is approximately 96+ years.

Registered Proprietor : Tang Hotel Investments Pte Ltd ("THI"), a non wholly-owned subsidiary of FEC

Mortgagee : The Hongkong and Shanghai Banking Corporation Limited

Ground Rent : No ground rent is payable.

[1] ~ 1 sq metre = 10.7639 sq feet approximately (small differences may arise from rounding).

4. DESCRIPTION

4.1 The Site

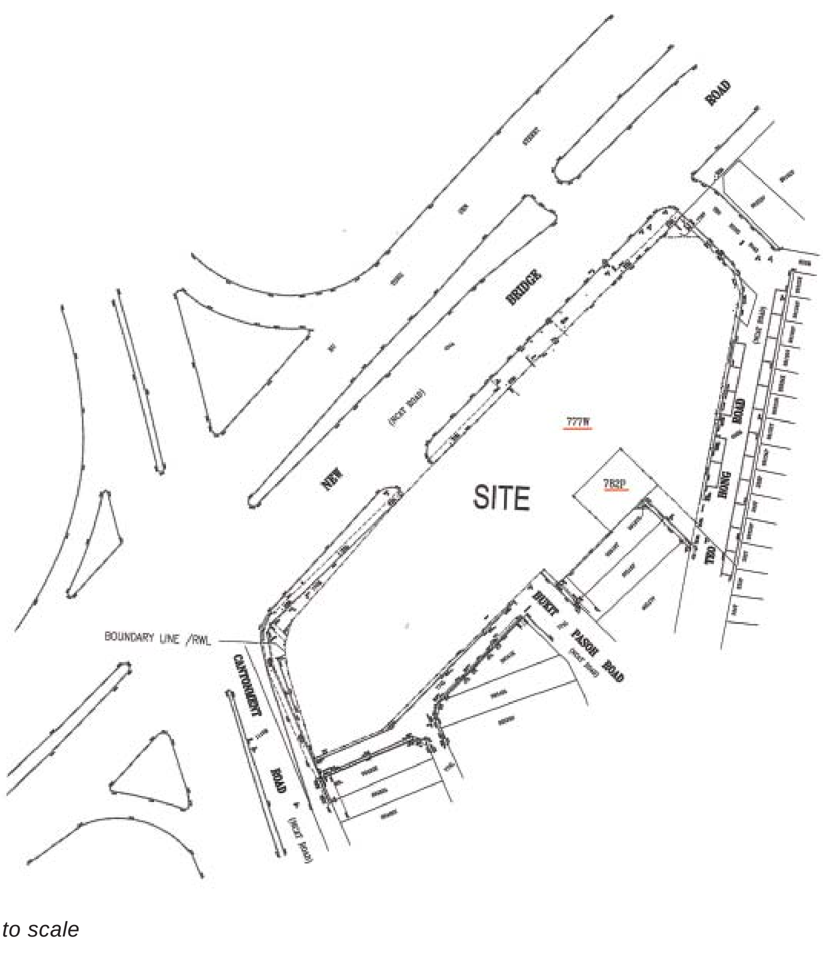
The Property comprises 2 adjacent land plots, with a total land area of 4,650.4 sq metres with double frontages onto the main arterials, namely New Bridge Road and Cantonment Road. The composite site has an elongated near-trapezium shape with a flat contour and is generally slightly above the levels of the surrounding roads. Parts of its rear boundary abut back lanes which serve the neighbouring conservation shophouses.

Street Frontage Dimensions –

North & Northwest	:	New Bridge Road (major road)	117.5 metres*
Northeast & East	:	Teo Hong Road (minor road)	68.5 metres*
South	:	Bukit Pasoh Road (minor road — cul de sac)	15.3 metres*
Southwest	:	Cantonment Road (major road)	32.0 metres*

* – approximations as estimated from Cadastral Map of the Property.

SITE PLAN
331 & 333 NEW BRIDGE ROAD
SINGAPORE 088764 & 088765



Not to scale

Standing on the northeast section is the Outram Park MRT Station entrance/exit which will be incorporated into the proposed development. A bus-stop will be sited along its New Bridge Road frontage directly in front of the MRT Station entrance/exit while a taxi-stand will be located along its Teo Hong Road frontage.

Vehicular ingress/egress to and from the proposed development for car parking is from Teo Hong Road while the hotel pick-up/drop-off facility for coaches, taxis and cars is via a one-way street that runs through between the proposed hotel development and the residential development towards Bukit Pasoh Road.

4.2 Proposed Development

According to the plans drawn by Aedas Pte Ltd on 12 May 2011, provided to us by THI, the proposed development will comprise a 10-storey hotel block at the southwest part of the land plot and a 6-storey residential block to on the northeast section, linked at the 2nd to 6th storeys. The first storey of both blocks will feature some F&B outlets with street frontages and will also integrate the existing Outram Park MRT entrance/exit structure and the adjacent bus-stop shelter. Facilities to be provided include a swimming pool with jacuzzi, timber pool deck, indoor gymnasium, landscaped garden with pond and pavilion on the 3rd storey; roof garden on the 7th storey and some 99 car parking lots (including 2 handicapped lots) on the 2nd storey.

Each block will be served by separate lift systems, with the residential block having a dedicated lift from first storey down to the basement level of the Outram Park MRT Station to facilitate free pedestrian access during operational hours.

Aerial view of whole development

View from intersection of
New Bridge Road/Outram Road/Cantonment Road

4.2.1 Construction, Finishes & Fittings

The subject building is constructed of reinforced concrete framed structure, reinforced concrete floors, reinforced concrete flat roof and infill brickwalls. The external facade is generally finished with ceramic tactile tiles/aluminium screen/aluminium cladding/glass curtain wall systems.

According to the developer's brochure, the internal finishes of the residential units will comprise marble and granite for the floor; plaster and paint for the walls; and fibrous plaster boards for the ceilings generally. All the units will generally be fitted with aluminium framed casement windows; timber and aluminium framed glass doors; natural stone vanity counters, above-counter cabinet with mirror, shower screens, wardrobes, high and low level kitchen cabinets, cooker hob, cooker hood, built-in oven, ducted split air-conditioning system, water heater and intercom system. Additional items such as refrigerator and washing machine will also be provided for all units.

For the purpose of this valuation we have assumed that the standard of finishes and fittings for the hotel development will be of a reasonably good standard befitting of a 4-star city hotel.

4.2.2 Proposed Accommodation

The proposed hotel will have 285 guest rooms with an average room size of 22 sq metres while the residential block will house 68 apartments.

There are 3 basic types of configuration for the residential development collectively known as Dorsett Residences. The detailed breakdown of the apartment types and sizes is as follows:

Type	No of Units	Saleable Floor Area*/unit (sq metres)	Total Saleable Floor Area* (sq metres)
1-Bedroom	25	45–63	1,171
2-Bedroom	40	64–101	2,729
2+1 Bedroom	4	112–150	486
TOTAL	**68**		**4,386 (approx 47,210 sq feet)**

* includes balcony and terrace space

4.2.3 Proposed Gross Floor Area

Based on the information made available to us by THI, the proposed gross floor area (“GFA”) break-down by floor level and use are tabulated as follows:

Floor Level	Gross Floor Area (sq metres)			
	Hotel (285 rooms)	Commercial	Residential (68 units)	Total
Basement	—	28.74	—	28.74
1st Storey	559.82	1,047.61	591.51	2,198.94
2nd Storey	807.76	—	150.79	958.55
3rd Storey	1,038.78	—	1,159.73	2,198.51
4th–6th Storeys	984.88 x 3	—	1,127.77 x 3	6,337.95
7th Storey	1,015.93	—	126.49	1,142.42
8th–10th Storeys	1,015.93 x 3	—	—	3,047.79
Roof	313.10	—	—	313.10
Total	**9,737.82 (60.0%)**	**1,076.35 (6.6%)**	**5,411.83 (33.4%)**	**16,226.00 (approx 174,655 sq feet)**

4.2.4 Sales Status

The residential component, Dorsett Residences is developed for sale. We were given to understand that all but 1 residential unit (#06-02) have been pre-sold and the total sales proceeds from the 67 sold units amount to S$80,269,280.

We were advised that the hotel component will be held for investment and operated by the Group.

4.2.5 Stage of Development/Expected Date of Completion

At the time of our inspection, we observed that the overall building structure of the 10-storey hotel block is completed while construction of the residential block has reached the 6th storey.

Based on information provided, the construction cost incurred as at 31 March 2012 amounted to S$27,004,783/-.

As the Property was purchased under the Government Land Sales programme, the government has imposed a project completion period of 72 months from the date of acceptance of tender (7 September 2009). We are given to understand that the project is expected to be completed by end 2012, well within the requisite completion period.

5. TOWN PLANNING

5.1 Current Master Plan

Based on the 2008 edition of Master Plan, the Property is zoned "Hotel" with a maximum permissible gross plot ratio of 3.5.

According to the Written Statement of the Master Plan 2008, the hotel zoned areas are used or intended to be used mainly for hotel development where at least 60% of the total floor area shall be used for hotel room floors and hotel-related uses as defined in the Planning (Development Charges) Rules. Commercial and residential uses may be considered by the competent authority subject to control on the use quantum as determined by the competent authority and they shall not exceed 40% of the total floor area.

5.2 Written Permission

Written Permission was granted on 5 August 2010 by the Urban Redevelopment Authority ("URA") for the proposed new erection of a 10-storey Hotel and 6-storey (68 units) residential development.

The proposed development on Lot 777W and Lot 782P Town Subdivision 5 is approved as a single integrated development with a total GFA not exceeding 16,226 sq metres (including additional balcony GFA of 296.55 sq metres). The overall plot ratio of the single integrated development, computed based on the 2 lots shall not exceed 3.5529. The 68 approved residential units shall not be converted to any other uses (including service apartment, hotel, boarding house) without prior planning approval from the Competent Authority.

The proposed use of the Property is in line with the existing zoning and development controls.

5.3 Road and Railway Reserves

Based on the Road Line Plan provided to us, the Lines of Road Reserve coloured red run along the boundaries of the Property.

The Railway Protection Plan shows the entire site lying within the Railway Safety Zone. Any proposed development, construction or engineering activities within this zone are strictly regulated by the relevant authorities to ensure the safety of the existing railway.

As with all URA-approved developments, we understand that the building plans of the Property have made the necessary provisions for the construction of or setback for road, railway, drainage, sewage or other public services. On this basis, inter alia was planning approval granted for the proposed development on the Property. Hence, we confirm that the said road lines and the railway lines do not adversely affect the valuation of the Property.

6. ENVIRONMENTAL ISSUES

The Property was a vacant land parcel purchased in an open tender under the Government Sale of Sites programme in 2009.

At the time of our inspection, we did not observe any uses on site that may pose as an environmental risk that could affect the value of the Property.

However, we wish to point out that we are not qualified to detect nor report on environmental issues and we have assumed for the purpose of this valuation that the Property is not contaminated in any way.

7. TAX

For property tax purposes the Inland Revenue Authority of Singapore has assessed the annual value of the Property to be $5,679,000 and property tax is payable annually at 10% of $5,679,000.

As for corporate tax, the current rate is 17% on the company's chargeable income regardless of whether it is a local or foreign company.

As advised by FEC, the potential tax liability, which would arise from the disposal of the residential portion of the Property being crystallized is high as the Group has already pre-sold or put the residential units on sale in the market. The estimated amount of potential tax liability in respect of the residential portion of the property is approximately $4.4 million. For the hotel and commercial portion, the likelihood of the relevant tax liabilities being crystallized is remote as FEC has no plan for their disposal at this juncture.

8. HOTEL AND RESIDENTIAL PROPERTY MARKET OVERVIEW

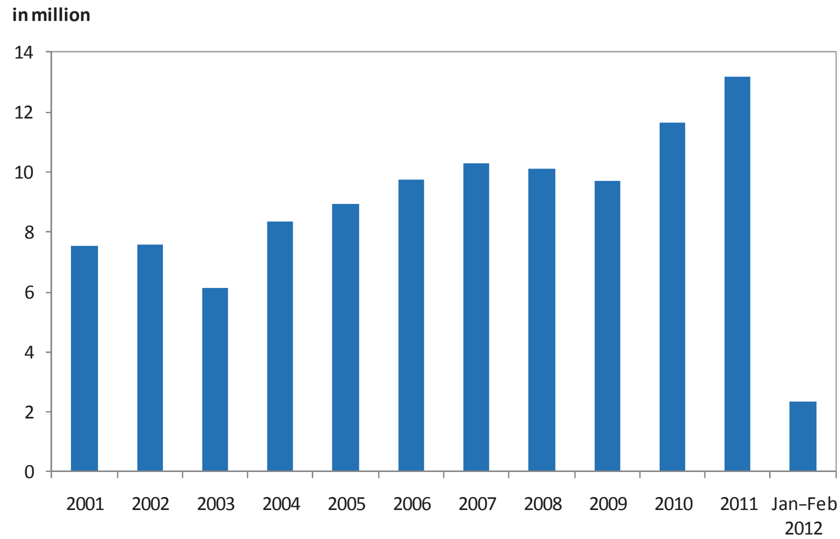
8.1 Hotel

As part of its on-going efforts in actively promoting the Republic as a tourist and business destination, the Singapore Government in 2005, launched Tourism 2015, a long-term tourism master plan to attract 17 million visitors and $30 billion tourism receipts by 2015. The plan seeks to strengthen Singapore's tourism position as a leading convention and exhibition city in Asia, an Asian leisure destination and a first-class services centre in Asia for healthcare and education. A $2 billion Tourism Development Fund was also set up to attract mega events to Singapore and to develop strategic tourism products.

