
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this offer document or the offer contained herein, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Allied Group Limited (the "Company"), you should at once hand this document, together with the accompanying form of proxy and Acceptance Form (as defined herein) to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This document should be read in conjunction with the accompanying Acceptance Form, the contents of which form part of the terms and conditions of the Offer (as defined herein).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this offer document and the accompanying forms, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offer document and the accompanying forms.



ALLIED GROUP LIMITED (聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

CONDITIONAL CASH OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF ALLIED GROUP LIMITED TO REPURCHASE UP TO 36,588,363 SHARES FOR HK\$18.50 PER SHARE, INVOLVING AN APPLICATION FOR WHITEWASH WAIVER

Financial Adviser



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Independent financial adviser to the independent board committee
and independent shareholders



PELICAN FINANCIAL
Pelican Securities Limited

A letter from the Board is set out on pages 6 to 16 of this offer document. A letter from Yu Ming Investment Management Limited containing, among other things, details of the terms of the Offer is set out on pages 17 to 26 of this offer document. A letter from the independent board committee of the Company to the independent shareholders of the Company is set out on pages 27 to 28 of this offer document. A letter from Pelican Securities Limited containing its opinion and advice to the independent board committee of the Company and the independent shareholders of the Company is set out on pages 29 to 49 of this offer document.

Custodians, nominees and trustees who would, or otherwise intend to, forward this document and/or the accompanying Acceptance Form to any jurisdiction outside Hong Kong, should read carefully the paragraphs headed "Overseas Shareholders" in the letter from Yu Ming Investment Management Limited and in Appendix I to this offer document. A notice convening the EGM (as defined herein) to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 13th November, 2009 is set out on pages VI-1 to VI-2 of this offer document.

A form of proxy for use at the EGM is enclosed herein. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but, in any event, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Such form of proxy for use at the EGM is also published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.alliedgroup.com.hk). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or at any adjourned meeting (as the case may be) in person should you so wish.

23rd October, 2009

CONTENTS

	<i>Page</i>
Expected timetable	ii
Definitions	1
Letter from the Board	6
Letter from Yu Ming	17
Letter from the Independent Board Committee	27
Letter from Pelican Securities	29
Appendix I – Principal terms of the Offer	I-1
Appendix II – Financial information of the Group	II-1
Appendix III – Comfort letter	III-1
Appendix IV – Property valuation report	IV-1
Appendix V – Statutory and general information	V-1
Notice of EGM	VI-1
Accompanying documents	
– Form of proxy for the EGM	
– Acceptance Form	

EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced by the Company.

Despatch of the Offer Document and notice of EGM Friday, 23rd October, 2009

Latest time to lodge form of proxy for the EGM 10:00 a.m. on
Wednesday, 11th November, 2009

EGM 10:00 a.m. on
Friday, 13th November, 2009

Announcement of results of the EGM and
whether the Offer has become unconditional Friday, 13th November, 2009

Latest time and date for submitting
Acceptance Forms (*Note 2*) 4:00 p.m. on
Friday, 27th November, 2009

First closing date of the Offer (*Note 2*) Friday, 27th November, 2009

Record date and time for determining
Accepting Shareholders' Assured Entitlement and
Excess Tenders under the Offer (*Note 2*) 4:00 p.m. on
Friday, 27th November, 2009

Announcement of the results of the Offer
through the website of the Stock Exchange (*Note 2*) no later than 7:00 p.m. on
Friday, 27th November, 2009

Latest date for despatch of cheques to Accepting
Shareholders and return of Share certificates to
partly unsuccessful tenders (*Note 3*) Monday, 7th December, 2009

Notes:

1. The above timetable assumes that the Offer is approved by the Independent Shareholders at the EGM and the Conditions are satisfied resulting in the Offer becoming unconditional on 13th November, 2009.
2. In case the total number of Shares validly acceded to the Offer is less than 36,588,363 Shares on the first closing date of the Offer, the Company reserves its right to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as it is permitted by the Executive in accordance with the Takeovers Code). The Company will issue an announcement in relation to any extension of the Offer and the extended record date and time for determining the Assured Entitlements of the Accepting Shareholders. In any event, if the Offer is extended, the Offer will remain open for acceptance for not less than 14 days after the first closing date of the Offer in accordance with the Takeovers Code.
3. Remittance for the total amounts due to Accepting Shareholders under the Offer (subject to deduction of seller's ad valorem stamp duty payable on the Shares repurchased from such Accepting Shareholders) will be made by the Company within 10 days after the close of the Offer. If the Offer is extended as mentioned in note 2 above, the latest date for despatch of cheques to Accepting Shareholders and (if applicable) return of Share certificate(s) and other document(s) for Shares not taken up will be extended accordingly.
4. All references to date and time contained in this Offer Document refer to Hong Kong time.

DEFINITIONS

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

“Acceptance Form”	the form accompanying this Offer Document to the Qualifying Shareholders as part of the Offer Document for acceptance of the Offer
“Accepting Shareholder(s)”	Qualifying Shareholder(s) who accept(s) the Offer by submitting Acceptance Form(s)
“acting in concert”	shall have the meaning set out in the Takeovers Code
“Announcement”	the announcement dated 17th September, 2009 made by the Company in respect of the Offer and the Whitewash Waiver
“Assured Entitlement”	the aggregate number of the Shares which every Accepting Shareholder is entitled to be repurchased by the Company, calculated on a pro-rata basis of 540 Shares for every 2,000 Shares registered in the name of the relevant Accepting Shareholder
“Board”	board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	conditions set out under the heading “Conditions to the Offer” to which the Offer is subject
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened in connection with the Offer and the Whitewash Waiver at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 13th November, 2009 at 10:00 a.m. or any adjournment thereof

DEFINITIONS

“Excess Tenders”	Shares tendered for acceptance under the Offer by the relevant Qualifying Shareholder in excess of his/her Assured Entitlement
“Excluded Shareholder(s)”	Overseas Shareholder(s) whose address(es), as shown on the Register as at the Latest Practicable Date is located in a jurisdiction the laws of which prohibit the making of the Offer to such Overseas Shareholder or otherwise require the Company to comply with additional requirements which are (in the opinion of the Board, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Overseas Shareholders involved in that jurisdiction and the size of their shareholdings in the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, namely Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie and Mr. Alan Stephen Jones, is established to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Independent Shareholder(s)”	Shareholder(s) other than the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them
“Last Trading Day”	11th September, 2009, being the last trading day prior to the suspension of trading in the Shares when the terms of the Offer is determined
“Latest Acceptance Time”	the latest time for receipt by the Registrar of the Acceptance Form submitted by the Qualifying Shareholders, being 4:00 p.m. on Friday, 27th November, 2009, or such later date as the Company may announce in accordance with the requirements of the Takeovers Code

DEFINITIONS

“Latest Practicable Date”	20th October, 2009, being the latest practicable date prior to the printing of this Offer Document for the purpose of ascertaining certain information contained in this Offer Document
“Lee and Lee Trust”	Lee and Lee Trust, a discretionary trust which was established for the benefit of, inter alia, the present and future children of the Trustees and others, and is beneficially interested in 108,626,492 Shares, representing approximately 44.53% of the issued share capital of the Company as at the Latest Practicable Date
“Licensed Corporation(s)”	a licensed corporation as defined in Part I to Schedule 1 of the SFO
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maximum Number of Shares”	the maximum number of the Shares to be repurchased pursuant to the Offer, being 36,588,363 Shares in aggregate, representing approximately 15.0% of the total issued share capital of the Company as at the Latest Practicable Date
“Offer”	the offer by the Company to repurchase the Maximum Number of Shares at the Offer Price from the Qualifying Shareholders for cancellation
“Offer Document”	this circular to the Shareholders (comprising the offer document, a notice of EGM, the form of proxy for voting at the EGM and the Acceptance Form, save for the Offer Document to be despatched to the Excluded Shareholder shall exclude the Acceptance Form) to be issued in connection with the Offer
“Offer Period”	shall have the meaning set out in the Takeovers Code
“Offer Price”	HK\$18.50, being the repurchase price under the Offer
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown in the Register, are outside Hong Kong

DEFINITIONS

“Pelican Securities”	Pelican Securities Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s) (if any), whose name(s) appear on the Register at the close of the Offer, which is currently expected to be 4:00 p.m. on Friday, 27th November, 2009
“Register”	the register of members of the Company
“Registrar”	Computershare Hong Kong Investor Services Limited, being the share registrar and transfer office of the Company, whose address is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period from 16th March, 2009, being the date falling on the six months before the date of the Announcement, up to and including the Latest Practicable Date
“Repurchase Code”	Hong Kong Code on Share Repurchases
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of nominal value of HK\$2.00 each in the share capital of the Company
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus Shares”	being the Maximum Number of Shares less the aggregate Shares in respect of which the Offer is accepted by the Accepting Shareholders which are within their respective Assured Entitlements

DEFINITIONS

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Title Documents”	the relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title with respect to ownership of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof)
“Trustees”	Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang, the trustees for Lee and Lee Trust
“Whitewash Waiver”	a waiver to be granted by the Executive in respect of the obligations of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui and parties acting in concert with any of them to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code for all the Shares not held by the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them, which obligation may otherwise arise as a result of the completion of the Offer
“Yu Ming”	Yu Ming Investment Management Limited, an indirect wholly-owned subsidiary of the Company and a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Company in respect of the Offer
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



ALLIED GROUP LIMITED **(聯合集團有限公司)**

(Incorporated in Hong Kong with limited liability)
(Stock Code: 373)

Executive Directors:

Lee Seng Hui (*Chief Executive*)
Edwin Lo King Yau
Mak Pak Hung

Non-Executive Directors:

Arthur George Dew (*Chairman*)
Lee Su Hwei

Independent Non-Executive Directors:

Wong Po Yan
David Craig Bartlett
John Douglas Mackie
Alan Stephen Jones

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

23rd October, 2009

To the Independent Shareholders

Dear Sir or Madam,

CONDITIONAL CASH OFFER
BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF ALLIED GROUP LIMITED
TO REPURCHASE UP TO 36,588,363 SHARES
FOR HK\$18.50 PER SHARE,
INVOLVING AN APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

On 17th September, 2009, the Board announced that a conditional cash offer would be made by Yu Ming on behalf of the Company in compliance with the Repurchase Code, subject to fulfilment of the Conditions, to repurchase for cancellation up to the Maximum Number of Shares, being 36,588,363 Shares, representing approximately 15.0% of the total issued share capital of the Company as at the Latest Practicable Date. The Qualifying Shareholders may accept the Offer by submission of Acceptance Forms for the sale of their Shares to the Company at the Offer Price of HK\$18.50 per Share.

LETTER FROM THE BOARD

The purpose of this Offer Document is to provide you with, among other things, (i) detailed information relating to the Offer and the Whitewash Waiver; (ii) a letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; (iii) a letter of advice from Pelican Securities containing its advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; and (iv) a notice of the EGM to consider and approve, if thought fit, the Offer and the Whitewash Waiver.

THE OFFER

The maximum amount payable by the Company under the Offer is HK\$676,884,715.50. The Offer will be satisfied by internal resources of the Group. The Board and Yu Ming are of the opinion that sufficient financial resources are available to the Company to implement the Offer in full if the Maximum Number of Shares are repurchased.

The Offer will be made in full compliance with the Repurchase Code. The Offer will be conditional upon, amongst other things, (i) approval of the Offer by the Independent Shareholders voting by way of a poll at the EGM, and (ii) the Whitewash Waiver being granted by the Executive, which would be subject to the approval by the Independent Shareholders of the Whitewash Waiver taken by way of a poll at the EGM. **If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will lapse.**

The Offer is also subject to the Conditions referred to under the section headed “Conditions to the Offer” in the letter from Yu Ming, as set out on page 21 of this Offer Document.

THE OFFER PRICE

The Offer Price (being HK\$18.50 per Share) will be paid in cash. The Offer Price represents:

- (i) a discount of approximately 2.12% to the closing price of the Shares of HK\$18.90 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.61% over the average price of HK\$18.03, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 6.94% over the average price of HK\$17.30, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 0.98% over the closing price of the Shares of HK\$18.32 each as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 51.25% to the Group’s net asset value of approximately HK\$37.95 per Share pursuant to the latest unaudited consolidated interim accounts of the Company as at 30th June, 2009.

LETTER FROM THE BOARD

WHITEWASH WAIVER

As at the Latest Practicable Date, Lee and Lee Trust was beneficially interested in 108,626,492 Shares, representing approximately 44.53% of the total issued share capital of the Company. Mr. Lee Seng Hui, one of the Trustees and an executive Director, other than those Shares held for Lee and Lee Trust, was beneficially interested in 22,921 Shares, representing approximately 0.01% of the total issued share capital of the Company as at the Latest Practicable Date. Ms. Lee Su Hwei, one of the Trustees and a non-executive Director, has no other interest in the Shares other than those Shares held for Lee and Lee Trust. Mr. Lee Seng Hui and Ms. Lee Su Hwei are deemed to be acting in concert with Lee and Lee Trust for the purposes of the Takeovers Code. Save for Shares held by Mr. Lee Seng Hui personally and for Lee and Lee Trust and Ms. Lee Su Hwei for Lee and Lee Trust, none of the other Directors owns, controls or directs any Shares or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. As at the Latest Practicable Date, the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui have irrevocably undertaken to the Company that they will not accept the Offer.

Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code provide that where, as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such interest will be treated as an acquisition for the purpose of the Takeovers Code. Consequently, depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Form and assuming full acceptance by the Independent Shareholders up to the Maximum Number of Shares, the beneficial interest in the Company's issued share capital held by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them may increase from its current level of approximately 44.54% to a maximum of approximately 52.40% upon completion of the Offer, thereby triggering a general obligation by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all Shares not beneficially owned by the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them.

Accordingly, an application for the Whitewash Waiver has been made to the Executive on behalf of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui. The Executive has agreed, subject to approval by the Independent Shareholders, to waive any obligations to make a general offer which might be resulted from the Offer.

If the Whitewash Waiver is granted and if, upon completion of the Offer, the interests of the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them exceed 50% of the voting rights of the Company, the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them may, in the future, increase their holding in the Shares without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer. However, there may be circumstances where there are changes in the make-up of the group consisting of the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them and the holdings of each party in this group may change from time to time. These being the case, any party in this group holding less than 50% of the issued share capital of the Company may incur an obligation to make a mandatory general offer under Rule 26.1 of the Takeovers Code upon further acquisition of the Shares by any of them unless a waiver from the Executive is granted.

LETTER FROM THE BOARD

The Offer and the grant of the Whitewash Waiver will be subject to the approval by the Independent Shareholders of an ordinary resolution to be obtained by way of a poll. If the Whitewash Waiver is not approved by the Independent Shareholders or if it is not granted by the Executive, the Offer will lapse.

DEALINGS IN THE SHARES

The Company has not repurchased any Shares during the Relevant Period and will not conduct any on-market share repurchase from the Latest Practicable Date up to and including the date on which the Offer closes, lapses or is withdrawn, as the case may be.

The Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them have confirmed that there has been no dealing in the Shares by them during the Relevant Period.

OTHER ARRANGEMENTS

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares between the Company and the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them which might be material to the Offer.

There is no agreement or arrangement to which the Company or the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer. None of the Company, the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them has borrowed or lent any Shares.

As at the Latest Practicable Date, save for the irrevocable undertakings given by the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui not to accept the Offer, no persons, including the Company and parties acting in concert with it has received any irrevocable commitment from any persons to irrevocably accept or reject the Offer.

As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Company, Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them. As such, no Shares were held by any person with whom the Company, Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.

SFC LICENCING

As at the Latest Practicable Date, several of the Company's indirectly owned subsidiaries constituted Licensed Corporations. Upon completion of the Offer, the beneficial ownership of Lee and Lee Trust in such Licensed Corporations may increase. The Trustees will notify the SFC of any such increase in shareholding accordingly.

OTHER APPROVALS

The Offer may be subject to the Company obtaining the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer. The Company is not aware of any such approvals being required as at the Latest Practicable Date.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURES

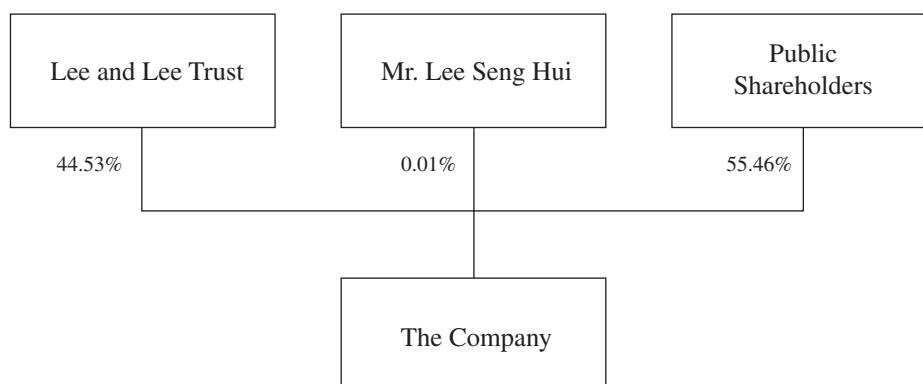
On the basis that the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui have irrevocably undertaken to the Company that they will not accept the Offer, the following table and charts illustrate the shareholding structure of the Company immediately before and after the completion of the Offer on the assumptions that (i) the number of the Shares repurchased reaches the Maximum Number of Shares; and (ii) the number of the Shares in issue as at the Latest Practicable Date remains unchanged until the completion of the Offer.

	Immediately before the Offer		Immediately after completion of the Offer	
	Shares	Approx. %	Shares	Approx. %
The Trustees for Lee and Lee Trust	108,626,492	44.53%	108,626,492	52.39%
Mr. Lee Seng Hui (Personal interest)	22,921	0.01%	22,921	0.01%
Aggregate holding of the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them	108,649,413	44.54%	108,649,413	52.40%
Public Shareholders	135,273,010	55.46%	98,684,647	47.60%
Total	243,922,423	100.00%	207,334,060	100.00%

Notes:

1. Lee and Lee Trust holds the Shares through companies wholly-owned by the Trustees as to 31.09% via Minty Hongkong Limited and 13.44% via Zealous Developments Limited, which in turn holds the 13.44% Shares through its wholly-owned subsidiary, Cashplus Management Limited.
2. As at the Latest Practicable Date, Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them did not hold or have control or direction over any other relevant securities (as defined under the Takeovers Code) of the Company, including any convertible securities, warrants or options or any outstanding derivative in respect of Shares.

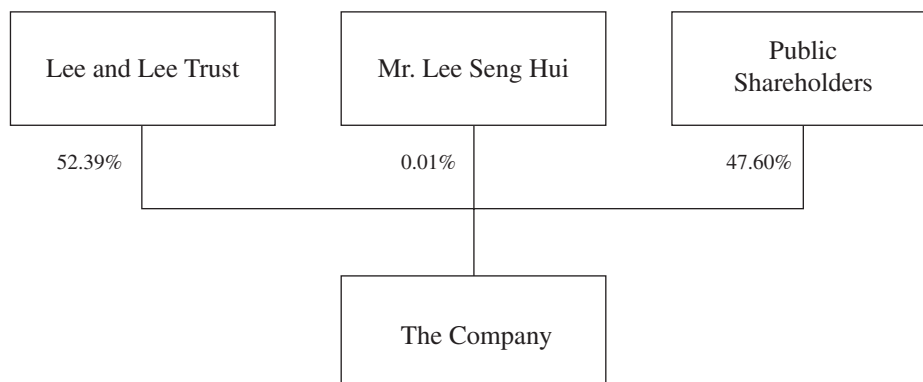
Immediately before the Offer



Total issued share capital: 243,922,423 Shares

LETTER FROM THE BOARD

Immediately after completion of the Offer



Total issued share capital: 207,334,060 Shares

Note: On the basis that (i) the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui have irrevocably undertaken to the Company as at the Latest Practicable Date that they will not accept the Offer; (ii) the number of the Shares repurchased reaches the Maximum Number of Shares; and (iii) the number of the Shares in issue as at the Latest Practicable Date remains unchanged until the completion of the Offer.

REASONS FOR THE OFFER

Since the Company has considerable liquid funds on hand and no bank borrowings and the interest rates available on cash deposits continue to be nominal, the Board believes it is appropriate to utilize these funds to purchase the Shares for cancellation and to thereby provide a mechanism for the Qualifying Shareholders to dispose of their Shares should they wish to do so.

In view of the above factors and having considered other methods of achieving its objectives with its professional advisers, the Board considers that the Offer is in the best interest of the Shareholders as it will:

- (i) appropriately utilize available surplus liquid funds of the Company;
- (ii) return a substantial part of the surplus funds to the Shareholders pursuant to the Offer;
- (iii) provide an opportunity for the Qualifying Shareholders either to sell their Shares and receive cash or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company; and
- (iv) have the effect of increasing the net asset value per Share and earnings per Share.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE OFFER

The following information was extracted from the unaudited pro forma financial information of the Group as set out in Appendix II in this Offer Document.

(a) Net asset value

Based on the unaudited consolidated net assets of the Group as at 30th June, 2009, upon completion of the Offer (assuming full acceptance thereof up to the Maximum Number of Shares), the financial impact of the Offer to the Group's net asset value is expected to be as follows:

	Immediately before the completion of the Offer <i>HK\$ Million</i>	Immediately following the completion of the Offer <i>HK\$ Million</i>
Unaudited net asset value of the Group as at 30th June, 2009 (<i>Note</i>)	9,257.0	9,257.0
Cost of the Offer	–	(676.9)
Estimated expenses of the Offer	–	(3.7)
	<u>9,257.0</u>	<u>8,576.4</u>
Number of Shares in issue	243,922,423	207,334,060
Unaudited adjusted net asset value per Share	HK\$37.95	HK\$41.37

Note: being the unaudited consolidated equity attributable to owners of the Company as at 30th June, 2009 as extracted from the Company's 2009 interim report.

(b) Basic earnings (loss) per Share

- (i) Based on the unaudited consolidated profit attributable to owners of the Company for the six months ended 30th June, 2009, upon completion of the Offer (assuming full acceptance thereof up to the Maximum Number of Shares), the financial impact of the Offer on the Group's basic earnings per Share is expected to be as follows:

	Immediately before the completion of the Offer <i>HK\$ Million</i>	Immediately following the completion of the Offer <i>HK\$ Million</i>
For the six months ended 30th June, 2009:		
Unaudited consolidated profit attributable to owners of the Company for the six months ended 30th June, 2009	<u>936.8</u>	<u>936.8</u>
Weighted average number of Shares in issue	244,000,000	207,411,637
Adjusted basic earnings per Share	HK\$3.84	HK\$4.52

LETTER FROM THE BOARD

- (ii) Based on the audited consolidated loss attributable to owners of the Company for the year ended 31st December, 2008, upon completion of the Offer (assuming full acceptance thereof up to the Maximum Number of Shares), the financial impact of the Offer on the Group's basic loss per Share is expected to be as follows:

	Immediately before the completion of the Offer <i>HK\$ Million</i>	Immediately following the completion of the Offer <i>HK\$ Million</i>
For the year ended 31st December 2008:		
Audited consolidated loss attributable to owners of the Company for the year ended 31st December, 2008	<u>(231.4)</u>	<u>(231.4)</u>
Weighted average number of Shares in issue	244,141,000	207,552,637
Adjusted basic loss per Share	HK\$(0.95)	HK\$(1.11)

(c) Liabilities

The Offer will be financed by internal resources of the Group and would have no effect on the Group's total liabilities. As at 30th June, 2009, the Group's unaudited total liabilities were approximately HK\$8,114.3 million (comprising unaudited current liabilities of approximately HK\$5,380.0 million and unaudited non-current liabilities of approximately HK\$2,734.3 million).

(d) Working capital

Assuming full acceptance of the Offer up to the Maximum Number of Shares, the total estimated cost of the Offer and the total estimated expenses in relation to the Offer will be approximately HK\$676.9 million and HK\$3.7 million respectively.

Accordingly, the Offer (assuming full acceptance thereof up to the Maximum Number of Shares) will decrease the working capital available to the Group by up to approximately HK\$680.6 million.

As at 30th June, 2009, the Group's unaudited working capital (being current assets less current liabilities) was approximately HK\$8,835.2 million and the Group had unaudited cash and bank balances of approximately HK\$2,962.5 million, which comprised pledged bank deposits and bank balances of approximately HK\$140.8 million and cash and cash equivalents of approximately HK\$2,821.7 million. The Offer (assuming full acceptance thereof up to the Maximum Number of Shares) would have reduced the working capital of the Group from approximately HK\$8,835.2 million to HK\$8,154.6 million.

LETTER FROM THE BOARD

The Directors believe that there will be no material adverse effect on working capital or gearing position of the Group assuming full acceptance of the Offer up to the Maximum Number of Shares. The Directors confirm that the Group will have sufficient working capital to meet its normal operating requirement after completion of the Offer.

INFORMATION ON THE GROUP

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, health administration, medical scheme administration, the provision of healthcare services, the provision of financial services, and investments in listed and unlisted securities.

FUTURE INTENTIONS ON THE GROUP

It is the intention of the Trustees for Lee and Lee Trust that (i) the business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer; (ii) no major changes will be introduced to the businesses of the Group; (iii) the employment of the employees of the Group will be continued; and (iv) the material fixed assets of the Group will not be redeployed as a result of the Offer.

The Stock Exchange has stated that if, upon the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. It is the intention of the Trustees for Lee and Lee Trust and the Directors have undertaken that they will take necessary steps to ensure sufficient public float exists in the Shares after the close of the Offer.

EGM

The Offer will be conditional upon, among other things, the passing of an ordinary resolution by way of a poll to approve the Offer and the Whitewash Waiver by the Independent Shareholders, either voting in person or by proxy, at the EGM.

The EGM will be convened at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 13th November, 2009 at 10:00 a.m. to consider and, if thought fit, approve the resolution in connection with the Offer and the Whitewash Waiver.

A notice convening the EGM is set out on pages VI-1 to VI-2 of this Offer Document and a form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Such form of proxy for use at the EGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.alliedgroup.com.hk). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or at any adjourned meeting (as the case may be) in person should you so wish.

In accordance with the requirements of Rule 2.9 of the Takeovers Code and Rule 13.39(4) of the Listing Rules, the votes for all resolutions by the Independent Shareholders at the EGM must be taken by poll.

LETTER FROM THE BOARD

The Independent Board Committee, comprising Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie and Mr. Alan Stephen Jones, as independent non-executive Directors, has been formed to advise the Independent Shareholders with respect to the Offer and the Whitewash Waiver. Ms. Lee Su Hwei, being one of the Trustees and a non-executive Director, is deemed to be acting in concert with Lee and Lee Trust and is therefore not considered to be independent in respect of the Offer and Whitewash Waiver. Mr. Arthur George Dew, being the Chairman and a non-executive Director, has been involved in the discussion relating to the making of the Offer and is considered not sufficiently independent in respect of the Offer and the Whitewash Waiver. As such, Ms. Lee Su Hwei and Mr. Arthur George Dew are excluded from being members of the Independent Board Committee. At the approval by the Independent Board Committee, Pelican Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, whether the Offer and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting for or against the Offer and the Whitewash Waiver.

Independent Shareholders should note that even if he/she votes in favour of or against the resolution to be proposed at the EGM, he or she is free nonetheless to accept or not to accept the Offer.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee set out on pages 27 to 28 of this Offer Document. Your attention is also drawn to the letter of advice from Pelican Securities which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting, and the principal factors and reasons considered by it in arriving at such advice. The text of the letter from Pelican Securities is set out from pages 29 to 49 of this Offer Document.

Your attention is also drawn to the principal terms of the Offer as set out in Appendix I to this Offer Document, and the statutory and general information as set out in Appendix V to this Offer Document.

LETTER FROM THE BOARD

Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled in full and, therefore, may or may not become unconditional and the Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Company will publish an announcement on or about 13th November, 2009 to inform the Shareholders as to whether or not the Offer has become unconditional.

Yours faithfully,
For and on behalf of
ALLIED GROUP LIMITED
Edwin Lo King Yau
Executive Director

LETTER FROM YU MING



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

23rd October, 2009

To the Independent Shareholders

Dear Sir or Madam,

**CONDITIONAL CASH OFFER
BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF ALLIED GROUP LIMITED
TO REPURCHASE UP TO 36,588,363 SHARES
FOR HK\$18.50 PER SHARE,
INVOLVING AN APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

On 17th September, 2009, the Board announced that a conditional cash offer would be made by Yu Ming on behalf of the Company in compliance with the Repurchase Code, subject to fulfilment of the Conditions, to repurchase for cancellation up to the Maximum Number of Shares, being 36,588,363 Shares, representing approximately 15.0% of the total issued share capital of the Company as at the Latest Practicable Date. The Qualifying Shareholders may accept the Offer by submission of Acceptance Forms for the sale of their Shares to the Company at the Offer Price of HK\$18.50 per Share.

The Shares to be repurchased by the Company will not exceed the Maximum Number of Shares. There is no minimum number of Shares proposed to be repurchased under the Offer. If the Offer is fully accepted, it will result in the Company paying to the Accepting Shareholders who have submitted Acceptance Forms HK\$18.50 per Share, which will be paid in cash.

This letter sets out details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Acceptance Form.

Your attention is drawn to the letter from the Board as set out on pages 6 to 16 of this Offer Document. You are also strongly advised to read the letter from the Independent Board Committee as set out on pages 27 to 28 of this Offer Document which contains its recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver, and the letter from Pelican Securities as set out on pages 29 to 49 of this Offer Document containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

LETTER FROM YU MING

SALIENT TERMS OF THE OFFER

The Offer is being made by Yu Ming on behalf of the Company subject to fulfilment of the Conditions to repurchase the Shares on the following basis up to the Maximum Number of Shares:

For every Share HK\$18.50 in cash

Assured Entitlement for every 2,000 Shares held 540 Shares

All Qualifying Shareholders are entitled to accept the Offer by submitting Acceptance Forms for the sale of any number of their Shares to the Company on the basis of which is set out under the section headed “Assured Entitlement and Excess Tenders” below.