With the opening of the integrated resorts, Marina Bay Sands ("MBS") and Resorts World Sentosa ("RWS") and a line-up of mega events such as the inaugural Youth Olympics and Formula

1 Grand Prix as well as a slew of new fashion offerings along Orchard Road, Singapore recorded double-digit visitor arrival growth in the past two years. Visitor arrivals hit 11.6 million in 2010 and 13.2 million in 2011, a historical high. Some 2.3 million visitors made their way to Singapore's shores in January and February this year, representing a year-on-year growth of 13.9%. Similarly, tourism receipts in 2011 jumped 17% to $22.2 billion.

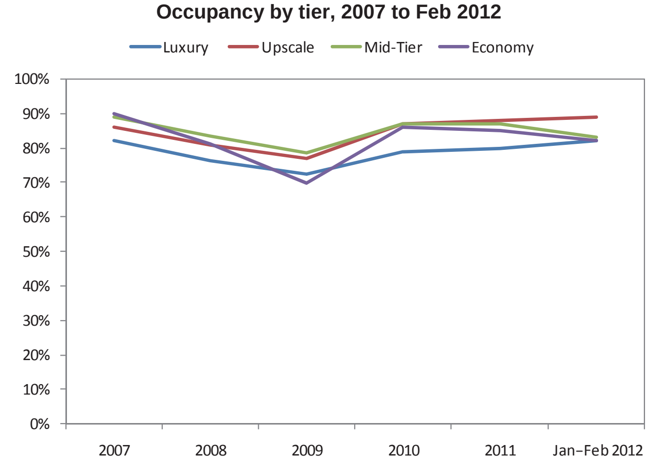
Visitor arrivals, 2001 to Feb 2012



Source: STB, Savills Research and Consultancy

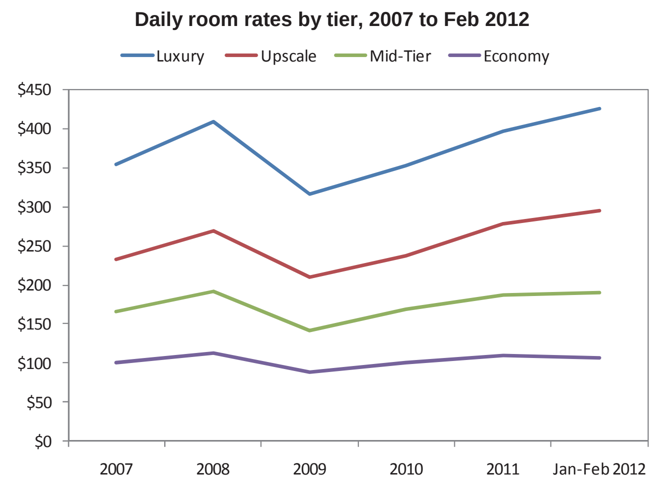
Upscale and mid-tier hotels have consistently posted the highest occupancy rate in recent years. In 2011, their occupancy rates stood at 88% and 87% respectively. The occupancy rates were lower for luxury and economy hotels, averaging 80% and 85% respectively. In the first two months of this year, occupancy rate for upscale hotel strengthened to 89% but that for the mid-tier segment fell to 83%.

Occupancy by tier, 2007 to Feb 2012



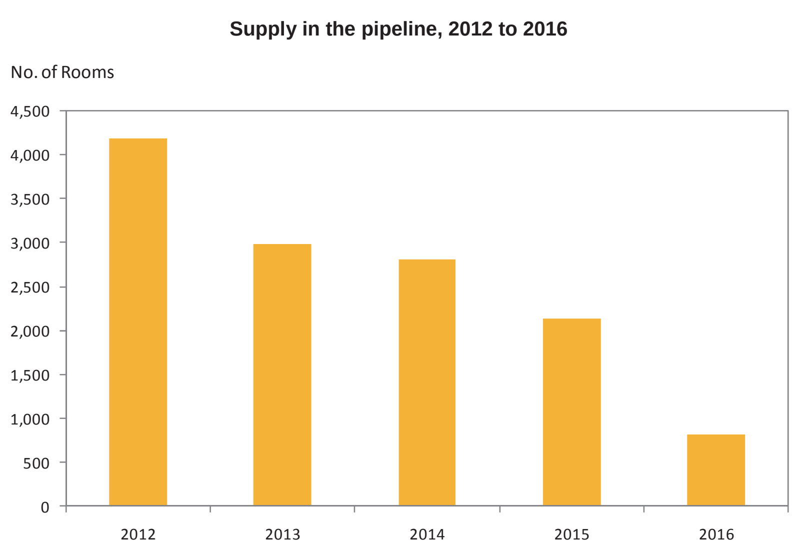
Source: STB, Savills Research and Consultancy

Upscale and mid-tier hotels posted the highest increase in daily room rates since the 2009 trough. In 2011, their daily room rates averaged $278 and $187 respectively while luxury hotels averaged $399 and economy hotels registered an average of $109. In the first two months of 2012, daily room rates strengthened to $426 for luxury hotels, $296 for upscale hotels, $190 for mid-tier hotel but slipped to $106 for the economy tier.



Source: STB, Savills Research and Consultancy

According to data released by the Singapore Tourism Board ("STB"), the total number of hotel rooms as of 2011 was 49,719[2]. As at end of Q4/2011, another 12,907 hotel rooms were in the pipeline and expected to come on stream between 2012 and 2016. Major upcoming projects are located along Orchard Road as well as in the central business district. In the vicinity of the Property there will be 8 proposed hotels injecting about 2,579 rooms into the market from 2012 to 2016.



Source: URA, Savills Research and Consultancy

Despite the economic uncertainties, outlook for the tourism industry and hotel sector is positive, bolstered by the two integrated resorts, booming MICE industry and retail tourism. The momentum is set to continue with a line-up of new tourism products such as the Marine Life Park and Gardens by the Bay along with recent launches of highly-anticipated fashion labels such as Abercrombie & Fitch, H&M and Michael Kors. STB expects 13.5 to 14.5 million visitors in 2012, 2% to 10% higher than the previous year. Taking into account STB's target of 17 million visitors by 2015, the future supply of around 12,907 rooms over the next five years is on par with anticipated demand.

[2] ~ As reported in the Business Times dated 15 March 2012

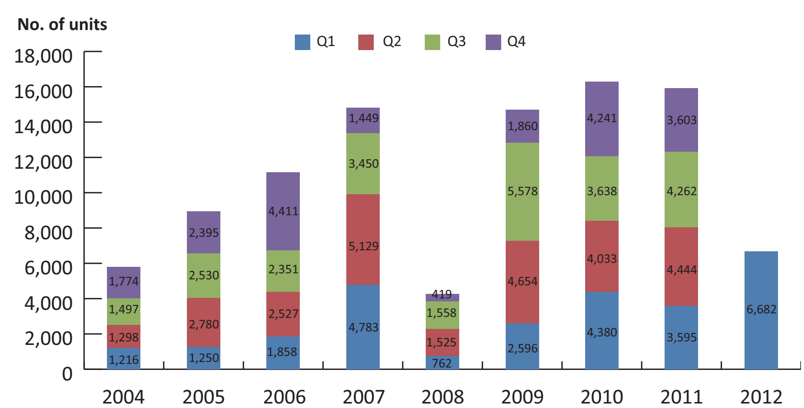
8.2 Residential

Despite the stream of bad news on the US economy and debt crises in Europe, along with the slowing growth in major economies such as Japan and China, the private residential market in Singapore continued to see robust home sales in 2011, mainly driven by the mass-market home segment. Arising from the flow of excessive liquidity from the region, investment demand for private homes here has also grown, prompting the government to impose a slew of new property measures to keep housing affordable for its citizens. The Additional Buyers' Stamp Duty ("ABSD"), effective from 8 December 2011, comprises an additional 10% of stamp duty payable by corporate entities and foreigners purchasing a private residential property, while an additional 3% is imposed on permanent residents buying their second and subsequent residential property, and Singaporeans buying their third and subsequent residential property.

However buying interest gathered pace in January this year with three-fold transactions compared with that in December 2011. The first three months of 2012 saw new home sales soaring to a new high of 6,682 units, even surpassing the full-year sales of 2004 and 2008. This surge was driven largely by the mass-market segment which accounted for about 85% of the total primary sales. The strong sales reflect the strength of the underlying demand from first-time home buyers and up-graders from public housing.

On the other hand, purchases by overseas buyers have been reined in by the ABSD as these dipped 10 percentage points quarter-on-quarter. As the top end of the residential market is typically driven by overseas buyers, activity in the luxury or high-end segment remained muted in Q1/2012.

Sales volume in the primary market (excluding EC[3] s)
Q1/2004–Q1/2012

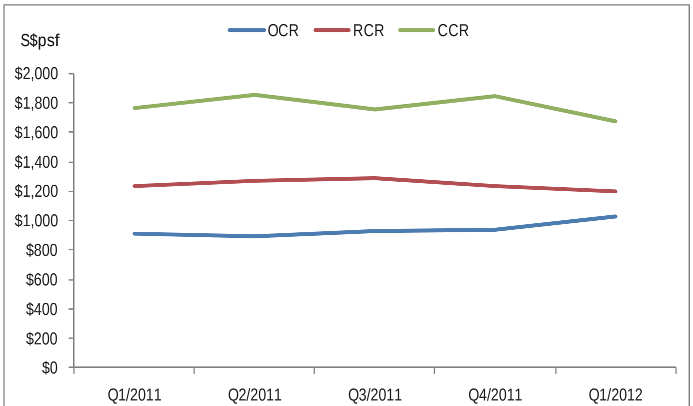


Source: URA, Savills Research & Consultancy

[3] ~ Executive Condominium is a form of housing "sandwiched" between public housing and mass-market private housing under the purview of the Housing and Development Board. Ownership is subject to several restrictions, primary of which is that only Singapore citizens with a combined monthly income not exceeding SGD12,000 are eligible to purchase.

According to Savills Research, Q1/2012 median price for non-landed mid-tier homes (RCR[4]) dipped marginally by 3% quarter-on-quarter to S$1,197 per sq ft whereas median price for their counterpart in the private mass-market segment (OCR[5]) rose 10% quarter-on-quarter to S$1,027 per sq ft.

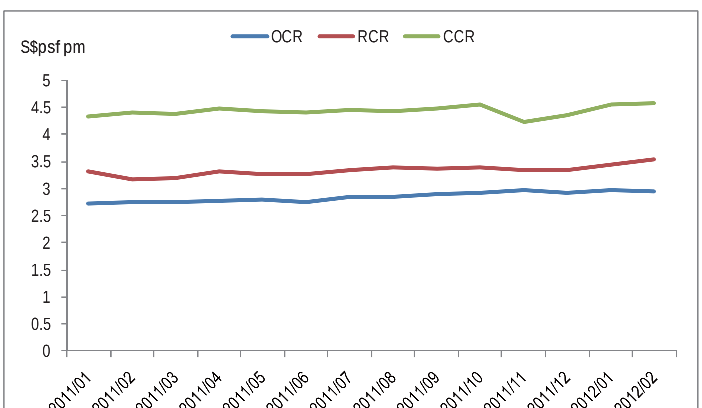
Median price of non-landed homes (exclude ECs) by market segment, Q1/2011-Q1/2012



Source: URA, Savills Research & Consultancy

Median monthly rents of non-landed mid-tier homes rose 3% month-on-month to $3.54 per sq ft in February 2012 whereas that of private mass-market homes dipped 1% month-on-month to $2.94 per sq ft per month.

Median rents of non-landed homes (exclude ECs) by market segment, Jan 2011-Feb 2012



Source: URA, Savills Research & Consultancy

[4] ~ Rest of Central Region (RCR) is a planning region taken as a proxy for the mid-tier segment of the private residential market

[5] ~ Outside Central Region (OCR) is a planning region taken as a proxy for the mass-market private residential segment.