The principle features of the Offer will be as follows:

- (a) The Company will repurchase up to the Maximum Number of Shares, being 36,588,363 Shares, at the Offer Price of HK\$18.50 per Share.
- (b) The Qualifying Shareholders may submit Acceptance Forms in respect of any number of his/her Shares.
- (c) The Offer Price will be paid in cash.
- (d) Acceptance Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.
- (e) The Shares specified in an Acceptance Form will be repurchased in the following order:
 - (i) firstly, all the Shares on a pro-rata basis up to the Assured Entitlement (being 540 Shares for every 2,000 Shares held) of an Accepting Shareholder; and
 - (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Tenders as is equal to the proportion which the Excess Tenders specified in the relevant Acceptance Form bears to the aggregate Excess Tenders in all the Acceptance Forms up to the Maximum Number of Shares.
- (f) All Shares will be repurchased free of commissions and dealing charges, but seller’s ad valorem stamp duty payable by the Qualifying Shareholders who accept the Offer and calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be repurchased under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount of cash payable to an Accepting Shareholder. The Company will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Accepting Shareholders on the repurchase.
- (g) All repurchased Shares will be cancelled.

LETTER FROM YU MING

- (h) The Shares will be repurchased free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by him/her to Yu Ming and the Company that his/her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Announcement (including the right to all dividends and distributions (if any) declared after the date of the Announcement).

The Company declared, on 7th September, 2009, the interim dividend of HK15 cents per Share for the six months period ended 30th June, 2009 payable to the Shareholders, whose names appear on the Register on 30th October, 2009. Dividend warrants are expected to be despatched to the Shareholders by post on or around 6th November, 2009. For the avoidance of doubt, Shareholders who tender their Shares for acceptance under the Offer after the Offer becomes unconditional will still be entitled to receive the aforementioned interim dividend if their names appear on the Register as at 30th October, 2009.

In compliance with Rule 3 of the Repurchase Code, the Offer will be subject to the approval by the Independent Shareholders by way of a poll. The Offer will also be subject to the other terms and conditions referred to under the section entitled “Conditions to the Offer” below.

If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of at least 14 days thereafter. The Company reserves the right to extend the time for acceptance of tenders under the Offer to the maximum period allowed under the Takeovers Code and the Repurchase Code.

The consideration under the Offer will not be despatched unless the Acceptance Form is completed in all respects and the Title Documents have been received by the Company. Shares tendered under the Offer shall be paid for by the Company as soon as possible and in any event within 10 days after the close of the Offer.

The full terms and details of the Offer are set out in Appendix I to this Offer Document.

THE OFFER PRICE

The Offer Price (being HK\$18.50 per Share) will be paid in cash. The Offer Price represents:

- (i) a discount of approximately 2.12% to the closing price of the Shares of HK\$18.90 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.61% over the average price of HK\$18.03, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM YU MING

- (iii) a premium of approximately 6.94% over the average price of HK\$17.30, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 0.98% over the closing price of the Shares of HK\$18.32 each as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 51.25% to the Group's net asset value of approximately HK\$37.95 per Share pursuant to the latest unaudited consolidated interim accounts of the Company as at 30th June, 2009.

The maximum amount payable by the Company under the Offer is HK\$676,884,715.50. The Offer will be satisfied by internal resources of the Group. The Board and Yu Ming are of the opinion that sufficient financial resources are available to the Company to implement the Offer in full if the Maximum Number of Shares is repurchased.

ASSURED ENTITLEMENT AND EXCESS TENDERS

As at the Latest Practicable Date, there are 243,922,423 Shares in issue. The Maximum Number of Shares, being 36,588,363 Shares, represent approximately 15.0% of the total issued share capital of the Company as at the Latest Practicable Date.

The Directors have made reasonable enquiries to the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them as to their intention to accept the Offer. As at the date of the Announcement, the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui and parties acting in concert with any of them had not determined whether to accept the Offer or not.

As at the Latest Practicable Date, the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui and parties acting in concert with any of them, holding 108,626,492 Shares and 22,921 Shares, which represents approximately 44.53% and 0.01% of total issued share capital of the Company respectively, have irrevocably undertaken to the Company that they will not accept the Offer. As such, the Maximum Number of Shares represent approximately 27.05% of the total number of the Shares owned by all of the Shareholders other than Shares held by the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui and parties acting in concert with any of them.

Assuming that all of the Shareholders other than Lee and Lee Trust and Mr. Lee Seng Hui are Accepting Shareholders, each Accepting Shareholder is entitled to sell to the Company the Assured Entitlement of 540 Shares for every board lot of 2,000 Shares held. As such, the Assured Entitlement of the Qualifying Shareholders is therefore enhanced on a pro-rata basis by the number of Shares in respect of which the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui and parties acting in concert with any of them have undertaken not to accept the Offer. Accordingly, Qualifying Shareholders will be assured of being able to sell to the Company at least 540 Shares for every board lot of 2,000 Shares held instead of 300 Shares announced by the Company in the Announcement.

The number of Shares to be acquired from an Accepting Shareholder may be in excess of his/her Assured Entitlement in the event that there are Excluded Shareholders or when there are Qualifying Shareholders not submitting Acceptance Forms or the number of the Shares specified in some of the Acceptance Forms is less than the Assured Entitlements of the relevant Accepting Shareholders. In such cases, Surplus Shares will arise. The number of Shares so acquired from an Accepting Shareholder will be dependent on the number of the Surplus Shares.

LETTER FROM YU MING

If the aggregate Excess Tenders fall below the Surplus Shares, all of the Excess Tenders will be repurchased by the Company. In the event of the aggregate Excess Tenders exceeding the Surplus Shares, each Accepting Shareholder whose Acceptance Form consists of Excess Tenders will be entitled to the repurchase by the Company of that number of the Excess Tenders as is equal to the proportion which the Excess Tenders specified in his/her Acceptance Form bears to the aggregate Excess Tenders calculated in accordance with the formula below, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{E \times S}{A}$$

E = Excess Tenders specified in an Acceptance Form

A = Aggregate Excess Tenders specified in all of the Acceptance Forms

S = Surplus Shares

The total number of the Shares which will be repurchased by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to scaling down of acceptance of the Offer for the Excess Tenders as illustrated above and as to the odd lots or fractional entitlements will be conclusive and binding on all Shareholders.

CONDITIONS TO THE OFFER

The Offer will be conditional upon the following conditions being fulfilled:

- (a) the passing of an ordinary resolution by the Independent Shareholders voting in person or by proxy at the EGM to approve by way of a poll the Offer and the Whitewash Waiver;
- (b) the granting of the Whitewash Waiver by the Executive and all conditions attaching thereto being fulfilled; and
- (c) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer.

As at the Latest Practicable Date, the Company is not aware of any such approval requirement as set out in condition (c) above.

The Trustees, Mr. Lee Seng Hui and parties acting in concert with any of them will abstain from voting at the EGM on the resolution approving the Offer and the Whitewash Waiver as described above.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will lapse.

The Offer will not be conditional on any minimum number of acceptances.

LETTER FROM YU MING

OVERSEAS SHAREHOLDERS

The Offer Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdictions other than Hong Kong.

Based on the Register as at the Latest Practicable Date, there were Shareholders with registered addresses in eleven jurisdictions outside Hong Kong. The Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the Offer in relation to such Overseas Shareholders.

The Company has obtained advice from legal advisers in Canada, Spain, France, United Kingdom, Macau, Malaysia, New Zealand, Singapore, Taiwan that no local regulatory compliance is required to be made in these jurisdictions for the Company in respect of the Offer to the Shareholders who reside in these jurisdictions. Accordingly, the Offer will be extended to such Overseas Shareholders with addresses in these jurisdictions.

The Company has sought legal advice from U.S. legal advisers. Based on the legal opinion provided by the U.S. legal advisers, the extension of the Offer to the United States will be subject to federal and state securities laws, anti-fraud and other related rules. The Company has also sought legal advice from Australian legal advisers. Based on the legal opinion provided by the Australian legal advisers, the extension of the Offer to Australia will be subject to Australia's Corporations Act. To comply with the local regulations in the U.S. and Australia would be unduly burdensome to the Company. Hence, the Company will not send the Acceptance Form, but will only send the Offer Document together with a notice of the EGM to the U.S. and Australian Shareholders. An application has been made to and consent has been granted by the Executive under Rule 8 of the Repurchase Code to exclude the six U.S. Shareholders whose aggregate shareholding represents 0.0016% of the total issued share capital of the Company and one Australian Shareholder whose shareholding represents 0.0005% of the total issued share capital of the Company.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that the local laws and requirements have been complied with. Shareholders should consult their professional advisers if in doubt.

This Offer Document is sent to the Excluded Shareholders solely for the purpose of attending and voting at the EGM. Despite the fact that the Excluded Shareholders may not participate in the Offer, all Independent Shareholders are entitled to attend and vote at the EGM, whether in person or by proxy.

LETTER FROM YU MING

PROCEDURES FOR ACCEPTANCE

If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares under the Offer for a period of at least 14 days thereafter. The Company reserves the right to extend the time for acceptance under the Offer to the maximum period allowed under the Takeovers Code and the Repurchase Code.

In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Acceptance Form in accordance with the instructions printed in this Offer Document and the instructions printed on the Acceptance Form. The instructions in this Offer Document should be read together with the instructions on the Acceptance Form (which instructions form part of the terms of the Offer).

The duly completed Acceptance Form should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in an envelope marked **"Allied Group Limited – 2009 Repurchase Offer"** as soon as possible after receipt of the Acceptance Form but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 27th November, 2009, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.

No acknowledgement of receipt of any Acceptance Form or Title Documents will be given.

Only one Acceptance Form may be submitted by each Qualifying Shareholder to the Registrar. Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional.

ODD LOTS ARRANGEMENTS

The Shares are currently traded in board lots of 2,000 Shares each. Such board lot size will not be changed as a result of the implementation of the Offer.

In view of the number of Shares in the Assured Entitlement and the manner of calculation in respect of the Excess Tenders as described above, an Accepting Shareholder may, as a result of the Offer, hold odd lots of the Shares.

For the purpose of avoiding odd lots holding by the Accepting Shareholders, Sun Hung Kai Investment Services Limited, whose address is at 12/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (contact person: Mr. Ma Yu Lung; telephone number: (852) 3920 2770) has been appointed by the Company as the designated broker to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the completion of the Offer to enable odd lot Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 2,000 Shares. Odd lot Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional.

LETTER FROM YU MING

NOMINEE REGISTRATION OF SHARES

Shareholders whose Shares are held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the Register. With a view to having equality of treatment of all Qualifying Shareholders, those registered holders of Shares who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in the Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer. Shareholders with their Shares held by a nominee company may consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s).

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Acceptance Forms, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company, Yu Ming, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

SETTLEMENT

Pursuant to Rule 20.1 of the Takeovers Code, the Shares represented by acceptances in the Offer shall be paid for by the Company as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of a duly completed Acceptance Form accompanied by the Title Documents. As the Offer allows Accepting Shareholders to make Excess Tenders subject to scaling down mechanism, the Company is not able to determine how many Shares can be repurchased from the Accepting Shareholders who have accepted the Offer under the Excess Tenders until after the close of the Offer. In this regard, the Company has made an application for, and has been granted by the Executive, a waiver from strict compliance with Rule 20.1 of the Takeovers Code in respect of the Offer in the manner mentioned below.

Subject to the Offer becoming unconditional and provided that a duly completed Acceptance Form, accompanied by the Title Documents are received by the Registrar by not later than the Latest Acceptance Time and are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by post of the repurchase of his/her Shares, including the number of Shares to be purchased from his Excess Tenders, if any. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer (subject to deduction of seller's ad valorem stamp duty due on the repurchase of the Shares from the amount payable in cash) within 10 days after the close of the Offer.

If the Excess Tenders of an Accepting Shareholder has not been purchased by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to the Accepting Shareholder by ordinary post at his/her risk within 10 days after the close of the Offer.

LETTER FROM YU MING

If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. In such an event, the Company will make an announcement in accordance with the Takeovers Code and send a notice of lapse of the Offer to the Shareholders. Where such Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

TAX IMPLICATIONS

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasized that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Yu Ming, Pelican Securities, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer by the Qualifying Shareholders.

EGM

A notice convening the EGM to be held at 10:00 a.m. on Friday, 13th November, 2009 at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, at which an ordinary resolution will be proposed for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver, is set out on pages VI-1 to VI-2 of this Offer Document.

GENERAL

Depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming full acceptance by the Independent Shareholders up to the Maximum Number of Shares, the beneficial interest in the Company's issued share capital held by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them may increase from its current level of approximately 44.54% to a maximum of approximately 52.40% upon completion of the Offer, thereby triggering a general obligation by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them. Accordingly, an application for the Whitewash Waiver to the Executive has been made on behalf of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui. If the Whitewash Waiver is granted and if, upon completion of the Offer, the interests of the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them exceed 50% of the voting rights of the Company, the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them may, in the future, increase their holding in the Shares without incurring any further obligation under Rule 26 to make a general offer. However, there may be circumstances where there are changes in the make-up of the group consisting of the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them and the holdings of each party in this group may change from time to time. These being the case, any party in this group holding less than 50% of the issued share capital of the Company may incur an obligation to make a mandatory general offer under Rule 26.1 of the Takeovers Code upon further acquisition of Shares by any of them unless a waiver from the Executive is granted.

LETTER FROM YU MING

Further details on the terms and conditions of the Offer including, amongst other things, procedures for acceptance and settlement, acceptance period and taxation matters, are set out in Appendix I to this Offer Document and in the Acceptance Form.

Independent Shareholders are strongly advised to consider carefully the information as contained in the “Letter from the Board”, the recommendation as contained in the “Letter from the Independent Board Committee” and the advice of Pelican Securities as contained in the “Letter from Pelican Securities” in this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information as set out in the appendices to this document which form part of the Offer Document.

Yours faithfully,
For and on behalf of
YU MING INVESTMENT MANAGEMENT LIMITED
Lee Wa Lun, Warren
Director



ALLIED GROUP LIMITED
(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)
(Stock Code: 373)

23rd October, 2009

To the Independent Shareholders

Dear Sir or Madam,

CONDITIONAL CASH OFFER
BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF ALLIED GROUP LIMITED
TO REPURCHASE UP TO 36,588,363 SHARES
FOR HK\$18.50 PER SHARE,
INVOLVING AN APPLICATION FOR WHITEWASH WAIVER

We have been appointed as members of the Independent Board Committee to advise you in respect of the Offer and the Whitewash Waiver, details of which are set out in the “Letter from the Board” in the document of the Company dated 23rd October, 2009 (the “Offer Document”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the letter from Yu Ming as set out on pages 17 to 26 of the Offer Document and Appendix I to the Offer Document containing the terms of the Offer, and the letter of advice from Pelican Securities Limited (“Pelican Securities”) as set out on pages 29 to 49 of the Offer Document, which contains its advice and recommendation to us and the Independent Shareholders in respect of the Offer and the Whitewash Waiver, as well as the principal factors and reasons for its advice and recommendation.

Having considered the factors and reasons considered by, and the opinion of, Pelican Securities as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and that the Offer and the granting of the Whitewash Waiver, which is one of the Conditions of the Offer, are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to approve the Offer and the Whitewash Waiver at the EGM.

We also concur with the advice of Pelican Securities and recommend the Qualifying Shareholders to accept the Offer. Notwithstanding our recommendations, Independent Shareholders are advised to monitor the market price of the Shares carefully during the Offer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Period. If any Independent Shareholder is able to identify any opportunity to sell his/her Shares in the open market where the net proceeds from such sale will exceed the net proceeds by accepting the Offer, such Independent Shareholder shall consider not to accept the Offer and should seek to sell his/her Shares if he/she wishes to and is able to do so.

Yours faithfully,

INDEPENDENT BOARD COMMITTEE

ALLIED GROUP LIMITED

Wong Po Yan

David Craig Bartlett

John Douglas Mackie

Alan Stephen Jones

LETTER FROM PELICAN SECURITIES

The following is the text of a letter of advice from Pelican Securities to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver for inclusion in this Offer Document.

PELICAN SECURITIES LIMITED

Unit 1502 Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong



23rd October, 2009

The Independent Board Committee and the Independent Shareholders

Allied Group Limited

22/F Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

Dear Sirs,

**CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF ALLIED GROUP LIMITED
TO REPURCHASE UP TO 36,588,363 SHARES
FOR HK\$18.50 PER SHARE AND
APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver. The details of the Offer, among other things, are set out in the letter from the Board contained in the Offer Document, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Offer Document unless the context requires otherwise.

The EGM will be convened at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 13th November, 2009 to consider and, if thought fit, approve the resolution in connection with the Offer and the Whitewash Waiver.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie and Mr. Alan Stephen Jones, has been established to advise the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance of the Offer and voting at the EGM. The appointment of Pelican Securities as the independent financial adviser in respect of the Offer and the Whitewash Waiver has been approved by the Independent Board Committee.

LETTER FROM PELICAN SECURITIES

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document and the information and representations as provided to us by the Directors, the Company and its management. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date of the EGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Offer Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Offer Document, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in the Offer Document, the omission of which would make any statement in the Offer Document misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Offer Document and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group. We have not considered the tax implications on the Independent Shareholders of acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

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

LETTER FROM PELICAN SECURITIES

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Offer and the Whitewash Waiver to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Terms of the Offer

Principal terms of the Offer are set out in Appendix I to the Offer Document. Subject to the approval of the Offer and the Whitewash Waiver by the Independent Shareholders, the granting of the Whitewash Waiver by the Executive, and the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations, Yu Ming is making the Offer on behalf of the Company to repurchase up to 36,588,363 Shares held by the Qualifying Shareholders on the following basis:

For every Share to be repurchased under the Offer HK\$18.50 in cash

Assured Entitlement for every 2,000 Shares held. 540 Shares

As at the Latest Practicable Date, there are 243,922,423 Shares in issue. The Maximum Number of Shares, being 36,588,363 Shares, represents approximately 15.0% of the total issued share capital of the Company as at the Latest Practicable Date.

Lee and Lee Trust was beneficially interested in 108,626,492 Shares, representing approximately 44.53% of the total issued share capital of the Company as at the Latest Practicable Date. Mr. Lee Seng Hui, one of the Trustees and an executive Director, other than those Shares held for Lee and Lee Trust, was beneficially interested in 22,921 Shares, representing approximately 0.01% of the total issued share capital of the Company as at the Latest Practicable Date. Ms. Lee Su Hwei, one of the Trustees and a non-executive Director, has no other interest in the Shares other than those Shares held for Lee and Lee Trust. Mr. Lee Seng Hui and Ms. Lee Su Hwei are deemed to be acting in concert with Lee and Lee Trust for the purposes of the Takeovers Code. As at the Latest Practicable Date, the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them have irrevocably undertaken to the Company that they will not accept the Offer.

Depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming full acceptance by the Independent Shareholders up to the Maximum Number of Shares, the beneficial interest in the Company's issued share capital held by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them may increase from its current level of approximately 44.54% to a maximum of approximately 52.40% upon completion of the Offer, thereby triggering a general obligation by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them.

Accordingly, an application for the Whitewash Waiver has been made to the Executive on behalf of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui.

LETTER FROM PELICAN SECURITIES

Details of the acceptance mechanism are set out in Appendix I to the Offer Document. The number of Shares which may be acquired from an Accepting Shareholder may be in excess of his/her Assured Entitlement in the event that there are Excluded Shareholders or when there are Qualifying Shareholders not submitting Acceptance Forms or the number of the Shares specified in some of the Acceptance Forms is less than the Assured Entitlements of the relevant Accepting Shareholders. The number of Excess Tenders will be allocated in the manner as described under the paragraph headed “Assured Entitlement and Excess Tenders” contained in the Letter from Yu Ming to the Offer Document. The total number of the Shares which will be repurchased by the Company for cancellation will not exceed the Maximum Number of Shares.

Based on 36,588,363 Shares to be repurchased under the Offer and the Offer Price of HK\$18.50 per Share, the amount to be paid by the Company under the Offer, if tendered and accepted in full, will be HK\$676,884,715.50.

Under the Offer, the Company will make offer to all Qualifying Shareholders, enabling them to sell their Shares to the Company on the same basis by reference to the Assured Entitlement, which is considered to be a fair and reasonable mechanism to all Qualifying Shareholders.

2. Operating Performance of the Group

(a) Financial Performance of the Group

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, health administration, medical scheme administration, the provision of healthcare services, the provision of financial services, and investments in listed and unlisted securities.

LETTER FROM PELICAN SECURITIES

The following consolidated results of the Group are extracts from the interim report of the Company for the six months ended 30th June, 2009 and the annual report of the Company for the year ended 31st December, 2008:

	For the six months ended 30th June				For the year ended 31st December			
	2009		2008		2008		2007	
	HK\$ million (unaudited)	%	HK\$ million (unaudited)	%	HK\$ million (audited)	%	HK\$ million (audited)	%
Turnover by segment								
Investment, broking and finance	1,025	42.3%	610	32.5%	750	21.5%	2,593	53.0%
Consumer finance	737	30.4%	641	34.1%	1,353	38.7%	1,125	23.0%
Healthcare services	540	22.3%	468	24.9%	1,076	30.8%	957	19.6%
Property development and investment	116	4.8%	143	7.6%	285	8.2%	199	4.1%
Corporate and other operations	7	0.3%	16	0.9%	29	0.8%	15	0.3%
Total turnover	2,425	100.0%	1,878	100.0%	3,493	100.0%	4,889	100.0%
Segment profit/(loss)								
Investment, broking and finance	594		177		(113)		1,917	
Consumer finance	247		298		614		561	
Healthcare services	30		25		57		50	
Property development and investment	399		101		(423)		601	
Corporate and other operations	(4)		(19)		(15)		(25)	
Total segment profit/(loss)	1,266		582		120		3,104	
Earnings/(Loss) attributable to the equity Shareholders								
	937		209		(231)		1,901	
Earnings/(Loss) per Share (basic)								
(HK\$)	3.84		0.85		(0.95)		7.76	

Source: Annual report and interim report of the Company

Investment, broking and finance segment

The Group's investment, broking and finance segment includes trading in securities, provision of securities broking and related services, provision of broking services in forex, bullion and commodities, provision of securities margin financing and insurance broking services, provision of related financing and advisory products, and provision of term loan financing. The segment recorded revenue of approximately HK\$750 million for the year ended 31st December, 2008, representing a significant decrease of approximately 71.1% from approximately HK\$2,593 million for the year ended 31st December, 2007. The segment's operating loss was approximately HK\$113 million for the year ended 31st December, 2008; while the segment recorded an operating profit of approximately HK\$1,917 million for the year

LETTER FROM PELICAN SECURITIES

ended 31st December, 2007. The decrease in both revenue and operating profit was mainly attributable to the poor global financial market and the declining investor confidence, resulting in that the brokerage division delivered lower than expected turnover and commission levels and the margin lending business recorded lower trade volumes.

For the six months ended 30th June, 2009, the revenue of the Group's investment, broking and finance segment increased by approximately 68.0% to approximately HK\$1,025 million as compared with approximately HK\$610 million during the same period in the previous year; while this segment's operating profit increased to approximately HK\$594 million, representing an increase of approximately 235.6% as compared with approximately HK\$177 million during the same period in the previous year. The increase in both revenue and operating profit is mainly due to the fact that the turnover and performance of most divisions in this segment has returned to the pre-crisis levels of the previous year, resulting from the improvement in market sentiment as evident by the recovery of the stock market during the period with reference to the October 2009 Issue of World Economic Outlook published by International Monetary Fund.

Consumer finance segment

The Group is engaged in the provision of consumer loan finance products. For the year ended 31st December, 2008, the Group's consumer finance segment recorded a revenue of approximately HK\$1,353 million, representing an increase of approximately 20.3% from approximately HK\$1,125 million for the year ended 31st December, 2007. The operating profit of the Group's consumer finance segment was approximately HK\$614 million for the year ended 31st December, 2008, which represents an increase of approximately 9.4% from approximately HK\$561 million for the year ended 31st December, 2007. The increase in revenue and operating profit was mainly attributable to the fact that the consumer finance division achieved considerable growth in both its loan portfolio and interest income due to the increase in branches in Hong Kong and Shenzhen and particularly that the mainland branch network of the consumer finance division has continued to grow gradually during the year.

For the six months ended 30th June, 2009, the revenue of the Group's consumer finance segment increased by approximately 15.0% to approximately HK\$737 million as compared with approximately HK\$641 million during the same period in the previous year; while it recorded an operating profit of approximately HK\$247 million, representing a decrease of approximately 17.1% as compared with approximately HK\$298 million during the same period in the previous year. The increase in revenue was mainly due to the expanding network coverage in the mainland and increasing loan portfolio due to the marketing efforts made by the Group. However, the rising unemployment and increasing bankruptcy petitions in Hong Kong led to a decrease in the operating profit for the six months ended 30th June, 2009.

LETTER FROM PELICAN SECURITIES

Healthcare services segment

The Group's healthcare services segment includes providing medical services, nursing agencies, physiotherapy, dental services and other related services. The segment recorded revenue of approximately HK\$1,076 million for the year ended 31st December, 2008, representing an increase of approximately 12.4% from approximately HK\$957 million for the year ended 31st December, 2007. The segment's operating profit was approximately HK\$57 million for the year ended 31st December, 2008, which represented an increase of approximately 14.0% from approximately HK\$50 million for the year ended 31st December, 2007. The increase in revenue and operating profit was mainly attributable to the continuing expansion of the network of core medical centres during the year, with the total number of core medical centres increased from 38 in 2007 to 52 in 2008.

For the six months ended 30th June, 2009, the revenue of the Group's healthcare services segment increased by approximately 15.4% to approximately HK\$540 million as compared with approximately HK\$468 million during the same period in the previous year; while it recorded an operating profit of approximately HK\$30 million, representing an increase of approximately 20.0% as compared with approximately HK\$25 million during the same period in the previous year. The increase in the performance of the healthcare services segment was mainly due to a growth in the turnover for in-patient services as well as a growth in the average revenue per visit by 4.3% and attendance for out-patient services provided to walk-in patients and fee-for-service patients during the period.

Property development and investment segment

The Group's property development and investment segment includes development and sale of properties, property rental, provision of property management services and hotel operations managed by third parties. The segment recorded revenue of approximately HK\$285 million for the year ended 31st December, 2008, representing an increase of approximately 43.2% from approximately HK\$199 million for the year ended 31st December, 2007. The segment's operating loss was approximately HK\$423 million for the year ended 31st December, 2008; while the segment recorded an operating profit of approximately HK\$601 million for the year ended 31st December, 2007. The increase in revenue was mainly due to an improvement in rental income in the Group's property portfolio in Hong Kong which had been benefited from the rising rental rate since 2007; while the decrease in operating profit was mainly attributable to property revaluation loss due to the economic downturn during the year.

For the six months ended 30th June, 2009, the revenue of the Group's property development and investment segment decreased by approximately 18.9% to approximately HK\$116 million as compared with approximately HK\$143 million during the same period in the previous year; while it recorded

LETTER FROM PELICAN SECURITIES

an operating profit of approximately HK\$399 million, representing an increase of approximately 295.0% as compared with approximately HK\$101 million during the same period in the previous year. The decrease in the revenue of the property development and investment segment was mainly attributable to the fact that the lack of sales of properties during the period. The increase in the operating profit was mainly due to property revaluation gain resulting from the improving economic condition in the first half of 2009.

Corporate and other segment

The Group's corporate and other segment principally includes corporate revenue and expenses and results of unallocated operations. The segment recorded revenue of approximately HK\$29 million for the year ended 31st December, 2008, representing an increase of approximately 93.3% from approximately HK\$15 million for the year ended 31st December, 2007. The segment recorded an operating loss of approximately HK\$15 million for the year ended 31st December, 2008 as compared with an operating loss of approximately HK\$25 million for the year ended 31st December, 2007. The improvement in the revenue and the lower operating loss were mainly attributable to the increase in the management fee income received by the headoffice from the associates of the Company which reflected the additional personnel and time devoted by the Company's management team on the affairs of the associated companies and higher deposits interest income earned on higher surplus cash maintained by the Company during the year.

For the six months ended 30th June, 2009, the revenue of this segment decreased by approximately 56.3% to approximately HK\$7 million as compared with approximately HK\$16 million during the same period in the previous year; and it recorded an operating loss of approximately HK\$4 million as compared with the operating loss of approximately HK\$19 million for the same period in the previous year. The worsening revenue was mainly due to the lower deposits interest income resulting from the declining interest rate during the period. The lower operating loss was mainly attributable to the decrease in payroll expenses during the period, as management bonus was paid during six months period ended 30th June, 2008 while such bonus did not materialize during the six months period ended 30th June, 2009.

Earnings/loss per Share

For the two years ended 31st December, 2008, due to global financial crisis, the financial performance of the Group's investment, broking and finance segment has deteriorated significantly from an operating profit of approximately HK\$1,917 million for the year ended 31st December, 2007 to a operating loss of approximately HK\$113 million for the year ended 31st December, 2008. In addition, the Group's property and investment segment recorded an operating loss of approximately HK\$423 million for the year ended 31st December, 2008 as compared to an operating profit of approximately HK\$601 million for the year ended 31st December, 2007. As a

LETTER FROM PELICAN SECURITIES

result, the earnings per Share have decreased from approximately HK\$7.76 for the year ended 31st December, 2007 to a loss per Share of approximately HK\$0.95 for the year ended 31st December, 2008.

For the six months ended 30th June, 2009, the Company recorded earnings per Share of approximately HK\$3.84, which is mainly attributable to the improved performances from the Group's core operating divisions, in particular, the investment, broking and finance segment and the property development and investment segment, due to an improving global financial market.

(b) *Future prospect of the Group*

The US subprime mortgage problem led to the global financial crisis in 2008. The Hong Kong economy also suffered from the negative effects of the slowdown of the global economy and the fear of the spread of swine flu during the first half of the year 2009. However, according to the October 2009 Issue of World Economic Outlook published by International Monetary Fund, there have been signs of a stabilizing US economy while the PRC government has significantly relaxed its monetary policy in order to sustain economic growth during the first half of 2009. The Directors are of the view that it is difficult to determine that the improvement in the market sentiment would be sustainable given the uncertainty in the global economic outlook.