9. VALUATION METHODOLOGY

9.1 Residual Method

In the Residual Method it is assumed that the Property is developed to its full potential within the planning parameters set out in the conditions of URA's Written Permission.

This method entails an estimate of the gross development values ("GDV") of the proposed hotel, F&B outlets and residential units as approved by URA and assuming they are fully completed to a reasonably good standard/quality.

GDV for the hotel and F&B outlets is derived by employing the Income Capitalisation Approach while the GDV of the residential units is the summation of the actual sales proceeds of the 67 pre-sold units and our imputed value for the remaining unit, by Market Comparison Method.

From these values are deducted the estimated cost of completing the development (approximately $50 million), as well as financing cost and an allowance for developer's profit for undertaking such development, to arrive at a residual value for the Property in its existing state as at 31 March 2012.

9.2 Income Capitalisation Approach

In arriving at the gross development values of the proposed hotel and F&B components, we have adopted the Income Capitalisation Approach whereby we estimate their sustainable gross revenues that can be generated based on our projected achievable average rents, daily room rates and occupancy rate as well as revenues from non-lodging facilities. Deductions are then made for operating costs and expenses and undistributed operating expenses such as administrative, advertising, promotion and general expenses; management and incentive fees; maintenance, repairs and insurance expenses; and property tax.

The resultant net property income is then capitalised over the remaining term of the tenure at an appropriate yield that reflects the market's perception of the risk and opportunities for growth or security associated with the property. The capital value thus derived represents the amount a prudent purchaser would pay for the property.

9.3 Market Comparison Method

The Market Comparison Method is used primarily to arrive at the gross development value of the residential component, whereby the market value of the property is assessed having regard to recent transactions of similar type properties, preferably in the same locality. Appropriate adjustments are made to account for differences in tenure, location, size, age, condition, etc.

This method is based on the substitution principle whereby a prudent purchaser is assumed to pay no more for a particular property than it would cost to buy an equally desirable substitute property available in the market. This approach also takes into account the general prevailing economic conditions affecting the property market.

We have also used the Market Comparison Method as a cross-check in arriving at the GDV of the hotel and F&B components.

10. INFORMATION PROVIDED TO US

For the preparation of this report, we have been furnished with the following by THI:

(a) Grant of Written Planning Permission dated 5 August 2010 from URA

(b) Site and Floor Plans

(c) Architect's interim certificate dated 15 March 2012

(d) Copies of the Road Line and Railway Protection Plan dated 25 November 2009

(e) Construction and related costs of the project, and the amount paid as at 31 March 2012

11. DISCLAIMER

The opinion of value and market information contained herein are not guarantees or predictions and must be read in consideration of the following:

- The valuation is based on factual information provided by or obtained from reliable agencies and sources, THI and other related parties. Savills Valuation And Professional Services (S) Pte Ltd ("Savills") has endeavoured to ensure the accuracy of the information, it has not independently verified all the information provided by THI as well as reports by independent consultants engaged by THI or government agencies (such as statistical information relating to market conditions and demographics). Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data.

- The Report was based on information available as of March 2012. Savills accepts no responsibility for subsequent changes in information as to costs, income, expenses or market conditions.

- The methodologies used by Savills in valuing the Property, namely Residual Valuation Method, Income Capitalisation Approach and Market Comparison Method, are based on our opinion and estimates of future results and are not predictions. Each methodology sets out the assumptions as to income and expenses of the Property and the economic conditions and other relevant factors affecting the Property. The resultant value is our best estimate, fully dependent on the accuracy of the assumptions as to income, expenses and market conditions, and is not to be construed as a guarantee or prediction. The valuation methodologies and the basic assumptions used are summarized under Valuation Methodology.

- This valuation represents our opinion of value at the date of valuation. It must be recognized that the real estate market fluctuates with internal and external influences and this valuation should therefore be reviewed at regular intervals.

- Every investor intending to make an investment in FEC should review the Report to understand the methodologies and assumptions made in the valuation and also carry out their own assessment with regard to the risk of the investment.

- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation of nor do we have a relationship with FEC, adviser or other party/parties whom the property trust is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of THI, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

- This valuation is GST exclusive.

We hereby certify that our valuers undertaking this valuation are authorized to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

12. OPINION OF VALUES

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the Market Value of the leasehold interest in the Property as at 31 March 2012 is as follows:-

A) **CAPITAL VALUE** in existing state:

S$193,000,000/- (Singapore Dollars One Hundred And Ninety-Three Million Only

B) **GROSS DEVELOPMENT VALUE** of the proposed hotel/residential development comprising 285 guest rooms, 1,076.35 sq metres of commercial space and 68 apartments, subject to satisfactory completion and issuance of Temporary Occupation Permit and Certificate of Statutory Completion:

S$254,000,000/-(Singapore Dollars Two Hundred Fifty-Four Million Only)

comprising:

i)	**Hotel:**	**S$149,500,000/-**
ii)	**Commercial:**	**S$ 22,000,000/-**
iii)	**Residential:**	**S$ 82,500,000/-**

Yours faithfully
SAVILLS VALUATION AND PROFESSIONAL SERVICES (S) PTE LTD

Jessie Yeo
B.Sc. (Estate Management), ***MSISV***
Appraiser's Licence No: AD041-2002061K
Executive Director

Note:
Ms Yeo is a Licenced Appraiser for Lands and Buildings with Inland Revenue of Singapore (IRAS), a member of Singapore Institute of Surveyors & Valuers (SISV). She has over 25 years of valuation experience in the Singapore property market and has carried out valuation assignments in Vietnam and Cambodia.

(D) PROPERTIES LOCATED IN AUSTRALIA (HELD BY THE CARE PARK GROUP)

27 June, 2012

The Directors
Far East Consortium International Ltd
16/F, Far East Consortium Building
121 Des Voeux Road Central
HONG KONG

Dear Sirs,

Valuation of 17 Car Park Properties, Australia (Properties) as at 31 March, 2012

We refer to recent instructions from Far East Consortium International Limited (the 'Company') requesting Urbis Valuations Pty Ltd (Urbis) to undertake valuations of 17 freehold and leasehold properties in Australia which are primarily used as commercial car parks. The addresses of the individual properties are provided in the schedule on Page III-D-11 of this report.

We advise that we have made investigations into various matters relating to the subject properties and also into property market conditions relevant to the subject properties for the purpose of providing you with our opinion of the market values of the freehold or leasehold interests of the properties as at 31 March, 2012 (date of valuation).

1 BASIS OF VALUATION

1.1 Australia

The valuations have been prepared in accordance with the fair value definition incorporated within AASB116 Property Plant and Equipment and AASB140 Investment Properties. In accordance with AASB116, fair value is:

" The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction."

As all the subject property assets are considered by us to be non-specialised, the fair value for each property has been established by referring to market transactions of comparable properties. On this basis, fair value and market value have the same practical meaning.

It is also to be noted that each property has been assessed assuming a sale on an individual basis, assuming an orderly disposal programme. Further, although we have had due consideration for the business activities being conducted at each of the properties by the owning entity, Care Park Pty Ltd ('Care Park') or related companies, we have not attributed any value to the business associated with the operation of the car park business at each of the properties.

Accordingly, we advise that our valuations assume the sale of each property on an individual basis at or about the date of valuation, exclusive of any business or goodwill component.

1.2 Hong Kong

Our valuations are also prepared in accordance with the 'HKIS (Hong Kong Institute of Surveyors) Valuation Standards on Properties (First Edition 2005)' and meet the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities (the 'Exchange Listing Rules') issued by the Stock Exchange of Hong Kong Limited.

Our valuations are made on the basis of Market Value which is defined by the HKIS to mean *'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'*.

We have adopted the Direct Comparison Method in assessing the market value of each property and have counter checked such valuation by the Income Approach. When applying these methodologies to each property, we have referred to recent market transactions for comparable properties and have then made adjustments as appropriate to reflect the differences as appropriate in factors such as date of sale, location, property quality, competitive positioning, length of ground lease or building leases as appropriate and any other factors considered appropriate in arriving at market value.

The Income Approach is commonly used in Australia as a method of valuing income-producing properties. This approach is based upon the application of a yield (capitalisation rate) to the net income from the property at the date of valuation. This net income is verified by reference to rental levels paid on other comparable properties. No profit forecast elements have been used in the Income Approach.

2 GENERAL AND LIMITING CONDITIONS

2.1 Legal Status

We have undertaken current searches of either the freehold title or ground lease in order to establish the legal entity ownership of all the properties and also to establish whether or not there are any limitations on title such as easements, encumbrances or covenants that might have a material impact on the value of each property. Where any property is subject to leases to external parties (eg shop leases), we have either been provided with a copy of the lease or have verified pertinent lease information from the property owner.

A summary of affecting easements is provided on each individual Valuation Certificate.

2.2 Contamination

At the time of our inspection of each of the properties, we undertook a general visual inspection of both the subject property and surrounding properties to establish whether or not there was any likelihood of either contamination of the land or the improvements on the land. In all cases, the properties are located in either commercial or retail locations with no obvious evidence of contaminating uses from adjoining properties.

However, Urbis is not an expert in the detection of contaminating materials and we have not been provided with soil or building contamination surveys.

Accordingly, this valuation takes no account of the actual or possible effect on the value of the subject properties of any previous or current environmental hazard including pollution, contamination, noxious emission or discharge, or the cost of, or necessity for, ceasing or cleaning up any environmental hazard.

2.3 Site Services

In our reference to the availability of services (eg electricity, mains water, sewerage, mains gas and telephone), Urbis has either relied on information provided by the building owner, occupier or manager, or has had reference to information provided verbally by the various providers of such services. Unless stated to the contrary, Urbis has not undertaken formal searches to establish whether or not services are either available or connected to the subject properties.

2.4 Property Use

For all properties, we have examined the current Planning Scheme prepared by each local authority in which the relevant property is situated. In situations where the current use of the property (eg car parking, retail) is a use which requires a planning permit to be issued, Urbis has not obtained a copy of any planning permit and has relied upon the provisions of the relevant Planning Scheme to establish whether or not the existing use(s) is a permitted use.

Accordingly, Urbis takes no responsibility if any of the subject properties are currently being used for a purpose which has been prohibited either by a planning permit application or relevant planning scheme.

We are unaware of any plans to construct, renovate, improve or develop any of the properties, other than for regular maintenance and redecoration.

We are also unaware of any plans to dispose of or change the use of any of the properties.

2.5 Structural and Environmental Issues

At the time of our inspection, the building improvements generally appeared to be suitable for the use(s) to which they are currently being put. However, Urbis is not an expert in the area of building regulations including occupational health and safety standards. Accordingly, Urbis accepts no responsibility for any impact on the value of the properties through the requirement by the owner or occupier to undertake building upgrade or rectification works to meet building standards and occupational health and safety requirements.

Whilst we have inspected the improvements in order to prepare this valuation, we have not carried out a structural survey. Accordingly, no warranty is given that the improvements and services are free of asbestos, pests or any other defect, whether structural or non-structural, latent or patent.

2.6 Tenancy Schedule/Business Statements

In undertaking our valuations, we have relied upon the tenancy schedules and business statements provided to us by the property owner in respect of current net and gross revenues. Where possible, we have benchmarked the gross and net revenues provided to us by Care Park with current pricing and occupancy rates for other comparable car parks. It is noted that we have not verified this information by reference to cheque receipts or other audit procedures. Urbis accepts no responsibility for any material impact on value if a formal audit of the cash flow is materially different to that stated on the tenancy schedules or business statements provided to us by Care Park.

2.7 Mortgage or Other Charges

All properties are subject to a first mortgage to Bank of Western Australia Limited.

No allowance has been made in our valuations for any mortgages, charges or other amounts owing on the properties nor for any expenses or taxation which may be incurred in undertaking a sale of any of the properties. Accordingly, our valuations assume that if any of the properties were to be sold, it would be free from any mortgages, charges or amounts owing which could affect the market value.

2.8 Tax Liabilities

In our opinion the subject properties are most likely to be defined as a 'going concern' under the relevant provisions of current Goods and Services Tax (GST) legislation in Australia. Accordingly, a hypothetical sale of the interest valued herein is assumed to be GST free and our valuation is exclusive of any GST. Urbis takes no responsibility for the liability or otherwise for the payment of GST on an assumed sale of the interest valued herein.

In addition, any market rentals, passing rentals from existing leases and outgoings amounts are also assumed to be exclusive of GST unless stated to the contrary.

According to information prepared by the Company, the potential tax liabilities which would arise on the disposal of the development rights and property interests in this report at the amounts as valued by us mainly comprise Capital Gains Tax at 30%. As advised by the Company, the Company has no plan for the disposal of the development rights and property interests in this report and therefore the likelihood of relevant tax liabilities being crystallized is remote.