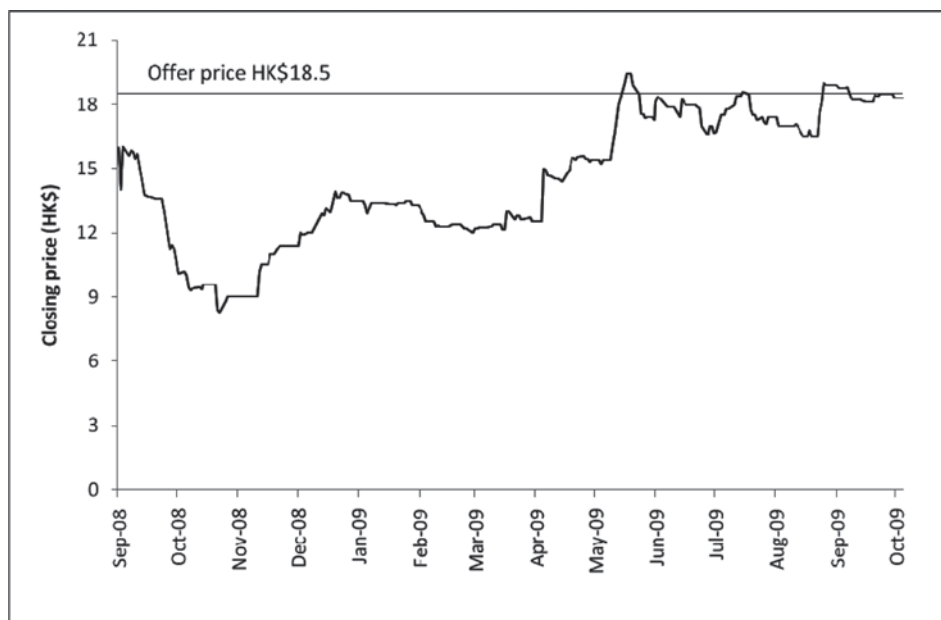
Despite that the market sentiment has improved, we concur with the view of the Directors that these improvements may not be sustainable and the outlook of global economy will still be uncertain and remain difficult and full of challenges. These challenges, most of which are beyond the control of the Group, will then affect the performance of the Group's core businesses in the near future. However, the Board advised us that it has always concentrated on building its core businesses and will continue to prudently implement its stated strategy of focusing its management and financial resources on its core businesses of property development and investment together with financial services for the benefits of the Group and all its shareholders. Given that the financial services and property investment and development segments of the Group constituted approximately 80.1% and 68.4% of the total revenue of the Group for the year ended 31st December, 2007 and 31st December, 2008 respectively and constituted approximately 77.5% of the total revenue of the Group for the six months ended 30th June, 2009, we are of the view that the Board has been dedicating to implementing its stated strategy of developing its core businesses.

LETTER FROM PELICAN SECURITIES

3. Share Price Performance and Liquidity

(a) *Historical market price of the Shares*

We have compared the Offer Price to historical market prices of the Shares over the 12-month period prior to the date of the Announcement up to the Latest Practicable Date. The following chart depicts the daily closing prices of the Shares from 17th September, 2008 (approximately 12 months prior to the date of the Announcement) up to the Latest Practicable Date (the “Review Period”):



Source: Bloomberg

During the Review Period, the Share price decreased from HK\$15.98 on 17th September, 2008 to HK\$8.28 on 7th November, 2008 due to the worsening economic condition resulting from the bankruptcy of the US investment bank, Lehman Brothers on 15th September, 2008. However, as the market sentiment improved during the first half of the year 2009, the Share price has increased gradually and reached its peak of HK\$19.40 on 2nd June, 2009, the day following the release of the announcement relating to the results of the takeover of SHK Hong Kong Industries Limited (formerly known as Yu Ming Investments Limited) by the Company, on 1st June, 2009.

The highest and the lowest closing price of the Shares during the Review Period were HK\$19.40 (recorded on 2nd June, 2009) and HK\$8.28 (recorded on 7th November, 2008) respectively. The average of the closing prices of the Shares during the Review Period was approximately HK\$14.53. The Offer Price represents a premium of approximately 27.3% over such average price. As the Offer Price is substantially above the average of the Share price during the Review Period, we

LETTER FROM PELICAN SECURITIES

consider that the premium in the Offer Price over the average closing price would be attractive for the Shareholders who are interested to realize their investment in the Company.

(b) Liquidity of the Shares

The following table sets out the total trading volume and the average daily trading volume per month and the respective percentages of the average daily trading volume compared with the average total issued Shares and the average number of Shares held by the public during the Review Period:

	Total monthly trading volume (million shares)	Average daily trading volume (million shares)	% of average daily trading volume to average total issued Shares (Note 1)	% of average daily trading volume to average public float (Note 2)
2008				
September	5.60	0.27	0.11%	0.55%
October	1.64	0.08	0.03%	0.15%
November	8.18	0.41	0.17%	0.52%
December	0.17	0.01	negligible	0.01%
2009				
January	0.06	negligible	negligible	negligible
February	0.17	0.01	negligible	0.01%
March	0.10	negligible	negligible	negligible
April	0.44	0.02	0.01%	0.02%
May	1.10	0.06	0.02%	0.05%
June	0.30	0.01	0.01%	0.01%
July	0.17	0.01	negligible	0.01%
August	0.17	0.01	negligible	0.01%
September	0.42	0.02	0.01%	0.02%
October (up to Latest Practicable Date)	0.11	0.01	negligible	0.01%

Source: Bloomberg

Notes:

1. Calculated based on the average of the number of issued Shares in each month during the Review Period obtained from Bloomberg.
2. Calculated based on the average of the number of Shares held by the public in each month during the Review Period obtained from Bloomberg.

As illustrated above, for the Review Period, the average daily trading volume of the Shares as a percentage of the average total issued Shares ranged from a negligible percentage to 0.17%; while the average daily trading volume of the Shares

LETTER FROM PELICAN SECURITIES

as a percentage of the average total number of Shares held by the public ranged from a negligible percentage to 0.55%.

In our view, the liquidity of the Shares during the 12-month period was extremely low and there may not be sufficient liquidity in the Shares for the Shareholders to dispose of their Shares in the open market at the Offer Price. Given the low liquidity of the Shares, we consider that the Offer provides an opportunity for the Shareholders to realize their investment.

(c) *Comparison of the Offer Price with the market price and NAV per Share*

The Offer Price of HK\$18.50 per Share represents:

- (i) a discount of approximately 2.12% to the closing price of the Shares of HK\$18.90 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.61% over the average price of HK\$18.03, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 6.94% over the average price of HK\$17.30, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 7.63% over the average of the closing prices for the one-month period up to and including the Last Trading Day of approximately HK\$17.19 per Share;
- (v) a premium of approximately 5.56% over the average of the closing prices for the three-month period up to and including the Last Trading Day of approximately HK\$17.53 per Share;
- (vi) a premium of approximately 14.96% over the average of the closing prices for the six-month period up to and including the Last Trading Day of approximately HK\$16.09 per Share;
- (vii) a premium of approximately 0.98% over the closing price of the Shares of HK\$18.32 each as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of approximately 51.25% to the Group's net asset value of approximately HK\$37.95 per Share ("NAV per Share") pursuant to the latest unaudited consolidated interim accounts of the Company as at 30th June, 2009.

LETTER FROM PELICAN SECURITIES

4. Valuation of the Offer Price

(a) *Net asset value*

The Offer Price represents a discount of approximately 51.25% to the NAV per Share of approximately HK\$37.95 pursuant to the latest unaudited consolidated interim accounts of the Company as at 30th June, 2009 and a discount of approximately 51.71% to the adjusted NAV per Share of approximately HK\$38.31.

Set out in the table below is, for illustration purpose only, the adjusted NAV per Share after taking into account of the adjustment on surplus arising from the valuation of the Group's property interests as set out in Appendix IV to the Offer Document:

	<i>HK\$ Million</i>
Unaudited net asset value of the Group as at 30th June, 2009	9,257.0
Add: Surplus arising from the valuation of property interests at 31st August, 2009 attributable to the Company	<u>88.3</u>
Adjusted net asset value of the Group (<i>Note</i>)	<u><u>9,345.3</u></u>
Adjusted NAV per Share	<u><u>HK\$38.31</u></u>

Note: The above analysis has not taken into account of any potential tax effect on the surplus arising from the valuation of property interests.

We have compared the Offer Price to conditional voluntary cash offers for share repurchase made by other companies listed on the main board of the Stock Exchange. As further discussed under the section headed "Comparison with other offers for share repurchase" below, most of the listed companies made offer for share repurchase at prices substantially below their net asset values. Offer for share repurchase at a price below the net asset value would enhance the net asset value on a per share basis after completion and is therefore in the interests of the shareholders.

(b) *Comparison with other offers for share repurchase*

In analyzing the fairness and reasonableness of the Offer Price, we have also compared all conditional voluntary cash offers for share repurchase made by companies listed on the main board of the Stock Exchange since 2002 up to the date of the Announcement (the "Comparable Offers") and compared the premium/(discount) as represented by the respective offer prices over/to the averages of the closing prices during the six-month period immediately before the date of the

LETTER FROM PELICAN SECURITIES

respective announcements and the respective net asset value (“NAV”) per share as extracted from the relevant offer documents of the Comparable Offers:

Company (stock code)	Date of announcement of the Comparable Offer	Premium/(discount) of the offer price over/to the				NAV per share (%)	(Note 1)
		Closing price as at the last trading day before the date of the announcement of the offer ("Last Trading Price") (%)	One-month average closing price ("One-month Average Price") (%)	Three-month average closing price ("Three-month Average Price") (%)	Six-month average closing price ("Six-month Average Price") (%)		
SCMP Group Limited (583)	3-Sep-2002	5.1	4.6	(11.3)	(18.0)	190.3	
Chinese Estates Holdings limited (127)	9-Sep-2002	9.8	30.4	37.2	33.5	(86.3)	
Shell Electric Mfg. (Holdings) Company Limited (81)	1-Oct-2002	46.2	45.7	35.5	24.2	(76.4)	
Van Shung Chong Holdings Limited (1001)	5-Nov-2002	58.1	108.5	157.9	56.7	(33.5)	
Deson Development International Holdings Limited (262)	10-Sep-2003	37.9	66.7	73.9	89.6	(27.3)	
Man Yue International Holdings Limited (894)	26-Apr-2004	26.7	26.7	26.7	26.7	(45.7)	
COL Capital Limited (383)	4-Jun-2004	20.0	17.7	7.1	6.2	(59.6)	
Quality Healthcare Asia Limited (593)	24-Jan-2005	15.6	17.6	16.3	14.3	301.6	
CCT Telecom Holdings Limited (138)	6-Jan-2009	44.9	50.2	50.6	(14.1)	(85.2)	
Cheong Ming Investments Limited (1196)	23-Jul-2009	15.2	28.4	35.7	50.8	(47.0)	
Average (including all Comparable Offers)		28.0	39.7	43.0	27.0	3.1	
Average (excluding SCMP and Quality Healthcare)						(57.6)	(Note 2)
Median (including all Comparable Offers)		23.4	29.4	35.6	25.5	(46.4)	
Median (excluding SCMP and Quality Healthcare)						(53.3)	(Note 2)
Maximum (including all Comparable Offers)		58.1	108.5	157.9	89.6	301.6	
Minimum (including all Comparable Offers)		5.1	4.6	(11.3)	(18.0)	(86.3)	
The Company	17-Sep-2009	(2.12)	7.63	5.56	14.96	(51.25)	

LETTER FROM PELICAN SECURITIES

Notes:

1. Based on the latest financial information available up to the publication of the respective offer documents from the website of the Stock Exchange of Hong Kong.
2. NAV per share calculation excluded SCMP Group Limited and Quality Healthcare Asia Limited as the market values of SCMP Group Limited and Quality Healthcare Asia Limited during the One-year Period before the announcement of the respective offers were traded at premium over their respective latest published net assets values, whereas the market values of the other eight Comparable Offers and the Company during the One-year Period were traded at discount to their respective latest published net asset values.

As shown in the above table, the Offer Price of HK\$18.50 per Share represents premiums of approximately 7.63%, 5.56% and 14.96% over the One-month Average Price, the Three-month Average Price, and the Six-month Average Price respectively; and a discount of approximately 2.12% over the Last Trading Price, which we consider such discount is minimal. Although the premiums represented by the Offer Price over the One-month Average Price, the Three-month Average Price and the Six-month Average Price are lower than some of the premiums over average prices of the Comparable Offers, the premiums represented by the Offer Price over the One-month Average Price, the Three-month Average Price and the Six-month Average Price lie within the maximum and the minimum of the corresponding premium of the offer prices over the average prices of the Comparable Offers.

In addition, the Comparable Offers have their respective offer prices to the respective latest published consolidated NAVs per share prior to the publication of the respective offer documents ranging from premium of approximately 301.6% to discount of 86.3%, and having an average of a premium of approximately 3.1% and a median of a discount of approximately 46.4%. Despite the average of the respective offer prices to the respective latest published consolidated NAVs per share under the Comparable Offers represented a premium of approximately 3.1%, given such a wide range, we consider that it is more appropriate to analyze on the median of the same under the Comparable Offers. The discounts to NAV per Share and the adjusted NAV per Share represented by the Offer Price of approximately 51.25% and 51.71% respectively fall within the range of the Comparable Offers, and they fall towards the median of the Comparable Offers.

From the observation of the historical share price performance of the Comparable Offers during the one-year period before the announcement of the respective offers (the “One-year Period”), we noted that the market values of SCMP Group Limited and Quality Healthcare Asia Limited during the One-year Period were traded at premium over their respective latest published net asset values, whereas the market values of the other eight Comparable Offers and the Company during the One-year Period were traded at discount to their respective latest published net asset values. We therefore consider it appropriate to compare the Offer Price with those Comparable Offers with historical market prices before the announcement of the respective offers at discount to the respective NAVs per share (“Discount Comparable Offers”) and excluding SCMP Group Limited and Quality Healthcare Asia Limited in our analysis. The respective offer prices of the Discount Comparable Offers have a median of approximately 53.3% and an average of approximately 57.6%. The discounts of approximately 51.25% and 51.71% as represented by the Offer Price to

LETTER FROM PELICAN SECURITIES

the latest published consolidated NAV per Share and the adjusted NAV per Share respectively fall close to the the median and the average of the discounts to NAV per share under the Discount Comparable Offers.

Despite the discounts represented by the Offer Price to the latest published consolidated NAV per Share as at 30th June, 2009 and the adjusted NAV per Share, which fall within the range of the same of the Comparable Offers, fall close to the median and average of the discounts to NAV per share under the Discount Comparable Offers, given (i) the Offer will be made to all Qualifying Shareholders on a fair and equitable basis; (ii) that despite the improving financial performance of the Group for the six-month period ended 30th June, 2009, we consider that the challenges of the Group's core businesses and hence their results, in particular, financial services and property development and investment, are still susceptible to the uncertain economic and market conditions as a result of the global financial crisis; (iii) the Offer Price represents a premium over the One-month Average Price, the Three-month Average Price and the Six-month Average Price; and (iv) the extremely low liquidity of the Shares, on balance, we consider the discounts to NAV per Share and the adjusted NAV per Share represented by the Offer Price will not prejudice the interest of the Independent Shareholders.

5. Financial Effects of the Offer

According to the unaudited pro forma financial information of the Group contained in Appendix II to the Offer Document, the financial effects of the Offer to the Group upon the completion of the Offer are shown as follows:

	Before completion of the Offer <i>(note 1)</i>	Upon completion of the Offer <i>(note 2)</i>	Increase/ (decrease) %
Number of Shares in issue	243,922,423	207,334,060	(15.00)%
Basic earnings per Share (HK\$)	3.84 <i>(note 3)</i>	4.52 <i>(note 4)</i>	17.65%
Current ratio	2.64	2.52	(4.79)%
Gearing ratio <i>(note 5)</i>	31.9%	42.4%	32.82%
NAV per Share (HK\$)	37.95	41.37	9.00%
Adjusted NAV per Share (HK\$) <i>(note 6)</i>	38.31	41.79	9.08

Notes:

1. Based on 243,922,423 Shares in issue as at the date of the Announcement.
2. Assuming full acceptance of the Offer up to the Maximum Number of Shares.
3. Based on the unaudited net profit attributable to Shareholders of the Group for the six months ended 30th June, 2009 of approximately HK\$937 million and the weighted average of approximately 244 million Shares in issue during the period.

LETTER FROM PELICAN SECURITIES

4. Based on the unaudited net profit attributable to Shareholders of the Group for the six months ended 30th June, 2009 of approximately HK\$937 million and the weighted average of approximately 207 million Shares in issue, which is the weighted average of 244 million Shares in issue during the period, reduced by 36,588,363 Shares repurchased assuming full acceptance of the Offer up to the Maximum Number of Shares and the Offer had completed on 1st January, 2009.
5. Net bank and other borrowings divided by equity attributable to the owners of the Company.
6. As illustrated in the table under the paragraph headed “Net asset value” of this letter, the adjusted NAV per Share has been arrived at after adjusting for the surplus arising from the valuation of property interest of the Group at 31st August, 2009.

(a) Basic earnings per Share

Assuming that the Offer had completed on 1st January, 2009 and the total maximum number of 36,588,363 Shares subject to the Offer had been repurchased and cancelled in full by the Company, the weighted average number of Shares in issue would have decreased from approximately 244 million to approximately 207 million and the basic earnings per Share would increase by approximately 17.65% to HK\$4.52 for the six months ended 30th June, 2009 based on the unaudited net profit attributable to Shareholders of the Group for the six months ended 30th June, 2009 of approximately HK\$937 million, which is in the interests of the Company and the Shareholders as a whole.

(b) Current ratio and gearing ratio

As shown in the above table, the current ratio of the Group would decrease from approximately 2.64 times to 2.52 times. Such slight decrease in the current ratio is based on the assumption that (i) the total estimated cost of the Offer and the total estimated expenses in relation to the Offer of approximately HK\$681 million would be financed by internal resources of the Group. As set out in the interim report of the Group for the six months ended 30th June, 2009, the Group had cash and cash equivalents of approximately HK\$2,822 million; and (ii) the Offer would have no effect on the total liabilities of the Group.

As set out in the interim report of the Group for the six months ended 30th June, 2009, the Group had net borrowings of approximately HK\$2,953 million as at 30th June, 2009, representing a gearing ratio of approximately 31.9%. Upon completion of the Offer, the gearing ratio would increase to approximately 42.4%. Since the Offer is expected to be satisfied by the internal resources of the Group, the increase in gearing ratio of the Group is mainly due to the Shareholders' funds being reduced by the total consideration for the acceptance of the Offer and related expenses in aggregate of approximately HK\$681 million.

The slight decrease in current ratio and increase in gearing ratio would not, in our view, have any significant impact on the financial position of the Group as the Company will continue to maintain a positive cash position after completion of the Offer and the Directors have confirmed that the Group will have sufficient working capital to meet the normal operating requirements after completion of the Offer.

LETTER FROM PELICAN SECURITIES

(c) *NAV per Share*

As shown in the above table, the NAV per Share would increase by approximately 9.00% to approximately HK\$41.37 and the adjusted NAV per Share would increase by approximately 9.08% to approximately HK\$41.79 by the implementation of the Offer. Such enhancement of NAV per Share and adjusted NAV per Share is mainly due to the fact that the Offer Price represents a discount to the NAV per Share and the adjusted NAV per Share. As such discount is offered to all Qualifying Shareholders on a fair and equitable basis, we do not consider such Offer Price will prejudice the interest of the Independent Shareholders.

Save for the slight effect on current ratio and gearing ratio, the overall financial effects of the Offer on the Company are positive and the Directors have confirmed that the Company has sufficient financial resources to fund the Offer. Therefore, we consider that the Offer is in the interests of the Company and the Shareholders as a whole despite the fact that the Offer is made at a substantial discount to the NAV per Share and the adjusted NAV per Share.

6. Reasons for the Offer

As set out in the letter from the Board to the Offer Document, the Directors believe that the Offer is in the best interest of the Shareholders as it will:

- (a) appropriately utilize available surplus liquid funds of the Company;
- (b) return a substantial part of the surplus funds to the Shareholders pursuant to the Offer;
- (c) provide an opportunity for the Qualifying Shareholders either to sell their Shares and receive cash or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company; and
- (d) have the effect of increasing the net asset value per Share and earnings per Share.

In view of the market prices of the Share and its extremely low liquidity over the 12-month period before the issuance of the Announcement, we concur with the Directors' view that the Offer would provide an opportunity for the Shareholders to realise part of their investment in the Company. Furthermore, as discussed in the section headed "Financial Effects of the Offer" above, the financial effects of the Offer would be expected to be positive, save for the slight effect on current ratio and gearing ratio. In addition, the Offer will not prejudice the shareholding interests of the Qualifying Shareholders who intend not to tender their Shares for acceptance under the Offer. Therefore, we are of the view that the making of the Offer is in the interests of the Independent Shareholders.

7. Whitewash Waiver

The shareholding structure of the Company immediately before and immediately after completion of the Offer (assuming full acceptance) has been set out in the section headed “Shareholding Structures” in the letter from the Board to the Offer Document.

Lee and Lee Trust was beneficially interested in 108,626,492 Shares, representing approximately 44.53% of the total issued share capital of the Company as at Latest Practicable Date. Mr. Lee Seng Hui, one of the Trustees and an executive Director, other than those Shares held for Lee and Lee Trust, was beneficially interested in 22,921 Shares, representing approximately 0.01% of the total issued share capital of the Company as at Latest Practicable Date. Ms. Lee Su Hwei, one of the Trustees and a non-executive Director, has no other interest in the Shares other than those Shares held for Lee and Lee Trust. Mr. Lee Seng Hui and Ms. Lee Su Hwei are deemed to be acting in concert with Lee and Lee Trust for the purposes of the Takeovers Code. As at the Latest Practicable Date, the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them have irrevocably undertaken to the Company that they will not accept the Offer.

Depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming full acceptance by the Independent Shareholders up to the Maximum Number of Shares, the beneficial interest in the Company’s issued share capital held by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them may increase from its current level of approximately 44.54% to a maximum of approximately 52.40% upon completion of the Offer, thereby triggering a general obligation by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them.

An application for the Whitewash Waiver has been made to the Executive on behalf of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui. The Executive has agreed, subject to approval by the Independent Shareholders, to waive any obligations to make a general offer which might be resulted from the Offer.

Given the Offer will provide an opportunity to those Qualifying Shareholders who wish to realize part of their investment through the Assured Entitlement, and those Shareholders who do not accept the Offer will enjoy an increase in their shareholdings in the Company by the same magnitude as that of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui together with parties acting in concert with them, we consider that the Offer will not prejudice the interest of the Independent Shareholders. In addition, the Whitewash Waiver is a condition precedent to the Offer which will not proceed if the Whitewash Waiver is not granted, we consider the grant of the Whitewash Waiver to be in the interests of the Company and the Independent Shareholders and is fair and reasonable.

LETTER FROM PELICAN SECURITIES

RECOMMENDATIONS

Having considered the principal factors discussed above and, in particular the following,

- (i) despite the improving financial performance of the Group for the six-month period ended 30th June, 2009 after a rough year in 2008, the Group's principal businesses are still susceptible to the uncertain economic and market conditions as a result of the global financial crisis and hence sustaining a profitable trend is a challenge to the Group;
- (ii) the Offer provides an opportunity for Qualifying Shareholders to realize part of their investment in the Company should they wish to do so, at a premium over the recent market price given the extremely low liquidity;
- (iii) the discounts represented by the Offer Price to NAV per Share and adjusted NAV per Share are offered to all Qualifying Shareholders on a fair and equitable basis which, in our view, will not prejudice the interest of the Independent Shareholders. In addition, save for the slight effect on current ratio and gearing ratio, the Company has sufficient financial resources to fund the Offer and the overall financial effects of the Offer on the Company are positive;
- (iv) the Offer Price represents a premium over the One-month Average Price, the Three-month Average Price and the Six-month Average Price given the extremely low liquidity of the Shares and the current uncertain financial market;
- (v) the slight decrease in current ratio and the increase in gearing ratio upon completion of the Offer would not, in our view, have any significant impact on the financial position of the Group as the Company will continue to maintain a positive cash position after completion of the Offer and the Directors have confirmed that the Group will have sufficient working capital to meet the normal operating requirements after completion of the Offer;
- (vi) although the shareholding of the Independent Shareholders would, in aggregate, decrease from approximately 55.46% to 47.60% if the maximum of 36,588,363 Shares subject to the Offer are fully repurchased and cancelled, the Offer would not dilute the shareholding interests of those Qualifying Shareholders who do not tender any of their Shares for acceptance under the Offer. In fact, if the Assured Entitlement is fully taken up and given that as at the Latest Practicable Date, the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui and parties acting in concert with any of them have irrevocably undertaken to the Company that they will not accept the Offer, the shareholdings of those Qualifying Shareholders who do not accept the Offer will increase by the same magnitude as that of the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui together with parties acting in concert with any of them after completion of the Offer; and

LETTER FROM PELICAN SECURITIES

- (vii) the Whitewash Waiver is one of the Conditions to the Offer and if it is not approved by the Independent Shareholders, the Offer will lapse and those Qualifying Shareholders who wish to accept the Offer will not have the opportunity to realize part of their Shares through the Assured Entitlement or, alternatively, for those Qualifying Shareholders who intend not to accept the Offer will not benefit from an increase in their shareholding interests in the Company as a result of the reduced issued share capital of the Company following completion of the Offer,

on balance, we consider the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and that the Offer and the granting of the Whitewash Waiver, which is one of the Conditions to the Offer, are in the interests of the Company and the Shareholders as a whole. Having considered that those Qualifying Shareholders who intend not to tender their Shares for acceptance under the Offer would also benefit from an increase in their proportionate shareholding interests and the increase in NAV per Share and adjusted NAV per Share in the Company if the Offer become unconditional as a result of acceptance of the Offer by other Qualifying Shareholders, we therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the Offer and the Whitewash Waiver at the EGM. We also recommend the Independent Board Committee to advise the Independent Shareholders who are Qualifying Shareholders to accept the Offer.

For Qualifying Shareholders who wish to accept the Offer, they should also closely monitor the market price of the Shares during the Offer period and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from such sale (net of transaction costs) are likely to exceed the amount receivable under the Offer. They should also be aware that the tender of any Shares in excess of their Assured Entitlements for acceptance under the Offer may or may not be accepted depending upon the acceptance level under the Offer and acceptance thereof cannot be guaranteed by the Company.

Those Qualifying Shareholders who wish to retain their Shares by not accepting the Offer would enjoy an increase in their shareholding interests in the reduced issued capital of the Company that may result from the acceptances of the Offer by other Qualifying Shareholders.

Yours faithfully,
For and on behalf of
Pelican Securities Limited
Charles Li
Director and CEO

Yu Ming will make the Offer to the Qualifying Shareholders on behalf of the Company to repurchase Shares, on the terms and subject to the conditions set out in this Offer Document. The principal terms and conditions of the Offer are set out below.

TERMS AND CONDITIONS OF THE OFFER

1. The Offer

The Company will repurchase Shares up to the Maximum Number of Shares at the Offer Price.

2. Conditions

The Offer will be conditional upon fulfillment of all of the following conditions:

- (a) the passing of an ordinary resolution by the Independent Shareholders voting in person or by proxy at the EGM to approve by way of a poll the Offer and the Whitewash Waiver;
- (b) the granting of the Whitewash Waiver by the Executive and all conditions attaching thereto being fulfilled; and
- (c) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer.

As at the Latest Practicable Date, the Company is not aware of any such approval requirement as set out in condition (c) above.

If the Whitewash Waiver is not granted by the Executive, or if the resolution to approve the Offer and the Whitewash Waiver is not passed by the Independent Shareholders at the EGM, the Offer will lapse.

The Offer is not conditional as to any minimum number of acceptances.

3. Maximum Number of Shares

The Maximum Number of Shares which will be repurchased by the Company pursuant to the Offer is 36,588,363 Shares, representing approximately 15.0% of the issued share capital of the Company of 243,922,423 Shares as at the Latest Practicable Date.

4. Qualifying Shareholders

The Offer is available to all the Qualifying Shareholders whose names appear on the Register as at the Latest Acceptance Time.

5. Acceptance

- 5.1 Every Qualifying Shareholder may accept the Offer for the repurchase by the Company of any number of his/her Shares at the Offer Price up to his/her entire holding as at the Latest Acceptance Time by submitting to the Registrar a duly completed Acceptance Form, accompanied by the Title Documents. Each Share may only be accepted for repurchase by the Company once.
- 5.2 The Shares specified in an Acceptance Form will be repurchased in the following order:

- (i) firstly, all the Shares on a pro-rata basis up to the Assured Entitlement of an Accepting Shareholder; and
- (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Tenders as is equal to the proportion which the Excess Tenders specified in the relevant Acceptance Form bears to the aggregate Excess Tenders in all the Acceptance Forms up to the Maximum Number of Shares.

5.3 The Offer Price will be paid in cash.

5.4 Acceptance Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.

5.5 All of the Shares repurchased by the Company will be free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be repurchased under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance.

5.6 All repurchased Shares will be treated as cancelled in accordance with the articles of association of the Company and will not rank for any dividends after the cancellation.

5.7 Subject to the Offer becoming unconditional, the submission of an Acceptance Form by an Accepting Shareholder in the manner described in 5.1 above will be deemed to constitute a warranty from such Accepting Shareholder to Yu Ming and the Company that all Shares sold by such Shareholder under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, if any, after the date of the Announcement.

6. Assured Entitlements and Excess Tenders

6.1 Assuming that all of the Qualifying Shareholders (other than the Excluded Shareholders (if any)) becoming Accepting Shareholders, Qualifying Shareholders are assured of being able, if they so wish, to sell to the Company approximately 27.05% of the Shares they hold as at the Latest Acceptance Time. By way of example, a Qualifying Shareholder holding 2,000 Shares as at the Latest Acceptance Time will be assured of being able to accept the Offer in respect of 540 Shares.

- 6.2 Accepting Shareholders may accept the Offer in excess of their Assured Entitlement and the Company may repurchase Excess Tenders if certain Qualifying Shareholders do not accept the Offer or accept the Offer in respect of Shares fewer than their Assured Entitlement.
- 6.3 If the aggregate Excess Tenders fall below the total number of Surplus Shares, all of the Excess Tenders will be repurchased by the Company.
- 6.4 In the event of the aggregate Excess Tenders exceeding the Surplus Shares, each Accepting Shareholder whose Acceptance Form consists of Excess Tenders will be entitled to the repurchase by the Company of that number of the Excess Tenders as is equal to the proportion which the Excess Tenders specified in his/her Acceptance Form bears to the aggregate Excess Tenders calculated in accordance with the formula below, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{E \times S}{A}$$

E = Excess Tenders specified in an Acceptance Form

A = Aggregate Excess Tenders specified in all of the Acceptance Forms

S = Surplus Shares

- 6.5 The total number of the Shares which will be repurchased by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to scaling down of acceptance of the Offer for the Excess Tenders as illustrated above and as to the odd lots or fractional entitlements will be conclusive and binding on all Shareholders.