2.9 Occupancy

All properties are held for owner occupation, with the exception of Properties 2 and 11 which are held for part owner occupation and part investment. Accordingly, all properties are classified as 'held for owner occupation'.

2.10 Redevelopment

None of the properties are currently undergoing redevelopment or are being actively considered for redevelopment by the current owner. While some of the properties may have redevelopment potential at some point in the future, our valuations are not based upon any specific redevelopment proposal.

2.11 Market Data

In arriving at our market value for each of the properties, we have obtained information of market activity relevant to each property. This information includes details of sale and leasing transactions for comparable or similar properties, information relating to market activity and factors considered likely to affect the current value of each of the properties.

This information is obtained from a variety of sources including publicly available information (newspapers, statements by public companies, etc), subscription to information databases and information generally provided verbally by others such as estate agents, property managers, property valuers and consultants. In many instances, we have not had access to the original source material such as contracts of sale or signed leases. Although we have no reason to doubt the validity of the information provided to us, and we have relied on this information in good faith, we are unable to state with certainty that the information upon which we have relied is consistent with the contractual arrangements between the relevant parties.

2.12 Intra-group Leases

We are advised by the owner of all properties that there are no intra-group leases granted by the parent company to a subsidiary company on any of the properties.

2.13 Relevant Date

The valuations have been undertaken as at 31 March, 2012 and have been based upon information available to us at this date. Urbis accepts no responsibility for subsequent changes in information as to income or expenses relating to the subject properties, or to market conditions.

3 TRADING OVERVIEW

All of the subject properties are currently operated as public car park facilities. For 15 of the properties, the sole use is for car parking, however in the cases of Bank Street, Adelaide and Quadrant Plaza, York Street, Launceston, these properties also incorporate several retail premises leased to external third parties, in addition to the car park use.

The current portfolio of car park properties has been steadily built up over a period of some 15 years. Approximately eight of the 17 properties have been acquired within the last seven years.

As a result of this steady acquisition programme, it is not possible to provide a long term trading history.

Although individual car parks are subject to competitive pressures, such as the construction of a 685 bay car park in late 2010 directly opposite the Roper Street, Adelaide car park, generally speaking the portfolio of properties has been able to experience steady revenue growth and in certain cases such as Watergate, Melbourne, strong increases owing to the strength in the Melbourne CBD commercial markets.

Furthermore, there is still no significant reduction in demand for the subject car parks, notwithstanding some problems associated with private transport access in major cities, particularly Melbourne. To this extent, while the introduction of the Congestion Levy in the Melbourne CBD and surrounding districts in 2006 had a dampening effect on car park revenues for some properties located within these precincts, market forces have now generally become accustomed to this levy and net revenue growth is again being experienced even in areas such as St Kilda Road, Melbourne, which were initially significantly impacted by the Levy.

4 MARKET OVERVIEW

4.1 Investment Market

The values of car parks held for investment are subject to fluctuations in property markets in the same way as other property asset classes are affected by both local and international economic conditions.

Since reaching a low point during 2009, there has been a steady recovery in both confidence and activity in Australian commercial investment property. Although this recovery has not been even across all sectors, the commercial office sector has generally experienced a greater level of recovery than, in particular, the retail sector where doubts still remain as to the likely impact of generally static spending levels and on-line retailing.

In particular, Melbourne experienced relatively strong levels of growth in the first half of 2011 underpinned by robust market fundamentals. Investor confidence in commercial office markets has since expanded to Brisbane and Perth fuelled by strong demand for office space and relatively low overall vacancies.

Levels of demand from the private investor market remain generally steady, albeit restricted to some degree by continued limited availability of finance as lending institutions are still cautious and loan to value ratios remain conservative. Further, there has been some erosion in investor confidence since the middle of 2011, primarily due to on-going concerns with global financial markets.

In summary, the non-residential property markets in Australia are generally stable and although there are variations depending upon location and sector, there is a general expectation that although future growth is likely to be subdued, there is little if any anticipation of declining levels of demand or activity in the short-term.

4.2 Car Park Market

At any given time, sales of freestanding or strata car parks are relatively infrequent. In this regard the majority of commercial car parks in major cities form part of larger mixed use properties and therefore are not available for separate sale. Alternatively, where car parks are on separate titles, they are often held by private investors on a long-term basis, with relatively few car parks owned by major institutional investors.

Over the last 12 months or so, there have been four transactions of commercial car parks in Victoria, three within the Melbourne CBD. Comments in relation to these sales as well as three transactions in Tasmania are provided below.

- **224–250 Latrobe Street, Melbourne, VIC** — A freehold ten level car park comprising 689 bays plus several retail tenancies forming part of Melbourne Central. The car park benefits from sub-terranean pedestrian access link under Latrobe Street to Melbourne Central Shopping Centre. The car park is operated by Wilson Parking under a three year management agreement which also includes the nearby Melbourne Central Car Park expiring on 30 June, 2012. The car park is primary operated for the benefit of Melbourne Central Shopping Centre and as such generating a below market income. Purchased by a local investor/land banker for $29.2 million in September 2011, reflecting a rate of $42,380 per bay and an analysed market yield of 5.10%.

- **Exo, Collins Street, Docklands, Melbourne, VIC** — 60 strata car spaces within the Lend Lease Exo development situated on the north-west corner of Collins Street and Merchant Street, with the Victoria Harbour precinct of Docklands. All 60 spaces are leased to Aurecon for 10+5+5 years at a rate of $425 per bay pcm excluding GST and car park levy with 4% annual reviews. Purchased by CIMB Trust Capital in conjunction with their purchase of an adjoining office building for $3.66 million in October, 2011, reflecting a rate of $61,000 per bay and analysed net yield of 7.11%.

- **300 Flinders Street, Melbourne, VIC** — A strata nine level car park comprising 574 bays forming part of an office and retail development. Passing net income at time of sale was approximately $2,143,000 per annum which reflects a passing yield of 7.59%. The estimated market net income is approximately $2,350,000. Purchased by private investor with vacant possession subject to a monthly management agreement to GreenCo Parking for $28.2 million in November, 2011, reflecting a rate of $49,129 per bay and an analysed market yield of 8.30%.

- **5 South Centre Road, Tullamarine, VIC** — Built in 2009, operated by Jetport Security Parking on a monthly licence. Net passing income approximately $650,000 per annum however above average growth in net revenue is expected as business matures. Purchased with vacant possession by private investor for $8.05 million in April, 2011, reflecting a rate of $12,385 per bay and an analysed market yield of 8.07%.

- **44 Argyle Street, Hobart, TAS** — Comprises a 545 bay multi-level car park, located within a mixed use office/retail and Woolworths supermarket development, opposite the Royal Hobart Hospital. The development is nearing completion, with the sale still to be settled. The property was contracted for sale in 2009, with contracted price (subject to settlement) reflecting approximately $31,500 per bay.

- **179–183 Collins Street, Hobart, TAS** — Comprises a mixed use commercial complex containing seven cinemas, games parlour, "A" Grade offices and 260 car parking bays. The property was sold in August 2010 fully leased, with the car park operated under a management agreement. The sale price reflects an initial yield of approximately 10.4%. Analysis of the sale price reflects a rate per car parking bay of approximately $25,385.

- **82–84 Bathurst Street, Hobart, TAS** — Comprises a 32 bay open air car park, located within the Hobart CBD. Sold September 2010 with sale price reflecting $31,250 per bay and $1,018 per m^2 land area.

From reference to the above car park transactions, it will be noted that the Victorian sales equate to yields generally in the range of 7.0% to 8.5% (excluding 224-250 Latrobe Street purchased on a lower yield due to short to medium term development potential) but somewhat higher for the mixed use property at 179–183 Collins Street, Hobart at approximately 10.4%.

As a basis of comparison with other property investment classes, we have considered recent past and current yields for office and retail investment property in Melbourne and Adelaide, where the majority of the higher value Care Park properties are located:

Investment Yields
CARE PARK PORTFOLIO

	March 2011		March 2012	
	Melbourne	Adelaide	Melbourne	Adelaide
Offices:				
Prime	6.75%–7.50%	7.75%–9.00%	6.50%–7.50%	7.50%–9.00%
Secondary	8.00%–8.75%	9.00%–10.00%	8.00%–9.00%	9.00%–10.00%
Retail:				
Neighbourhoods centres	7.50%–9.50%	7.50%–9.50%	7.00%–9.00%	7.00%–9.00%

Source: Urbis

From reference to the above, it will be noted that there has been a minor improvement in investment yields for office and retail property in both Melbourne and Adelaide over the 12 months up to March, 2012, with investment yields firming generally between 25 to 50 basis points.

In our view, the steady cash flow from car parks makes them able to attract yields generally closer to the retail rather than office sectors, however the often competitive nature of car parks, particularly in CBD locations, means that they do not generally attract prime retail yields.

4.3 Local Markets

- **Adelaide** — As with other Australian CBD capital cities, values for larger institutional investment properties weakened from mid-2008 before stabilising in late 2009. Sales of commercial office buildings during 2009 represented yields generally in the range of 8.5%–10.5%, reflecting the need by many institutional investors to divest assets to reduce gearing ratios and a limited pool or purchasers.

  Discussions with local agents reveal that demand for properties with steady, secure cash flows such as securely let retail premises and car parks with an established trading history are currently sought after by investors. There have been no reported sales of car park properties in Adelaide since the major Adelaide Central car park sale in September 2008.

  During 2010 and 2011, sales of office investments returned to more traditional levels, with recent recorded sales within the Adelaide CBD as follows:

  — 111 Gawler Place, Adelaide (January 2012) — $15.6 million reflecting 10.3%

  — 77 Grenfell Street, Adelaide, (July 2011) — $91.7 million reflecting 7.6%

  — 55 Currie Street, Adelaide (May 2011) — $79.0 million reflecting 9.2%

  — 41 Currie Street, Adelaide (April 2011) — $10.8 million reflecting 9.58%

- **Metropolitan Melbourne** — As a result of sound economic conditions within the Victorian economy and continued strong population growth, most sectors of the metropolitan Melbourne markets performed well in 2011.

  The Melbourne CBD (including Docklands) office vacancy rate continued to decline from 5.8% in July, 2011 to 5.3% in January, 2012. A lack of new supply in the first half of 2012 is likely to help keep vacancies between 5.0% and 5.5%, before increasing in the second half of 2012 as new stock and back fill supply comes online.

  Recent transactions of A grade office buildings in the Melbourne CBD include:

  — 120 Collins Street, Melbourne (December, 2011) — $255 million reflecting 6.50%

  — 661 Bourke Street, Melbourne (December, 2011) — $100 million reflecting 7.16%

  — 452 Flinders Street, Melbourne (November, 2011) — $201.5 million reflecting 7.41%

  — 850 Collins Street, Docklands, Melbourne (November, 2011) — $115 million reflecting 7.11%

  Within the suburban markets, a marked reduction in the construction of new office space during 2011 has generated a short-term lack of supply. Throughout 2011, leasing demand within inner suburban locations was stronger than demand conditions in outer suburban, although there were still several pre-commitment deals.

- **Regional Victoria** — The relatively small size of the commercial markets in regional Victoria and limited sales activity makes it more difficult to assess price trends on a quarter by quarter basis. However, discussions with agents in centres such as Shepparton, Ballarat and Bendigo reveal that private investor demand for well-located and/or well leased retail/commercial property is sound.

- **Tasmania** — Economic conditions within Tasmania continued to decline in 2011. Seasonally adjusted retail turnover has trended downward since late 2009. The deterioration in the retail sector has contributed to rising vacancies, downward pressure on rentals and increasing use of lease incentives. As at March 2012, the State unemployment rate was 7.2%, which is above the State's long term average of 6.2%, having weakened from a low of 3.8% in October 2008. Significant State Government cost cutting measures, reduced construction activity, difficult conditions in manufacturing and retailing and significant restructuring of the forestry industry have contributed to the increased unemployment rate, with a weak employment outlook in the short to medium term.

  Despite the prevailing economic and market conditions, the retail property sector was relatively active through 2011, with approximately 30 transactions of properties in the $1,000,000 plus price segment. Sales included several major shopping centres and re-development sites. Recent sales have indicated a softening in yields for retail properties from the peak of the market of between 0.25%–1.5%, with properties located in secondary retailing areas being worst affected. Development site sales also reflected falling values. Local agents report very soft demand so far in 2012.

- **Brisbane** — The Brisbane and Queensland economies have had something of a roller coaster ride over the last two to three years, partly due to a general slowdown in economic activity caused by natural disasters including extensive flooding in Brisbane and the impact of Cyclone Yasi. The Queensland economy is expected to grow strongly over the 2013 financial year due to the impact from the resource sector although the benefits from this mining boom have yet to flow through to the wider Queensland economy.