7. Odd lots

- 7.1 In view of the number of Shares in an Assured Entitlement and the manner of calculation in respect of the Excess Tenders as described above, an Accepting Shareholder may, as a result of the Offer, hold odd lots of the Shares.
- 7.2 For this purpose, Sun Hung Kai Investment Services Limited, whose address is at 12/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (contact person: Mr. Ma Yu Lung; telephone number: (852) 3920 2770) has been appointed by the Company as the designated broker to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the completion of the Offer to enable odd lot Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 2,000 Shares. Odd lot Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional.

8. Acceptance period

- 8.1 If the Conditions are satisfied, the Offer will be open for acceptance for at least 14 days after the Offer has become unconditional. In order to be valid, an Acceptance Form must be duly completed, together with the Title Documents in respect of such number of Shares which represent not less than the number of Shares in respect of which the relevant Qualifying Shareholders intend to accept under the Offer, delivered to and received by the Registrar at or before the Latest Acceptance Time, which is currently expected to be 4:00 p.m. on Friday, 27th November, 2009, or such later date as the Company may, with the prior consent of the Executive, decide and announce. The Company reserves the right to extend the time for acceptance of the Offer, subject to receiving the prior consent of the Executive.
- 8.2 The date when the last one of the Conditions is expected to be satisfied is Friday, 13th November, 2009. Such date may be postponed by the Company, subject to receiving the prior consent of the Executive.

9. Irrevocable acceptances

Acceptance Forms which have been duly completed and received by the Registrar will constitute irrevocable acceptances of the Offer after the Offer has been declared unconditional.

10. General

- 10.1 The Shares will be repurchased free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by him/her to Yu Ming and the Company that his/her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Announcement (including the right to all dividends and distributions (if any) declared after the date of the Announcement).

The Company declared, on 7th September, 2009, the interim dividend of HK15 cents per Share for the six months period ended 30th June, 2009 payable to the Shareholders, whose names appear on the Register on 30th October, 2009. Dividend warrants are expected to be despatched to the Shareholders by post on or around 6th November, 2009. For avoidance of doubt, Shareholders who tender their Shares for acceptance under the Offer after the Offer becomes unconditional will still be entitled to receive the aforementioned interim dividend if their names appear on the Register as at 30th October, 2009.

- 10.2 The Qualifying Shareholders may accept the Offer by completing the Acceptance Form in accordance with the instructions set out in the Acceptance Form (which constitute part of the terms of the Offer). An Acceptance Form may be rejected as invalid if the procedures contained in this Offer Document and in the Acceptance Form are not complied with.

- 10.3 The Offer and all acceptances of it, the Acceptance Forms and all contracts made pursuant to the Offer, and all action taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of an Acceptance Form will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- 10.4 The failure of any person to receive an Offer Document or an Acceptance Form will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Qualifying Shareholders at the office of the Registrar and the principal place of business of the Company during office hours between the date of despatch of the Offer Document and the Latest Acceptance Time, and on the Stock Exchange's website at www.hkexnews.hk for at least seven days from the date of its publication, together with the Company's website at www.alliedgroup.com.hk.
- 10.5 The Company reserves the right, subject to any applicable law or regulatory requirements, to amend the Offer Price. In the event of such amendment (which will not, for the avoidance of doubt, include an alteration of the Maximum Number of Shares), a supplemental document and a new Acceptance Form will be despatched to each of the Qualifying Shareholders. Any revised offer will be kept open for at least 14 days following the date on which the revised offer document is posted. If in the course of the Offer, the Company revises the terms of the Offer, all Qualifying Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms.
- 10.6 The right of acceptance of the Offer is personal to the Qualifying Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.
- 10.7 All questions as to the number of Shares repurchased, the price to be paid therefor, or any alteration of such price in accordance with the terms contained herein, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or by the Executive). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Repurchase Code or otherwise with the Executive's consent) to waive any of the terms or conditions of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Offer will not be despatched until after the Acceptance Form is completed in all respects and the Title Documents have been received. None of the Company or the Registrar or any other person is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.

- 10.8 All communications, notices, Acceptance Forms, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company, Yu Ming, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.
- 10.9 Should any Qualifying Shareholder require any assistance in completing the Acceptance Form or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Qualifying Shareholders may contact the Registrar at its hotline at (852) 2862 8555 during the period from Friday, 23rd October, 2009 to the closing day of the Offer (both days inclusive) between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays).

OVERSEAS SHAREHOLDERS

The Offer Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdictions other than Hong Kong.

Based on the Register, there were Shareholders with registered addresses in eleven jurisdictions outside Hong Kong as at the Latest Practicable Date. The Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the Offer in relation to such Overseas Shareholders.

The Company has obtained advice from legal advisers in Canada, Spain, France, United Kingdom, Macau, Malaysia, New Zealand, Singapore and Taiwan that no local regulatory compliance is required to be made in these jurisdictions for the Company in respect of the Offer to the Shareholders who resided in these jurisdictions. Accordingly, the Offer will be extended to such Overseas Shareholders with addresses in these jurisdictions.

The Company has sought legal advice from the U.S. legal advisers. Based on the legal opinion provided by the U.S. legal advisers, the extension of the Offer to the United States will be subject to federal and state securities laws, anti-fraud and other related rules. The Company has also sought legal advice from Australian legal advisers. Based on the legal opinion provided by the Australian legal advisers, the extension of the Offer to Australia will be subject to Australia's Corporations Act. To comply with the local regulations in the U.S. and Australia would be unduly burdensome to the Company. Hence, the Company will not send the Acceptance Form, but will only send the Offer Document together with a notice of the EGM to the U.S. and Australian Shareholders. An application has been made to and consent has been granted by the Executive under Rule 8 of the Repurchase Code to exclude the six U.S. Shareholders whose aggregate shareholding represents 0.0016% of the total issued share capital of the Company and one Australian Shareholder whose shareholding represents 0.0005% of the total issued share capital of the Company.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that the local laws and requirements have been complied with. Shareholders should consult their professional advisers if in doubt.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

1. General Procedures for Acceptance

- 1.1 In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Acceptance Form in accordance with the instructions printed in this Offer Document and the instructions printed on the Acceptance Form. The instructions in this Offer Document should be read together with the instructions on the Acceptance Form (which instructions form part of the terms of the Offer).
- 1.2 In order to be valid, the completed Acceptance Form should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in an envelope marked "**Allied Group Limited – 2009 Repurchase Offer**" as soon as possible after receipt of the Acceptance Form but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Friday, 27th November, 2009, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.
- 1.3 No Acceptance Form received after the Latest Acceptance Time will be accepted.
- 1.4 If the Acceptance Form is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Acceptance Form.
- 1.5 No acknowledgement of receipt of any Acceptance Form or Title Documents will be given.
- 1.6 The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Qualifying Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- 1.7 In relation to any acceptance of the Offer in respect of Shares held in CCASS in the name of HKSCC Nominees Limited, HKSCC Nominees Limited shall specify in the Acceptance Form (i) the total number of Shares tendered for acceptance of the Offer by CCASS participants under the Assured Entitlements; and (ii) the total number of Shares tendered for acceptance of the Offer by CCASS participants under the Excess Tenders.
- 1.8 Only one Acceptance Form may be submitted by each Qualifying Shareholder to the Registrar.

2. Nominee Holdings

- 2.1 If the Title Documents in respect of a Qualifying Shareholder's Shares are in the name of a nominee company or some name other than his/her own, and such Qualifying Shareholder wishes to accept the Offer (either in full or in respect of part of his holding(s) of Shares), he/she must either:
- (i) instruct the nominee company, or other nominee to accept the Offer on his/her behalf and requesting it to deliver the Acceptance Form duly completed together with the Title Documents to the Registrar, within such deadline (which may be earlier than the deadline specified under the Offer) as may be stipulated by the nominee; or
 - (ii) arrange for the Shares to be registered in his/her name by the Company through the Registrar, and send the Acceptance Form duly completed together with the Title Documents to the Registrar; or
 - (iii) where his/her Shares have been maintained with his/her licensed securities dealer/custodian bank through CCASS, instruct his/her licensed securities dealer/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on his/her behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, that Shareholder should check with his/her broker/custodian bank for the timing on processing of his instruction, and submit such instruction to his broker/custodian bank as required by them; or
 - (iv) if that Shareholder's Shares have been lodged with his/her Investor Participant Account with CCASS, authorize his instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- 2.2 Qualifying Shareholders with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

3. Recent Transfers

If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in his/her name and has not yet received the Share certificate(s) and wishes to accept the Offer, he/she should nevertheless complete the Acceptance Form and deliver it to the Registrar together with the transfer receipt(s) duly signed by him/her at or before the Latest Acceptance Time. Such action will be deemed to be an authority to the Company or its agent(s) to collect from the Company or the Registrar on his/her behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Offer, as if it/they was/were delivered to the Registrar with the Acceptance Form.

4. Lost or Unavailable Share Certificates

- 4.1 If the Title Document(s) is/are not readily available and/or is/are lost and a Qualifying Shareholder wishes to accept the Offer, the Acceptance Form should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than the Latest Acceptance Time and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- 4.2 Acceptances of the Offer may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the cash consideration due will not be despatched until the relevant Title Documents has/have been received by the Registrar.
- 4.3 If a Qualifying Shareholder has lost his/her Title Documents, he/she should write to the Registrar and request a letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed in accordance with the instructions given, should be returned, together with the Acceptance Form and any Title Documents which are available, so as to arrive at the Registrar either by post or by hand not later than the Latest Acceptance Time. In such cases, the Qualifying Shareholder will be informed of the fees payable to the Registrar for which he/she will be responsible.

5. Additional Acceptance Forms

If a Qualifying Shareholder has lost the accompanying Acceptance Form or such original has become unusable, and requires a replacement of such form, he/she should write to the Registrar or visit the Registrar at its office and request additional Acceptance Form for completion by such Qualifying Shareholder. Alternatively, he/she could download it from the website of the Stock Exchange at www.hkexnews.hk or the Company's website at www.alliedgroup.com.hk.

6. Settlement

- 6.1 Subject to the Offer becoming unconditional and provided that a duly completed Acceptance Form, accompanied by the relevant Title Documents are received by the Registrar by not later than the Latest Acceptance Time and are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by post of the repurchase of his/her Shares, including the number of Shares to be purchased from his/her Excess Tenders, if any. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction pursuant to paragraph 5.5 in the section headed "Terms and Conditions of the Offer" above, within 10 days after the close of the Offer.

- 6.2 If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. Where such Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).
- 6.3 If the Excess Tenders of an Accepting Shareholder has not been purchased by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to him/her by ordinary post at his/her risk within 10 days after the close of the Offer.

7. New Shareholders

Any new Shareholder may collect a copy of this Offer Document, together with the form of proxy and a blank Acceptance Form from the Registrar at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during business hours between Friday, 23rd October, 2009 to the closing day of the Offer, both days inclusive. Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 10.9 under the section headed "Terms and Conditions of the Offer" above) and request a copy of this document, the accompanying form of proxy and a blank Acceptance Form (as appropriate) to be sent to his/her registered address as recorded in the Register.

EFFECT OF ACCEPTANCE OF THE OFFER BY QUALIFYING SHAREHOLDERS

Each Qualifying Shareholder by whom, or on whose behalf, an Acceptance Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and Yu Ming (so as to bind him/her, his/her personal representatives, heirs, successors and assigns) to the effect:

1. deeming provisions

that the following provisions apply in the case of incorrectly completed, incomplete or illegible Acceptance Forms:

- (a) if Box 1 of the Acceptance Form is not completed at all or a mark other than a legible number is inserted, the Qualifying Shareholder is deemed to have accepted the Offer in regard to such number of Shares as shall be equal to the number of the Shares tendered by such Qualifying Shareholder, as supported by the Title Documents, subject to scaling down; and
- (b) if the total number of Shares inserted in Box 1 of the Acceptance Form is greater than the Shares tendered by the relevant Qualifying Shareholder as supported by the Title Documents, such Qualifying Shareholder will be deemed to have accepted the Offer in regard to such number of Shares as shall be equal to the number of the Shares tendered by him/her, subject to scaling down;

2. representations and warranties

by delivery to the Registrar a duly completed Acceptance Form accompanied with the Title Documents, the Accepting Shareholder represents and warrants to the Company and Yu Ming:

- (a) that he/she has full power and authority to tender, sell, assign and transfer all the Shares (together with all rights attaching thereto) specified in such Acceptance Form for repurchase and that the Shares are fully paid, free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Announcement (including the right to all dividends and distributions (if any) declared after the date of the Announcement); and
- (b) that if he/she is a resident in or a citizen of a jurisdiction outside Hong Kong, he/she has fully observed any applicable legal or other requirements and that the Offer may be accepted by him/her lawfully under the laws of the relevant jurisdiction.

3. appointment and authority

that the execution of the Acceptance Form constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or Yu Ming, or such other person as any of them may direct, as such Qualifying Shareholder's agent ("Agent"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Acceptance Form and/or any other document at the Agent's discretion on behalf of the person accepting the Offer and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company repurchasing some or all of the Shares (as the Company may in its absolute discretion determine) in respect of which such person has accepted (or is deemed to have accepted) the Offer.

4. undertakings

that by executing the Acceptance Form, he/she:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or his/her powers and/or authorities under the terms of the Offer;
- (b) undertakes to deliver to the Registrar the Title Documents in respect of the Shares for which the Offer is (or is deemed to be) accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;

- (c) accepts that the provisions of the Acceptance Form and the other terms and conditions in this document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with his/her acceptance of the Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the repurchase of any Shares in respect of which he/she has accepted or is deemed to have accepted the Offer free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date when the Offer Period begins and/or to perfect any of the authorities expressed to be given hereunder;
- (e) authorizes the Company or the Agent to procure the despatch by post of the consideration to which he/she is entitled at his/her risk to the first-named holder at his/her registered address in Box 4 of the Acceptance Form; and
- (f) submits to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Acceptance Form.

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasized that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Yu Ming, Pelican Securities, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer by the Qualifying Shareholders.

ANNOUNCEMENTS

1. Following the EGM at which the Offer and the Whitewash Waiver are to be approved by the Independent Shareholders, the Company will announce through the Stock Exchange's website the result of the meeting and whether or not the Offer has become unconditional.
2. By 6:00 p.m. (or such later time as the Executive may permit) on the close of the Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer (if any) and shall publish an announcement through the website of the Stock Exchange by 7:00 p.m. on such date stating whether the Offer has been revised, extended or expired. A draft of such announcement must be submitted to the Executive and the Stock Exchange by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. The announcement shall (except in the case of lapse of the Offer) specify the total number of Shares (and rights over Shares) that have been accepted for repurchase pursuant to the Offer. The announcement will also set out the result of the Offer, including the details of the way in which each Accepting Shareholder's pro-rata entitlement was determined.

3. In calculating the number of the Shares represented by Acceptance Forms, acceptances which are not in all respects in order or are subject to verification will be stated separately.

INTERPRETATION

1. A reference in this Offer Document to a Qualifying Shareholder includes a reference to a person who, by reason of an acquisition or transfer of Shares, is entitled to execute an Acceptance Form and in the event of more than one person executing an Acceptance Form, the provisions of this document apply to them jointly and severally.
2. A reference in this Offer Document and the Acceptance Form to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

- a. Set out below is a summary of the unaudited condensed consolidated results of the Group for each of the six-month periods ended 30th June, 2007, 2008 and 2009 respectively extracted from the Company's relevant interim reports and restated as appropriate.