  The office vacancy rate in the Brisbane CBD peaked in January 2010 at 11.3% although the office market has performed strongly on the back of increased demand from the mining industry since this date. Vacancy rates have fallen to 6.2% in January 2012 with the largest 12 month net absorption on record at 92,140m². This vacancy rate is likely to increase in the short term with the addition of large prime grade assets such as 111 Eagle Street entering the market in the next six months.

  Investors are slowly returning to the Brisbane market with a number of large profile purchases over the 2011 period. 55 Elizabeth Street and 1 Eagle Street were the largest investments in the market at $169.5 Million and $216.375 Million (part sale) respectively.

5 VALUATION APPROACH

All of the properties within the subject portfolio comprise income-generating public car park facilities, with two of the properties obtaining additional income from separately leased retail tenancies. The majority of the properties have an established trading history of several years, with the main exception being Northbank Place, Melbourne, which only commenced trading in September, 2009.

In undertaking our valuations, we have been provided with cash receipts and expenses for all properties for the year ended 31 December, 2011. We have previously been provided with similar revenue and expenditure items for previous trading years. For valuation purposes, we have adopted the trading figures for the year ended 31 December, 2011.

Although in the great majority of cases we have adopted the annualised figures for the year ended 31 December, 2011, as being indicative of maintainable future earnings, some adjustments have been made where appropriate.

6 VALUATION

Having regard for the specific nature of our instructions and for the assumptions and conditions outlined within the body of this report, we have assessed the total value of the subject properties as at 31 March, 2012 to be $74,680,000 (Australian Dollars).

Values for the individual properties are provided on the following schedule, followed by Valuation Certificates for each property.

We are obliged to advise that this Report and Valuation is only for the use of the parties to whom it is addressed, and no responsibility or liability is accepted to any third party for the whole or any part of its contents.

Yours faithfully,
Urbis Valuations Pty Ltd

R J Scrivener, FAPI
Director and Certified Practising Valuer
Australian Property Institute, Member No. 633
Level 12, 120 Collins Street
MELBOURNE, VICTORIA, AUSTRALIA

Note 1: Mr Scrivener is a Fellow of the Australian Property Institute, the professional body representing property valuers in Australia. He was a member of the Royal Institution of Chartered Surveyors from 1975 to 2008. He has over 30 years experience in valuing car park, retail and other commercial properties in Australia.

Note 2: All dollar figures quoted in this report are in Australian Dollars (AUD).

SCHEDULE OF PROPERTIES

Care Park Car Park Portfolio as at 31 March 2012

VALUATION SUMMARY

	PROPERTY/STATE	VALUATION AS AT 31 MARCH 2012
South Australia		
1	11–19 Roper St, Adelaide	AUD 23,100,000
2	13–19 Bank St, Adelaide	AUD 15,300,000
Victoria		
3	Northbank Place, Melbourne	AUD 10,100,000
4	Watergate, Docklands, Melbourne	AUD 4,750,000
5	360 St Kilda Road, Melbourne	AUD 1,850,000
6	Dana St, Ballarat	AUD 2,450,000
7	2–6 Mundy Street, Bendigo	AUD 1,100,000
8	15–23 Langhorne St, Dandenong	AUD 1,250,000
9	14–40 Stewart St, Shepparton	AUD 1,950,000
10	521 Toorak Road, Toorak	AUD 1,050,000
Tasmania		
11	Quadrant Plaza, 94-98 York St, Launceston	AUD 4,350,000
12	124 York St, Launceston	AUD 1,800,000
13	Willis St, Launceston	AUD 540,000
14	131–141 Melville St, Hobart	AUD 690,000
15	9–23 Watchorn Street, Hobart	AUD 1,100,000
16	9 Fenton Street, Devonport	AUD 250,000
Queensland		
17	344 Queen St, Brisbane	AUD 3,050,000
Total		**AUD 74,680,000**

VALUATION CERTIFICATE

1. 11–19 ROPER STREET, ADELAIDE, SA, AUSTRALIA

Location:	Located on the west side of Roper Street approximately 30 metres south of its intersection with Flinders Street, on the south eastern edge of the Adelaide CBD.
Property Description:	A multi-level car park comprising a total of 715 bays over eight upper levels and a separate ground level area. The improvements were constructed in 1989. Site area approximates 2,057m².
Title Description:	Freehold Title — Volume 5335 Folio 342, further described as Allotment 5 on Deposited Plan 25203 Encumbrances — Nil.
Freehold Owner:	Roper Street Car Park Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Adelaide (City) — 'Central Business Area' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$23,100,000 Market Yield 8.25% Rate Per Bay $32,308
Inspection:	10 April, 2012 by T Preece, AAPI

2. 13–19 BANK STREET, ADELAIDE, SA, AUSTRALIA

Location:	Located in the northern sector of the Adelaide CBD with frontages to both Bank and Blyth Streets.
Property Description:	An established multi-level car park providing some 330 car bays facing Blyth Street, combined with a split level retail arcade facing Bank Street incorporating 1,679m² in total lettable area. The improvements were constructed in circa 1980. Site area approximates 1,888m².
Title Description:	Freehold Titles — Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282 Encumbrances — a) Carrington Gardens (SA) Pty Ltd and Makemo Pty Ltd as to shares specified. b) Easements of Way (for pedestrian access through retail component).
Freehold Owner:	19 Bank Street Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Adelaide (City) — 'Central Business Area' Zone
Existing Use:	Commercial car park and retail shops.
External Tenancies:	Colour Photo Express, Cellarbrations, Modka Café, City West Newsagent, Savings & Loans Credit Union ATM, Manila Trading, Australia Post (Post Boxes only), Games Quest and Ausdance. *Average Lease Term:* 2–5 years *Method of Rent Review:* Annual to movements in CPI. *Passing Rental Income:* $23,955 per calendar month. *Less Non-Recoverable Outgoings:* $10,802 per calendar month *Net Passing (and Market) Income:* $13,153 per calendar month
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$15,300,000 — Market Yield 8.50%; Rate Per Bay $41,515
Inspection:	10 April, 2012 by T Preece, AAPI

3. NORTHBANK PLACE, FLINDERS STREET, MELBOURNE, VIC, AUSTRALIA

Location:	Located within the south-western sector of the Melbourne CBD on the south side of Flinders Street, immediately to the east of Spencer Street.
Property Description:	The subject car spaces form part of a mixed use development known as Northbank Place. The development incorporates 385 residential apartments, approximately 10,000m^2 of office space, some retail/restaurant outlets and 432 parking bays. 196 of the parking bays are operated as a public car park and form the basis of this valuation. The car park component was completed in September, 2009.
Title Description:	Freehold — 139 car park lots forming part of Volume 11131 Folio 008. Leasehold — 57 car spaces held on land leased from State Government of Victoria for 38 years from 2008, together with two 21 year option terms. Encumbrances — Various rights of way and service easements.
Freehold Owner:	Care Park Group Pty Ltd (139 freehold bays), a non wholly owned subsidiary of the Company
Ground/Government Rent:	$1.00 per annum (57 leasehold bays)
Town Planning:	Melbourne Planning Scheme — 'Capital City Zone 1 (Outside Retail Core)'.
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012

Market Value:	$10,100,000	Market Yield	8.00%
		Rate Per Bay	$51,531

Inspection:	18 April, 2012 by T Preece, AAPI

4. WATERGATE, 767 BOURKE STREET, DOCKLANDS, VIC, AUSTRALIA

Location:	Located within the Batman's Hill precinct of the Melbourne Docklands, within walking distance to several major recently completed office buildings and opposite Etihad Stadium.
Property Description:	A purpose built strata public car park comprising 114 bays (113 lots) situated at ground level below a substantial 20 storey apartment complex containing some 315 apartments, together with some 1,300m^2 of ground floor retail space, completed in early 2005.
Title Description:	Freehold Titles — Volume 10925 Folios 766-878 inclusive, further described as Lots 1C–12C, 15C–43C, 46C–49C, 54C–121C on Plan of Subdivision 501391P. Encumbrances — Section 173 Agreement relating to use of property only as a car park.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Melbourne Planning Scheme — 'Docklands 3' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$4,750,000 — Market Yield 7.50%; Rate Per Bay $41,667
Inspection:	18 April, 2012 by T Preece, AAPI

5. 360 ST KILDA ROAD, MELBOURNE, VIC, AUSTRALIA

Location:	Located within the established St Kilda Road commercial/residential precinct, beneath the Royal Domain Plaza apartment development situated on the west side of St Kilda Road, approximately 1.5 radial kilometres south of the Melbourne CBD. The car park is accessed via Wells Street and surrounded by a mixed use of commercial, residential and retail properties.		
Property Description:	86 individually titled car spaces. The improvements were constructed in 1975.		
Title Description:	Freehold Titles — Volume 10600 Folios 089–175 inclusive, further described as Lots 1D — 86D on Plan of Subdivision 419703E. Encumbrances — Right of way for access to adjoining car park.		
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company		
Ground/Government Rent:	Nil.		
Town Planning:	Port Phillip Planning Scheme — 'Business 5' zone.		
Existing Use:	Commercial car park.		
External Tenancies:	Nil.		
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.		
Date of Valuation:	31 March, 2012		
Market Value:	$1,850,000	Market Yield	8.00%
		Rate Per Bay	$21,512
Inspection:	17 April, 2012 by T Preece, AAPI		

6. CENTRAL SQUARE, DANA STREET, BALLARAT, VIC, AUSTRALIA

Location:	The subject property is located on the north-east corner of Dana and Doveton Streets, in the regional city of Ballarat. Ballarat is located approximately 100 radial kilometres west of the Melbourne CBD.
Property Description:	The subject property comprises an established multi-level car park comprising approximately 502 bays over 12 levels. It adjoins the Central Square Shopping Centre, incorporating a Myer Department Store and some 40 specialty shops. The improvements were constructed in 1981. Site area approximates 2,898m².
Title Description:	Freehold Title — Volume 10951 Folio 752, further described as Lot 1 on Plan of Subdivision 529677N Encumbrances — a) Right of way to adjoining car park. b) Section 173 Agreement requiring works to be undertaken (now undertaken).
Freehold Owner:	Ballarat Central Car Park Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Ballarat Planning Scheme — 'Business 1' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$2,450,000 — Market Yield 9.00%; Rate Per Bay $4,880
Inspection:	12 April, 2012 by T Preece, AAPI

7. 2–6 MUNDY STREET, BENDIGO, VIC, AUSTRALIA

Location:	Situated in Mundy Street, within the CBD of the regional city of Bendigo. Bendigo is located approximately 130 radial kilometres north-west of the Melbourne CBD.
Property Description:	The subject property comprises an irregular shaped, bitumen sealed open air car park for 44 car spaces. Site area approximates 1,359m².
Title Description:	Freehold Titles — Volume 10488 Folio 371–374 inclusive, further described as Lots 1–4 on Title Plan 16318R. Freehold Title — Volume 8294 Volume 508, further described ad Lot 1 on Title Plan 583703V. Encumbrances — Nil.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Greater Bendigo Planning Scheme — 'Business 1' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per m² of land area (development site potential).
Date of Valuation:	31 March, 2012
Market Value:	$1,100,000 Land Value Rate $800 per m² Rate Per Bay $25,000
Inspection:	12 April, 2012 by T Preece, AAPI

8. 15–23 LANGHORNE STREET, DANDENONG, VIC, AUSTRALIA

Location:	The subject property comprises a strata car park located within the Hub Arcade in the Dandenong City Centre.
Property Description:	A total of 165 open air and undercover car spaces situated on Level 2 and Level 3 above an office and retail development. The improvements were constructed in circa 1975. Site area approximates 4,596m².
Title Description:	Freehold Title — Volume 9902 Folio 822, further described as Unit 67 on Strata Plan 32395Q (116 bays). Leasehold Title — 99 year lease expiring 2088 from Body Corporate (49 bays) Encumbrances — Various easements for rights of way, drainage and sewerage.
Freehold Owner:	Care Park Properties Pty Ltd (freehold bays), a non wholly owned subsidiary of the Company
Ground/Government Rent:	$1.00 per annum (leasehold bays).
Town Planning:	Greater Dandenong Planning Scheme —'Comprehensive Development Zone' — Schedule 2
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$1,250,000 Market Yield 9.00% Rate Per Bay $7,576
Inspection:	17 April, 2012 by T Preece, AAPI

9. 14-40 STEWART STREET, SHEPPARTON, VIC, AUSTRALIA

Location:	Situated on the south side of Stewart Street, approximately 250 metres east of the Maude Street Mall within the Shepparton CBD.
Property Description:	The subject property comprises a multi-deck car park providing 326 car spaces over basement, ground and six upper levels. The improvements were constructed in 1971. Site area approximates 2,716m².
Title Description:	Freehold Titles — Volume 4963 Folio 501, Volume 4281 Folio 195, Volume 4437 Folio 356, Volume 8800 Folio 444, Volume 8632 Folio 508 Encumbrances — Section 173 Agreement for continued operation as a car park and to undertake upgrade works.
Freehold Owner:	Shepparton Car Park Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Greater Shepparton Planning Scheme — 'Business 1' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$1,950,000 Market Yield 8.50% Rate Per Bay $5,821
Inspection:	14 April, 2012 by R Scrivener, FAPI

10. 521 TOORAK ROAD, TOORAK, VIC, AUSTRALIA

Location:	Located within a mixed use development known as Toorak Place in Toorak, approximately 6 radial kilometres south-east of the Melbourne CBD. The car park component has frontage to Jackson Street which runs past the rear of Toorak Place, parallel to Toorak Road. The area is an established mixed use precinct, including the popular retail strip along Toorak Road and associated retail facilities including a Safeway supermarket within the Toorak Place development.
Property Description:	48 individually titled car spaces within a 60 space commercial car park. The improvements were constructed in 2006.
Title Description:	Freehold Title — Volume 10896, Folios 196–230, 328–330 and 394–403 inclusive, further described as Lots 12–49 and 58–67 on Plan of Subdivision 527035. Encumbrances — Section 173 Agreement relating to use of property for car parking purposes.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Stonnington Planning Scheme — 'Business Use 1' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$1,050,000 Market Yield 8.00% Rate Per Bay $21,875
Inspection:	17 April, 2012 by T Preece, AAPI

11. QUADRANT PLAZA, 94–98 YORK STREET, LAUNCESTON, TAS, AUSTRALIA

Location:	Located in the south-east sector of the Launceston CBD, adjacent to the retail precinct and with frontages to both York Street and Coulter Court.
Property Description:	The subject property comprises an eight level, split deck car park structure with ground floor retail accommodation. The car park has a total of 396 spaces predominantly under cover. The retail arcade currently comprises 10 tenancies totalling some approximately 1,690 m², including the Care Park management office. The improvements were constructed circa 1987. Site area approximates 3,333.8 m².
Title Description:	Freehold Title — Volume 31824 Folio 1, further described as Lot 1 on Plan 31824. Freehold Title — Volume 34252 Folio 2, further described as Lot 2 on Diagram 34252. Encumbrances — Various encumbering and benefiting easements for rights of way and provision of electricity services.
Freehold Owner:	Quadrant Plaza Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	City of Launceston Planning Scheme — 'Central Business District' Zone
Existing Use:	Commercial car park and retail shops.
External Tenancies:	The Grain Grocer, Gemeni Medical Services, Petrach's Bookshop, Work Solutions Australia, NNT Uniforms, Artistry Hairdresser, Muffin Kitchen, Toyworld. *Average Lease Expiry:* 2.6 years *Method of Rent Review:* Annual to movements in CPI. *Passing Rental Income:* $17,555 per calendar month. *Less Non-Recoverable Outgoings:* $6,714 per calendar month *Net Passing (and Market) Income:* $10,841 per calendar month
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$4,350,000 — Market Yield 8.50%; Rate Per Bay (exc. retail) $7,859
Inspection:	5 April, 2012 by G Lipplegoes, AAPI

12. 124 YORK STREET, LAUNCESTON, TAS, AUSTRALIA

Location:	Located on the north side of York Street in the southern sector of the Launceston Central Business District. The property is situated within close proximity to Brisbane Street Mall, which is Launceston's prime retail centre.
Property Description:	Bitumen sealed open air car park providing parking for approximately 50 standard sized vehicles. Site area approximates 1,252m².
Title Description:	Freehold Title — Volume 33521 Folio 1, further described as Lot 1 on Diagram 33521. Encumbrances — Nil.
Freehold Owner:	124 York Street Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	City of Launceston Planning Scheme — 'Central Business District' Zone
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012

Market Value:	$1,800,000	Market Yield	8.00%
		Rate Per Bay	$36,000
		Rate Per m^2 Land Area	$1,437

Inspection:	5 April, 2012 by G Lipplegoes, AAPI

13. WILLIS STREET, LAUNCESTON, TAS, AUSTRALIA

Location:	On the north-east sector of the Launceston CBD, adjacent to the retail and commercial precincts.
Property Description:	36 open air, bitumen sealed car parking spaces.
Title Description:	Freehold Title — Volume 156397 Folio 1, further described as Lot 1 on Strata Plan 156397. Encumbrances — Nil.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	City of Launceston Planning Scheme — 'Business' zone.
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$540,000 Market Yield 7.50% Rate Per Bay $15,000
Inspection:	5 April, 2012 by G Lipplegoes, AAPI

14. MELVILLE STREET, HOBART, TAS, AUSTRALIA

Location:	Situated on the north-west side of Melville Street, in a mixed use area on the outer fringe of Hobart's CBD, approximately 500 metres west of Hobart's central retail precinct.
Property Description:	The property comprises a rectangular shaped parcel of land comprising a bitumen sealed open air car park providing 40 car spaces. Site area approximates 890m².
Title Description:	Freehold Title — Volume 242159 Folio 1, further described as Lot 1 on Plan 242159. Encumbrances — Nil.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	City of Hobart Planning Scheme, 'Residential 1' zone.
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$690,000 Market Yield 7.00% Rate Per Bay $17,250
Inspection:	4 April, 2012 by R Steedman, AAPI

15. 9–23 WATCHORN STREET, HOBART, TAS, AUSTRALIA

Location:	Situated on the north-east side of Watchorn Street, between Liverpool Street to the south and Bathurst Street to the north, within the Hobart CBD, approximately 200 metres south-west of Hobart's central retail precinct.
Property Description:	The property is a rectangular shaped parcel of land comprising a bitumen sealed open air car park accommodating 36 car parking bays. Site area approximates 820m².
Title Description:	Freehold Title — Volume 29586 Folio 4, further described as Lot 4 on Plan 29586. Encumbrances — Carriageway easement for access to adjoining property.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	City of Hobart Planning Scheme, 'Central Commercial and Administrative'
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$1,100,000 — Market Yield 7.50%; Rate Per Bay $31,429
Inspection:	4 April, 2012 by R Steedman, AAPI

16. 9 FENTON STREET, DEVONPORT, TAS, AUSTRALIA

Location:	Located in the north-western corner of Fenton Street and Stewart Street, adjacent to the Devonport CBD.
Property Description:	Bitumen and concrete paved car park providing parking for approximately 23 standard sized vehicles. Site area approximates 615m².
Title Description:	Freehold Title — Volume 129295 Folio 1, further described as Lot 1 on Plan 129295. Encumbrances — Nil.
Freehold Owner:	Care Park Properties Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Devonport and Environs Planning Scheme, 'Closed Residential' zone.
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per m^2 of land area.
Date of Valuation:	31 March, 2012
Market Value:	$250,000 Rate Per m^2 Land Area $406 per m^2 Rate Per Bay $10,870
Inspection:	4 April, 2012 by G Lipplegoes, AAPI

17. 344 QUEEN STREET, BRISBANE, QLD, AUSTRALIA

Location:	The property is located 200 metres from the Brisbane GPO in an established prominent office precinct. The subject is situated at basement level within a 21 level office building. Ground floor retail facilities are available to Queen Street.
Property Description:	Basement level strata car park for 18 single car bays and 35 multiple car bays (up to 4 cars deep), with car park attendant's office, below an office building. The improvements were constructed in 1967. Parent site area approximates 1,290m².
Title Description:	Freehold Title — Title Reference 18071152, further described as Lot 1BUP 10464 Encumbrances — Nil.
Freehold Owner:	344 Queen Car Park Pty Ltd, a non wholly owned subsidiary of the Company
Ground/Government Rent:	Nil.
Town Planning:	Multi-Purpose Centre MP1 — City Centre
Existing Use:	Commercial car park.
External Tenancies:	Nil.
Valuation Approaches:	Direct comparison on a rate per car space, checked by the capitalisation of assessed net market income.
Date of Valuation:	31 March, 2012
Market Value:	$3,050,000 — Market Yield 8.00%; Rate Per Bay $57,547
Inspection:	17 April, 2012 by I Hill, AAPI

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules, the Repurchase Code and the Takeovers Code for the purpose of giving information with regard to the Group.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately after Completion will be as follows:

Authorised:		*HK$*
4,000,000,000	Shares as at the Latest Practicable Date and upon Completion	400,000,000.00
Issued and fully paid:		
1,959,757,076	Shares as at the Latest Practicable Date	195,975,707.60
230,000,000	Shares to be repurchased	23,000,000.00
1,729,757,076	Shares upon Completion	172,975,707.60

All of the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

Since 31 March 2012, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company has not issued or repurchased any Shares.

There was no re-organisation of capital of the Company during the two financial years preceding the date of the Announcement.

In March 2010, the Company issued 3.625% convertible bonds with a principal amount of HK$800 million (the "**2015 Bonds**"). The holders of the 2015 Bonds are entitled to convert the convertible bonds into Shares at an initial conversion price of HK$3.41 per Share (subject to adjustment upon the occurence of events stated in the offering circular of the Company dated 26 February 2010, such as (1) Share consolidation, subdivision or reclassification; (2) capitalization of profits or reserves; (3) distribution to the Shareholders; (4) rights issue of Shares; (5) rights issues of other securities; (6) issue of Shares at a consideration less than current market price; (7) issue of other securities arising from a conversion or other securities at a consideration less than current market price; (8) modification of conversion right; (9) other offers to Shareholders or (10) other events that its considered applicable) during the period up to 28 February 2015. The bondholders may require the Company to redeem all or part of the 2015 Bonds on 5 March 2012 at 100% of their principal amount together with interest accrued. The outstanding 2015 Bonds are redeemable by the Company after 5 March 2012 and prior to maturity at the principal amount together with interest accrued under certain specified conditions. Any remaining outstanding bonds will be redeemed at nominal value on maturity. As at the Latest Practicable Date, the conversion price was adjusted to HK$3.3 per Share.

The 2015 Bonds are listed on the Stock Exchange (Stock Code: 4317). Details of the issue of the 2015 Bonds were disclosed in the Company's circular dated 26 February 2010. The principal amount of the 2015 Bonds outstanding as at the Latest Practicable Date amounted to HK$33.5 million.

The Company's share option scheme was adopted pursuant to a resolution passed on 28 August 2002 (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for Shares.

As at the Latest Practicable Date, the number of Shares which remained outstanding under the Share Option Scheme was 24,650,000, representing approximately 1.26% of the Shares in issue at that date. The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders.

Options granted will be taken up upon payment of HK$1 per option. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

Details of share options, which were granted on 21 October 2004 at an initial exercise price at HK$2.075 per Share, on 25 August 2006 at an initial exercise price at HK$3.290 per Share and on 8 May 2009 at an initial exercise price at HK$1.500 per Share, are as follows:

Category of grantee	Date of grant	Exercise price *HK$*	Outstanding as at Latest Practicable Date	Exercise period
Senior management				
Chris Cheong Thard HOONG	08 May 2009	1.500	1,850,000	16 September 2009–15 September 2019
			1,850,000	16 September 2010–15 September 2019
			1,850,000	16 September 2011–15 September 2019
			1,850,000	16 September 2012–15 September 2019
			7,400,000	
Denny Chi Hing CHAN	21 October 2004	2.075	500,000	1 January 2007–20 October 2014[(1)]
			1,800,000	1 January 2008–20 October 2014[(1)]
			2,000,000	1 January 2009–20 October 2014[(1)]
			4,300,000	
Bill Kwai Pui MOK	21 October 2004	2.075	1,200,000	1 January 2007–20 October 2014[(1)]
			1,800,000	1 January 2008–20 October 2014[(1)]
			2,000,000	1 January 2009–20 October 2014[(1)]
			5,000,000	
Other employees in aggregate	21 October 2004	2.075	250,000	1 November 2004–20 October 2014[(1)]
			425,000	1 January 2006–20 October 2014[(1)]
			1,075,000	1 January 2007–20 October 2014[(1)]
			2,275,000	1 January 2008–20 October 2014[(1)]
			2,975,000	1 January 2009–20 October 2014[(1)]
			7,000,000	
Other employees in aggregate	25 August 2006	3.290	450,000	1 January 2009–24 August 2016[(2)]
			500,000	1 January 2010–24 August 2016[(2)]
			950,000	
			24,650,000	

Notes:

(1) The extension of expiry date from 31 December 2010 to 20 October 2014 was approved by the Shareholders at the annual general meeting held on 4 August 2010.

(2) The extension of expiry date from 31 December 2010 to 24 August 2016 was approved by the Shareholders at the annual general meeting held on 4 August 2010.

Save as disclosed above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

During the two-year period immediately preceding the date of the Announcement, new Shares were issued by the Company as a result of the distribution of scrip dividend. Details of the issues of new Shares are as follow:

Date of issue	Number of Shares issued	Issue price per Share (HK$)	Total value (HK$million)
6 September 2010	6,051,909	2.28	13.8
16 February 2011	9,902,383	2.04	20.2
31 October 2011	31,330,600	1.452	45.6
10 February 2012	10,163,917	1.09	11.1

3. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each calendar month during the Relevant Period before the Latest Practicable Date; (ii) the last business day prior to the date of the Announcement; and (iii) the Latest Practicable Date:

Date	Closing price per Share *HK$*
31 October 2011	1.37
30 November 2011	1.04
30 December 2011	1.10
31 January 2012	1.21
29 February 2012	1.51
30 March 2012	1.39
13 April 2012 (the last business day prior to the date of the Announcement)	1.38
30 April 2012	1.42
31 May 2012	1.35
Latest Practicable Date	1.41

The highest and lowest closing prices per Share recorded on the Stock Exchange during the Relevant Period were HK$1.51 on 29 February 2011 and HK$1.04 on 30 November 2011 and 19 December 2011 respectively.

4. DIRECTORS' INTEREST

As at the Latest Practicable Date, the following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange:

(a) Long position in Shares and underlying Shares

Name of director	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
Tan Sri Dato' David CHIU	Beneficial owner	13,607,249	0.69%
	Interest of spouse	557,000(i)	0.03%
	Interest of controlled corporations	685,862,201(i)	35.00%
Dennis CHIU	Beneficial owner	10,373	0.00%
	Interest of controlled corporations	5,301,849(ii)	0.27%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218(iii)	0.20%

Notes:

(i) 685,849,880 shares were held by Sumptuous Assets Limited and 12,321 shares were held by Modest Secretarial Services Limited, companies 100% controlled by Tan Sri Dato' David CHIU and 557,000 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) 1,424,631 shares were held by Chiu Capital N.V., a company 100% controlled by Mr. Dennis CHIU, and 3,877,218 shares were held by First Level Holdings Limited, a company 100% controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.

(iii) These shares were held by First Level Holdings Limited, a company 100% controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and were entirely duplicated and included in the corporate interest of Mr. Dennis CHIU.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at Latest Practicable Date.

(b) Share options

As at the Latest Practicable Date, the Company has not granted to the Directors any share option under the Share Option Scheme.

(c) Interests in associated corporations

As at the Latest Practicable Date, the interests of Directors in the share capital of the Company's associated corporations were as follows:

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	Approximate% of the relevant issued share capital*
Tan Sri Dato' David CHIU	KHI	Interest of spouse	8,355[(i)]	0.00%
		Interest of controlled corporations	1,469,773,254[(i)]	73.49%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000[(ii)]	25.00%
Dennis CHIU	KHI	Beneficial owner	30	0.00%
		Interest of controlled corporations	78,423[(iii)]	0.00%
Daniel Tat Jung CHIU	KHI	Interest of controlled corporation	58,158[(iv)]	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	825[(v)]	8.25%

Notes:

(i) 7,773,254 shares in KHI were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,462,000,000 shares in KHI were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 35.7% interest in the issued share capital of the Company and was therefore deemed to have an interest in these shares in KHI. 8,355 shares in KHI were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.

(iii) 20,265 shares in KHI were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 58,158 shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.

(iv) These shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and are entirely duplicated and included in the interest of controlled corporation of Mr. Dennis CHIU.

(v) These shares in Care Park Group Pty. Ltd. were held by Chartbridge Pty Ltd in its capacity as the trustee of The Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of The Craig Williams Family Trust, was deemed to be interested in these shares.

* The percentage represents the number of ordinary shares interested divided by the number of the respective associated corporations' issued shares as at Latest Practicable Date.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

(d) Service contracts

As at the Latest Practicable Date, there is subsisting an employment contract dated 27 July 2009 ("Service Contract") entered into between Care Park Pty Ltd ("Care Park"), a subsidiary of the Company, and Robert Belteky ("Mr. Belteky"). Pursuant to the Service Contract, Mr. Belteky was appointed as the managing director of Care Park and its subsidiaries from 27 July 2009 for a period of 10 years. The current annual salary of Mr. Belteky under the Service Contract is A$300,000 (equivalent to approximately HK$2,340,000) which is subject to annual review. In addition, subject to meeting performance, financial and operating targets set by the board of Care Park ("CP Board"), Mr. Belteky may, at the discretion of the CP Board, be entitled to a performance bonus of up to A$100,000 (equivalent to approximately HK$780,000) in each year.

As at the Latest Practicable Date, save for the Service Contract, there were no existing or proposed service contracts between any of the directors or proposed directors of the Group and any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

As at the Latest Practicable Date, there were no service contracts with the Group or associated companies of the Company in force for Directors (i) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Announcement; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

(e) Interest in assets of the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which has been, since 31 March 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or was proposed to be acquired or disposed of by or leased to any member of the Group.

(f) Interest in contracts and arrangements

Save as disclosed hereunder, none of the Directors had material interest in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As disclosed in the joint announcement of the Company and KHI dated 11 October 2011, on 11 October 2011, Subang Jaya Hotel Development Sdn Bhd ("**Subang Jaya**"), a wholly-owned subsidiary of KHI, entered into an agreement with Mayland Valiant Sdn Bhd ("**Mayland Valiant**") to jointly develop certain portion of the land plot where the Group's Grand Dorsett Subang Hotel is situated at. Mayland Valiant is responsible for the development activities and the subsequent sales of the 1,989 units. Subang Jaya will be entitled to 50% of the profit or loss from the development. Mayland Valiant is wholly owned by Malaysia Land Properties Sdn Bhd ("**Mayland Properties**") which in turn is a wholly-owned subsidiary of Prestige Aspect Sdn Bhd, the majority equity interest of which is owned by Tan Sri Dato' Chiu David, an executive Director, chairman and chief executive officer of the Company and a non-executive Director and Chairman of KHI. Tan Sri Dato' Chiu David is also the chief executive officer of Mayland Properties.

(g) Interest in competing business

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or their respective associates had any interest in a business, which competes or may compete with the business of the Group.

5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, as far as the Directors are aware, the following persons had a long position or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate% of the relevant issued share capital*
Sumptuous Assets Limited	Beneficial owner	685,849,880(i) (long position)	35.00%
Penta Investment Advisers Limited	Investment manager	559,505,933(ii) (long position)	28.5%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.65%
	Interest of controlled corporations	141,060,351(iii) (long position)	7.20%
	Interest of spouse	1,624,301(iii) (long position)	0.08%

Notes:

(i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(ii) Penta is presumed to be a concert party of the Chiu Family under the Takeovers Code as at the Latest Practicable Date and will cease to be a presumed concert party of the Chiu Family under the Takeovers Code upon Completion by virtue of the fact that its shareholding will reduce to approximately 19.1% of the reduced issued share capital of the Company thereupon. As far as is known by the Directors, as at the Latest Practicable Date, the funds and managed accounts to which Penta is the investment adviser were interested in 559,505,933 Shares and derivative interests equivalent to 13,515,764 underlying Shares.

(iii) 141,060,351 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at the Latest Practicable Date.

Save as disclosed above, none of the Directors is aware of any person (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had a long or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

6. DEALINGS

(a) On 27 June 2011 and 24 November 2011, the Company respectively announced that the Board resolved to recommend/declare a final dividend of HK5 cents per Share for the year ended 31 March 2011 (the "**Final Dividend**") and an interim dividend of HK1 cent per Share for the six months ended 30 September 2011 (the "**Interim Dividend**") to the Shareholders in the form of new fully paid Shares (the "**Scrip Shares**") with the Shareholders being given the option to receive cash in lieu of all or part of their Scrip Shares entitlements. The Scrip Shares were allotted to the Shareholders, including some of the members of the Chiu Family such as Tan Sri Dato' David CHIU, Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, on 31 October 2011 and 10 February 2012 at an effective issue price of HK$1.452 per Scrip Share and HK$1.09 per Scrip Share respectively pursuant to the scrip dividend scheme. Details of the Scrip Shares taken by various members of the Chiu Family are set out in the table below.

Name of the Chiu Family members	Number of Scrip Shares taken on 31 October 2011	Number of Scrip Shares taken on 10 February 2012
Mr. Deacon Te Ken Chiu	4,655,701	1,283,089
Madam Ching Lan Ju Chiu	53,578	14,765
Tan Sri Dato' David Chiu	23,072,918	6,358,806
Ms. Nancy Ng	0	0
Mr. Dennis Chiu	48,515	13,045
Mr. Daniel Tat Jung Chiu	0	0
Mr. Dick Tat Shing Chiu	34,169	9,416
Mr. Derek Chiu	0	0
Ms. Margaret Chiu	24,013	6,618
Mr. Duncan Chiu	1,957	0
Total	**27,890,851**	**7,685,739**

(b) The Company has effected on-market repurchases of some 2015 Bonds in the aggregate principal amount of HK$30,000,000 on two trading days during the Relevant Period (the "**CB Repurchases**"). Upon the exercise of the put option by the holders of the 2015 Bonds on 5 March 2012, the Company has redeemed some 2015 Bonds in the aggregate principal amount of HK$649,500,000 (the "**CB Redemption**") on 5 March 2012. The CB Repurchases and the CB Redemption were made pursuant to the terms of the 2015 Bonds. Details of the CB Repurchases and CB Redemption are set out in the table below.

Repurchase date	**Amount involved** *(HK$)*
3 November 2011	10,000,000
12 December 2011	20,000,000
Total	**30,000,000**

Redemption date	**Amount involved** *(HK$)*
5 March 2012	649,500,000

(c) Somerley Limited ("**Somerley**") is the financial adviser to the Company in respect of the Share Repurchase and Whitewash Waiver. The CorporActive Fund Limited (the "**Fund**"), the investment manager of which is a fellow subsidiary of Somerley, had 585,000 Shares as at the Latest Practicable Date.

7. ADDITIONAL DISCLOSURE OF INTERESTS

(a) As at the Latest Practicable Date, there is no irrevocable commitment received by the Sumptuous Concert Group to vote for or against the resolution(s) approving the Share Repurchase Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver.

(b) As at the Latest Practicable Date, there are no outstanding derivatives in respect of securities in the Company entered into by any member of the Sumptuous Concert Group.

(c) As at the Latest Practicable Date, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of any member of the Sumptuous Concert Group and which might be material to the Share Repurchase or the Whitewash Waiver.

(d) As at the Latest Practicable Date, there is no other agreement or arrangement to which the Sumptuous Concert Group or any member of the Sumptuous Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Repurchase Agreement or the Whitewash Waiver.

(e) As at the Latest Practicable Date, there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any member of the Sumptuous Concert Group have borrowed or lent.

(f) As at the Latest Practicable Date, there was no agreement, arrangement or understanding between the Sumptuous Concert Group and other persons in relation to the transfer, charge or pledge of the Shares in relation to the Share Repurchase and/or the Whitewash Waiver.

(g) Save as disclosed in the sections headed "Directors' Interests" and "Dealings" in this appendix IV, the Sumptuous Concert Group, the sole shareholder and sole director of Sumptuous and the Directors and any person acting in concert with the Directors did not have any shares, convertible securities, warrants, options or other derivatives of the Company as at the Latest Practicable Date and none of the Sumptuous Concert Group, the sole shareholder and sole director of Sumptuous and the Directors and any person acting in concert with the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.

(h) As at the Latest Practicable Date, no person has irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM.

(i) As at the Latest Practicable Date, the Sumptuous Concert Group did not have any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person and no person with the arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.

(j) The Company did not hold as at the Latest Practicable Date, nor has dealt in, during the Relevant Period, any shares, convertible securities, warrants, options or derivatives of Sumptuous.

(k) None of the Directors has dealt for value in any shares, convertible securities, warrants, options or derivatives of Sumptuous during the Relevant Period.

(l) Save as disclosed in this appendix IV, as at the Latest Practicable Date, none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; and (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company.

(m) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code.

(n) Tan Sri Dato' David Chiu, Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu, each a Director and a party acting in concert with Sumptuous, are required to abstain from voting at the EGM by reason of the requirements of the Takeovers Code, the Repurchase Code and the Listing Rules. As at the Latest Practicable Date, none of the other Directors held any Shares and thus will not be entitled to vote at the EGM.

(o) During the Relevant Period, there have been no shares, convertible securities, warrants, options or derivatives in the Company which the Company, any Director or any person acting in concert with any Director has borrowed or lent.

(p) No benefit will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Share Repurchase Agreement and/or the Whitewash Waiver.

(q) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Share Repurchase and/or the Whitewash Waiver or otherwise connected with the Share Repurchase and/or the Whitewash Waiver.

(r) As at the Latest Practicable Date, save as disclosed in item 4(f) in this appendix, there was no material contract entered into by any member of the Sumptuous Concert Group in which any Director had a material personal interest.

(s) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any member of the Sumptuous Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Share Repurchase and/or the Whitewash Waiver.

(t) Save as disclosed in the section headed "Dealings" in this appendix, as at the Latest Practicable Date, there was no shares, convertible securities, warrants, options or derivatives in the Company which are managed on a discretionary basis by fund managers connected with the Company.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance or might become a party to any material litigation and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group which are or may be material, have been entered into by the Group after the date two years preceding the date of the Announcement and up to the Latest Practicable Date:

(a) bought and sold notes dated 5 May 2010 for the transfer of 1 share in Excel Chinese International Limited by Far East Consortium Limited ("**FECL**"), a subsidiary of the Company, to Havena Holdings Limited ("**Havena**") for a consideration of HK$1.00;

(b) bought and sold notes dated 28 May 2010 for the transfer of 10,000 shares in Hong Kong (SAR) Hotel Limited by FECL to Havena for a consideration of HK$10,000.00;

(c) equity transfer agreement dated 7 June 2010 for the transfer of 48% equity interest in Ching Chu Shanghai Trading Market Operations and Management Co., Ltd. by Ching Chu (Shanghai) Real Estate Development Co., Ltd., a subsidiary of the Company, to Shanghai Chingchu Property Development Co., Ltd., a subsidiary of the Company, for a consideration of RMB240,000;

(d) bought and sold notes dated 26 August 2010 for the transfer of 2 shares in Esmart Management Limited by FECL to Havena for a consideration of HK$2.00;

(e) bought and sold notes dated 26 August 2010 for the transfer of 1 share in Panley Limited by FECL to Havena for a consideration of HK$1.00;

(f) bought and sold notes dated 27 August 2010 for the transfer of 2 shares in Ruby Way Limited by FECL to Havena for a consideration of HK$2.00;

(g) share transfer form dated 30 August 2010 for the transfer of 1 share in Tang Hotel Pte. Ltd. by Madison Lighters & Watches Company Limited, a subsidiary of the Company, to Tang Hotel Investments Pte. Ltd., a subsidiary of the Company, for a consideration of S$1.00;

(h) corporate investor agreement dated 2 September 2010 entered into by and among KHI, Chow Tai Fook Nominee Limited, Credit Suisse (Hong Kong) Limited ("**Credit Suisse**"), Morgan Stanley Asia Limited ("**Morgan Stanley**") and The Royal Bank of Scotland N.V., Hong Kong Branch ("**RBS**") pursuant to which Chow Tai Fook Nominee Limited agreed to subscribe for offer shares in KHI for a consideration of HK$100 million;

(i) a deed of indemnity dated 10 September 2010 signed by Ample Bonus Limited and the Company in favour of KHI. Pursuant to the deed of indemnity, the Company and Ample Bonus Limited agreed, amongst others, to indemnify KHI together with its group of companies and keep them indemnified from any depletion or reduction in the value of their assets, or increase in the liabilities, loss or deprivation of any relief from taxation, social security obligations and/or retirement benefits of any of the KHI's group of companies as a result of or in connection with any claim in respect of any income, profit or gains earned, accrued or received and /or assets acquired on or before the date on which the global offering of the shares of KHI become unconditional;

(j) a deed of non-competition undertaking dated 10 September 2010 signed by Tan Sri Dato' David Chiu and the Company in favour of KHI. Pursuant to the deed of non-competition undertaking, the Group and Tan Sri Dato' David Chiu agreed, amongst others, not to engage or involve in any business, directly or indirectly in competition with or likely to be in competition with the business of KHI and shall not directly or indirectly solicit and entice away any personnel, supplier and management staff from KHI within a specified restricted period;

(k) bought and sold notes dated 13 September 2010 for the transfer of 2 shares in Everkent Development Limited by FECL to Havena for a consideration of HK$2.00;

(l) an instrument of transfer dated 14 September 2010 for the transfer of 1 share in Giovanna Holdings Limited by KHI to FECL for a consideration of US$1.00;

(m) an instrument of transfer dated 17 September 2010 for the transfer of 1 share in Full Benefit Limited by FECL to KHI for a consideration of US$1.00;

(n) an instrument of transfer dated 17 September 2010 for the transfer of 1 share in Havena by FECL to KHI for a consideration of US$1.00;

(o) an instrument of transfer dated 17 September 2010 for the transfer of 1 share in Wonder China Investments Limited by FECL to KHI for a consideration of US$1.00;

(p) an instrument of transfer dated 17 September 2010 for the transfer of 2 shares in Jade River Profits Limited by FECL to KHI for a consideration of US$2.00;

(q) an instrument of transfer dated 17 September 2010 for the transfer of 1 share in Rosicky Limited by FECL to KHI for a consideration of US$1.00;

(r) a form of transfer of securities dated 17 September 2010 for the transfer of 5,000,000 shares in Dorsett Regency Hotel (M) Sdn. Bhd. by FEC Development (Malaysia) Sdn. Bhd. to KHI for a consideration of RM5,000,000.00;

(s) share transfer form dated 17 September 2010 for the transfer of 2 shares in Tang Hotel Investments Pte. Ltd. by Madison Lighters & Watches Company Limited to KHI for a consideration of S$2.00;

(t) the underwriting agreement dated 27 September 2010 relating to the Hong Kong public offering of the shares of KHI entered into amongst KHI, the Company, Ample Bonus Limited, Credit Suisse, Morgan Stanley, RBS, China Everbright Securities (HK) Limited, Taifook Securities Company Limited and Sun Hung Kai International Limited;

(u) the Share Repurchase Agreement; and

(v) the variation deed dated 16 May 2012 entered into amongst (i) Care Park Group Pty Ltd., a non-wholly owned subsidiary of the Company (ii) FEC Care Park Holdings (Australia) Pty Limited, a wholly-owned subsidiary of the Company ("**FEC Australia**") (iii) Warmlink Pty Limited ("**Warmlink**"), Chartbridge Pty Limited ("**Chartbridge**"), Deanne Pointon (together, the "**Minority Shareholders**") and (iv) Far East Consortium (Australia) Pty Limited (acting in its own capacity and as trustee of the 360 St Kilda Road Unit Trust), Royal Domain Towers Pty Limited (acting in its own capacity and as trustee of the 370 St Kilda Road Unit Trust), Far East Rockman Hotels (Australia) Pty Limited and Bradney Proprietary Limited (acting in its own capacity and as trustee of the 265 Exhibition Street Unit Trust), all being indirect wholly-owned subsidiaries of the Company ("**Variation Deed**"). Pursuant to the Variation Deed, the parties agreed to vary certain terms of the shareholders agreement dated 7 May 2009 entered into amongst them. The terms that were varied include, amongst others, (i) the extension of the exercise date of the put options by Warmlink and Deane Pointon and the call options by FEC Australia from 2013 to 2016 and (ii) the cancellation of the exercise of the fourth anniversary put option and call option in 2013 by Chartbridge and FEC Australia respectively.

10. EXPERTS AND CONSENTS

(a) The following are the experts (the "**Experts**"), including their respective qualifications, who have given their opinions or letters which are included in this circular:

Name	Qualification
Investec	a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	certified public accountants
DTZ Debenham Tie Leung Limited ("DTZ")	independent professional valuer
Raine & Horne International Zaki + Partners Sdn. Bhd. ("RHI")	independent professional valuer
Jones Lang LaSalle Property Consultant Pte Ltd ("JLL")	independent professional valuer
Savills Valuation and Professional Services (S) Pte Ltd ("Savills")	independent professional valuer
Urbis Valuations Pty Ltd ("Urbis")	independent professional valuer
廣東正大聯合律師事務所 Guangdong Zhengda United Law Firm	PRC legal adviser

Name	Qualification
上海昊坤律師事務所 Shanghai Haokun Law Firm	PRC legal adviser
湖北安格律師事務所 Hubei Angel Law Firm	PRC legal adviser
國浩律師成都事務所 Grandall Law Firm (Chengdu)	PRC legal adviser
Syed Alwi, Ng & Co.	Malaysian legal adviser

(b) As at the Latest Practicable Date, none of the Experts has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, the Experts have given and have not withdrawn their respective written consent to the issue of this circular with the inclusion of their respective opinions or letters and/or the references to their names in the form and context in which they are respectively included.

(d) As at the Latest Practicable Date, none of the Experts had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to any member of the Group, or was proposed to be acquired or disposed of by, or leased to any member of the Group since 31 March 2012, the date to which the latest published audited financial statements of the Group were made up.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours (other than Saturdays, Sundays and public holidays) at the principal office of the Company at 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.fecil.com.hk) from the date of this circular up to and including the date of the EGM:

(a) the Memorandum of Association and the Articles of Association of the Company;

(b) the Memorandum of Association and the Articles of Association of Sumptuous;

(c) the annual reports of the Company for the two years ended 31 March 2010 and 2011, and interim report of the Company for the six months ended 30 September 2011;

(d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(e) the letter from Investec containing its advice to the Independent Board Committee and the Disinterested Shareholders, the text of which is set out in the section headed "Letter from Investec" in this circular;

(f) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group, the text of which is set out in appendix II to this circular;

(g) the valuation reports from each of DTZ, RHI, JLL, Savills and Urbis in respect of the property interest of the Group, the texts of which are set out in appendix III to this circular;

(h) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(i) the service contract referred to in the paragraph headed "Service contracts" in this appendix; and

(j) the material contracts referred to in the paragraph headed "Material contracts" in this appendix.

12. MISCELLANEOUS

(a) The Hong Kong share registrar and transfer office of the Company is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(b) The registered address of Somerley Limited is 10th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

(c) The registered address of Investec is Suite 3609, 36/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

(d) The address of Sumptuous and other members of the Sumptuous Concert Group (as set out in the note 1 to the table in the section headed "Effects on Shareholding Structure of the Company" in the letter from the Board in this circular) is 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong. The sole shareholder and director of Sumptuous is David Chiu.

(e) In the event of inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.fecil.com.hk
(Stock code: 35)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of Far East Consortium International Limited ("**Company**") will be held at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen's Road East, Wanchai, Hong Kong, on Friday, 20 July 2012 at 11:30 a.m. or immediately after the conclusion of the extraordinary general meeting of the Company to be held on the same day at 11:00 a.m. (details of which are set out in the circular issued by the Company dated 26 June 2012), for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as resolutions of the Company:

SPECIAL RESOLUTION

1. "**THAT**

   (a) the share repurchase agreement dated 16 April 2012 ("**Share Repurchase Agreement**") entered into between Penta Investment Advisers Limited ("**Penta"**) and the Company in relation to the proposed purchase ("**Share Repurchase**") of the 230,000,000 ordinary shares of HK$0.10 each ("**Repurchase Shares**") in the issued share capital of the Company by the Company from Penta at the proposed total consideration of HK$282,900,000 (a copy of which is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby confirmed, approved and ratified;

   (b) the Share Repurchase and the transactions contemplated under the Share Repurchase Agreement be and are hereby approved; and

   (c) the directors of the Company ("**Directors**") be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Share Repurchase Agreement and the transactions contemplated thereunder.

ORDINARY RESOLUTION

2. "**THAT** the terms of the waiver pursuant to Note 1 on the Dispensations from Rule 26 of the Code on Takeovers and Mergers of Hong Kong ("**Whitewash Waiver**") in respect of the obligation of Sumptuous Assets Limited and parties acting in concert with it ("**Sumptuous Concert Group**") to make a mandatory general offer for all the shares of the Company not already owned by the Sumptuous Concert Group which would otherwise arise as a result of the Share Repurchase be and are hereby approved and the Directors be and are hereby authorised

to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to any matters relating to the Whitewash Waiver."

By order of the Board of
Far East Consortium International Limited
CHEUNG Wai Hung Boswell
Chief Financial Officer and Company Secretary

Hong Kong, 27 June 2012

Registered office:
P.O. Box 1043, Ground Floor
Caledonian House, Mary Street
George Town
Grand Cayman, Cayman Islands
British West Indies

Principal office in Hong Kong:
16th Floor, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Notes:

1. For the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the EGM, the Register of Members of the Company will be closed from Wednesday, 18 July 2012 to Friday, 20 July 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 17 July 2012.

2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company but must be present in person to represent the member.

3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

4. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person, or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM or any adjournment thereof, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the name stands first in the Register of Members of the Company in respect of such joint holding.

5. The resolutions set out in the notice will be decided by poll at the EGM.