	Six months ended 30th June,		
	2009	2008	2007
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	<u>2,425.4</u>	<u>1,877.2</u>	<u>2,125.8</u>
Profit before taxation	1,639.2	667.1	1,419.7
Taxation	<u>(154.8)</u>	<u>(96.8)</u>	<u>(135.2)</u>
Profit for the period	<u>1,484.4</u>	<u>570.3</u>	<u>1,284.5</u>
Attributable to:			
Owners of the Company	936.8	208.5	673.6
Minority interests	<u>547.6</u>	<u>361.8</u>	<u>610.9</u>
	<u>1,484.4</u>	<u>570.3</u>	<u>1,284.5</u>
Interim dividend	<u>36.6</u>	<u>36.6</u>	<u>36.6</u>
Interim dividend per share	<u>HK15 cents</u>	<u>HK15 cents</u>	<u>HK15 cents</u>
Earnings per share:			
Basic	<u>HK\$3.84</u>	<u>HK\$0.85</u>	<u>HK\$2.74</u>
Diluted	<u>HK\$3.84</u>	<u>HK\$0.85</u>	<u>HK\$2.74</u>

There were neither extraordinary nor exceptional items during each of the six-month periods ended 30th June, 2007, 2008 and 2009.

- b. The following is a summary of the audited financial results of the Group for each of three years ended 31st December, 2008 as extracted from the Company's relevant annual reports and restated as appropriate.

	For the year ended 31st December,		
	2008	2007	2006
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	<u>3,493.7</u>	<u>4,889.4</u>	<u>2,810.6</u>
Profit before taxation	181.8	3,787.1	1,800.3
Taxation	<u>(59.8)</u>	<u>(310.4)</u>	<u>(130.7)</u>
Profit for the year	<u>122.0</u>	<u>3,476.7</u>	<u>1,669.6</u>
Attributable to:			
Owners of the Company	(231.4)	1,901.2	1,028.8
Minority interests	<u>353.4</u>	<u>1,575.5</u>	<u>640.8</u>
	<u>122.0</u>	<u>3,476.7</u>	<u>1,669.6</u>
Proposed final dividend	<u>73.2</u>	<u>146.5</u>	<u>98.6</u>
Proposed final dividend per share	<u>HK30 cents</u>	<u>HK60 cents</u>	<u>HK40 cents</u>
(Loss) earnings per share:			
Basic	<u>HK\$(0.95)</u>	<u>HK\$7.76</u>	<u>HK\$4.12</u>
Diluted	<u>HK\$(0.95)</u>	<u>HK\$7.76</u>	<u>HK\$4.11</u>

There were neither extraordinary nor exceptional items during each of the three years ended 31st December, 2008.

The reports of the auditor of the Company, Deloitte Touche Tohmatsu, for the three years ended 31st December, 2008 do not contain any qualifications.

2. FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

Set out below is information extracted from the unaudited condensed consolidated financial statements of the Group as contained in the interim report of the Company for the six months ended 30th June, 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June, 2009

		Six months ended 30th June,	
		2009	2008
	<i>Notes</i>	Unaudited <i>HK\$ Million</i>	Unaudited <i>HK\$ Million</i> (Restated)
Revenue	3	2,425.4	1,877.2
Other income		11.9	23.6
Total income		2,437.3	1,900.8
Cost of sales and other direct costs		(310.8)	(314.7)
Brokerage and commission expenses		(94.9)	(126.3)
Selling and marketing expenses		(21.4)	(30.4)
Administrative expenses		(748.6)	(682.3)
Discount on acquisition of a subsidiary		138.5	–
Discount on acquisition of additional interests in subsidiaries		40.9	19.8
Profit on deemed acquisition of additional interests in subsidiaries	4	8.5	–
(Loss) profit on deemed disposal of partial interest in a subsidiary	5	(31.7)	0.4
Loss on fair value change of warrants of a listed associate		(0.3)	(270.1)
Changes in values of properties	6	335.2	30.4
Bad and doubtful debts		(282.4)	(136.6)
Other operating expenses		(48.6)	(58.1)
Finance costs	7	(20.7)	(50.9)
Share of results of associates		162.3	313.8
Share of results of jointly controlled entities		75.9	71.3
Profit before taxation	8	1,639.2	667.1
Taxation	9	(154.8)	(96.8)
Profit for the period		1,484.4	570.3
Attributable to:			
Owners of the Company		936.8	208.5
Minority interests		547.6	361.8
		1,484.4	570.3
Earnings per share:	10		
Basic		HK\$3.84	HK\$0.85
Diluted		HK\$3.84	HK\$0.85

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*for the six months ended 30th June, 2009*

	Six months ended 30th June,	
	2009	2008
	Unaudited	Unaudited
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Profit for the period	<u>1,484.4</u>	<u>570.3</u>
Other comprehensive income:		
Available-for-sale financial assets		
– Net fair value changes during the period	65.5	(539.3)
– Reclassification adjustment to profit or loss		
on disposal	(2.8)	–
– Deferred tax	<u>(0.3)</u>	<u>0.6</u>
	62.4	(538.7)
Property, plant and equipment		
– Deferred tax	–	0.7
Exchange difference arising on translation		
of foreign operations	1.7	12.3
Share of other comprehensive income		
of associates	19.1	116.5
Share of other comprehensive income		
of jointly controlled entities	<u>(0.8)</u>	<u>(8.2)</u>
Other comprehensive income (expenses)		
for the period, net of tax	<u>82.4</u>	<u>(417.4)</u>
Total comprehensive income for the period	<u>1,566.8</u>	<u>152.9</u>
Attributable to:		
Owners of the Company	993.6	(3.8)
Minority interests	<u>573.2</u>	<u>156.7</u>
	<u>1,566.8</u>	<u>152.9</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June, 2009

		At 30th June, 2009 Unaudited HK\$ Million	At 31st December, 2008 Audited HK\$ Million
	Notes		
Non-current assets			
Investment properties	12	3,350.1	3,024.0
Property, plant and equipment		347.9	349.5
Prepaid land lease payments		345.8	349.1
Goodwill		276.0	268.2
Intangible assets		403.5	370.5
Interests in associates		3,974.8	4,010.5
Interests in jointly controlled entities		1,063.7	934.7
Available-for-sale financial assets	13	629.1	273.3
Held-to-maturity investments	14	49.9	–
Statutory deposits		18.8	18.4
Loans and advances to consumer finance			
customers due after one year		1,884.4	1,743.5
Loans and receivables		114.6	164.2
Deferred tax assets		98.5	122.5
		<u>12,557.1</u>	<u>11,628.4</u>
Current assets			
Properties held for sale and			
other inventories		410.9	410.5
Financial assets at fair value through			
profit or loss	15	1,092.8	423.3
Prepaid land lease payments		6.4	6.1
Loans and advances to consumer finance			
customers due within one year		2,331.0	2,588.4
Trade and other receivables	16	7,276.9	4,664.9
Amounts due from associates		99.9	104.8
Amount due from a jointly controlled entity		1.8	3.4
Tax recoverable		33.0	36.8
Pledged bank deposits and bank balances		140.8	130.5
Cash and cash equivalents	17	2,821.7	2,591.5
		<u>14,215.2</u>	<u>10,960.2</u>

		At 30th June, 2009 Unaudited HK\$ Million	At 31st December, 2008 Audited HK\$ Million
	<i>Notes</i>		
Current liabilities			
Trade and other payables	18	1,551.7	1,638.4
Financial liabilities at fair value through profit or loss		85.0	49.0
Amounts due to associates		14.1	13.8
Amounts due to jointly controlled entities		29.3	14.1
Tax payable		121.5	76.0
Bank and other borrowings due within one year	19	3,468.2	1,403.8
Provisions		37.0	62.8
Dividend payable		73.2	–
Other liabilities due within one year		–	0.6
		<u>5,380.0</u>	<u>3,258.5</u>
Net current assets		<u>8,835.2</u>	<u>7,701.7</u>
Total assets less current liabilities		<u><u>21,392.3</u></u>	<u><u>19,330.1</u></u>
Capital and reserves			
Share capital	20	487.9	488.1
Share premium and reserves		<u>8,769.1</u>	<u>7,849.9</u>
Equity attributable to owners of the Company		9,257.0	8,338.0
Shares held for employee ownership scheme		(27.6)	(32.6)
Employee share-based compensation reserve		8.4	10.0
Minority interests		<u>9,420.2</u>	<u>8,268.8</u>
Total equity		<u>18,658.0</u>	<u>16,584.2</u>
Non-current liabilities			
Bank and other borrowings due after one year	19	2,446.9	2,479.3
Deferred tax liabilities		275.2	241.9
Provisions		<u>12.2</u>	<u>24.7</u>
		<u>2,734.3</u>	<u>2,745.9</u>
		<u><u>21,392.3</u></u>	<u><u>19,330.1</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30th June, 2009

Attributable to owners of the Company															
	Share capital HK\$ Million	Share premium HK\$ Million	Property revaluation reserve HK\$ Million	Investment revaluation reserve HK\$ Million	Capital redemption reserve HK\$ Million	Translation reserve HK\$ Million	Non-distributable reserve HK\$ Million	Capital reserve HK\$ Million	Accumulated profits HK\$ Million	Dividend reserve HK\$ Million	Total HK\$ Million	Shares held for employee ownership scheme HK\$ Million	Employee share-based compensation reserve HK\$ Million	Minority interests HK\$ Million	Total equity HK\$ Million
At 1st January, 2008	488.5	1,519.5	41.8	631.7	213.6	80.1	55.2	(2.9)	6,010.6	146.5	9,184.6	-	-	9,234.3	18,418.9
Total comprehensive income	-	-	0.5	(265.3)	-	57.3	-	(4.8)	208.5	-	(3.8)	-	-	156.7	152.9
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in minority interests due to further acquisition of shares of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	15.0	15.0
Purchase of shares for employee ownership scheme	-	-	-	-	-	-	-	-	-	-	-	(29.5)	-	(74.4)	(74.4)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-	-	-	2.9	-	2.9
Dividend payable	-	-	-	-	-	-	-	-	-	(146.5)	(146.5)	-	-	-	(146.5)
2008 interim dividend declared	-	-	-	-	-	-	-	-	(36.6)	36.6	-	-	-	-	-
Dividend distribution to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(68.5)	(68.5)
Share repurchased and cancelled	(0.2)	-	-	-	-	-	-	-	(2.0)	-	(2.2)	-	-	-	(2.2)
Transfer on share repurchase	-	-	-	-	0.2	-	-	-	(0.2)	-	-	-	-	-	-
At 30th June, 2008	488.3	1,519.5	42.3	366.4	213.8	137.4	55.2	(7.7)	6,180.3	36.6	9,032.1	(29.5)	2.9	9,263.1	18,268.6

Attributable to owners of the Company

	Share capital HK\$ Million	Share premium HK\$ Million	Property revaluation reserve HK\$ Million	Investment revaluation reserve HK\$ Million	Capital redemption reserve HK\$ Million	Translation reserve HK\$ Million	Non-distributable reserve HK\$ Million	Capital reserve HK\$ Million	Accumulated profits HK\$ Million	Dividend reserve HK\$ Million	Total HK\$ Million	Shares held for employee ownership scheme HK\$ Million	Employee share-based compensation reserve HK\$ Million	Minority interests HK\$ Million	Total equity HK\$ Million
At 1st January, 2009	488.1	1,519.5	42.3	174.4	214.1	136.6	55.2	(8.7)	5,643.3	73.2	8,338.0	(32.6)	10.0	8,268.8	16,584.2
Total comprehensive income	-	-	-	46.9	-	9.9	-	-	936.8	-	993.6	-	-	573.2	1,566.8
Increase in minority interests due to acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	397.6	397.6
Increase in minority interests due to further acquisition of shares of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	33.5	33.5
Decrease in minority interests due to repurchase of shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(50.6)	(50.6)
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	323.9	323.9
Purchase of shares for employee ownership scheme	-	-	-	-	-	-	-	-	-	-	-	(2.4)	-	-	(2.4)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-	-	-	5.8	-	5.8
Vesting of shares of employee ownership scheme	-	-	-	-	-	-	-	-	-	-	-	7.4	(7.4)	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	(73.2)	(73.2)	-	-	-	(73.2)
2009 interim dividend declared	-	-	-	-	-	-	-	-	(36.6)	36.6	-	-	-	-	-
Dividend distribution to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(126.2)	(126.2)
Share repurchased and cancelled	(0.2)	-	-	-	-	-	-	-	(1.2)	-	(1.4)	-	-	-	(1.4)
Transfer on share repurchase	-	-	-	-	0.2	-	-	-	(0.2)	-	-	-	-	-	-
At 30th June, 2009	487.9	1,519.5	42.3	221.3	214.3	146.5	55.2	(8.7)	6,542.1	36.6	9,257.0	(27.6)	8.4	9,420.2	18,658.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*for the six months ended 30th June, 2009*

		Six months ended 30th June,	
		2009	2008
		Unaudited	Unaudited
	<i>Notes</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Operating activities			
Cash (used in) from operations			
– (Increase) decrease in trade and other receivables		(2,466.6)	114.1
– Other operating cash flows		645.9	35.1
		(1,820.7)	149.2
Interest paid		(22.7)	(56.8)
Taxation paid		(49.8)	(42.5)
Net cash (used in) from operating activities		(1,893.2)	49.9
Investing activities			
Acquisition of a subsidiary	21	128.5	–
Proceeds on disposal of available-for-sale financial assets		20.7	–
Dividends received from associates		18.8	–
Amount repaid by a jointly controlled entity		3.7	2.5
Amounts repaid by associates		0.5	78.9
Disposal of subsidiaries		0.2	–
Proceeds on disposal of property, plant and equipment		0.1	–
Purchase of available-for-sale financial assets and held-to-maturity investments		(142.1)	(12.7)
Acquisition of jointly controlled entities		(53.9)	(9.9)
Additions to intangible assets		(46.6)	(11.8)
Purchase of property, plant and equipment		(19.3)	(47.8)
Acquisition of additional interests in subsidiaries		(13.6)	(62.9)
Increase in pledged bank deposits and bank balances		(10.3)	(0.8)
Additions to investment properties		(2.0)	(113.6)
Amount advanced to a jointly controlled entity		(2.0)	(1.5)
Net (payment) repayment of statutory deposits		(0.5)	4.1
Acquisition of additional interests in associates		–	(98.3)
Additions to prepaid land lease payments		–	(5.5)
Net cash used in investing activities		(117.8)	(279.3)

	Six months ended 30th June,	
	2009	2008
	Unaudited	Unaudited
<i>Notes</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Financing activities		
New bank loans raised	2,187.6	499.0
Net proceeds received from issue of shares by subsidiaries	381.9	11.0
Amount advanced by a jointly controlled entity	15.0	–
Amounts advanced by associates	0.2	–
Repayment of bank loans	(186.6)	(586.9)
Payment to minority interests	(126.2)	(24.2)
Amounts paid for shares repurchased by subsidiaries	(42.1)	–
Purchase of shares for employee ownership scheme of Sun Hung Kai & Co. Limited ("SHK")	(2.4)	(29.5)
Amounts paid for shares repurchased by the Company	(1.4)	(2.2)
Redemption of loan notes of a subsidiary	–	(69.6)
Net cash from (used in) financing activities	<u>2,226.0</u>	<u>(202.4)</u>
Net increase (decrease) in cash and cash equivalents	215.0	(431.8)
Effect of foreign exchange rate changes	(0.3)	11.0
Cash and cash equivalents at the beginning of the period	<u>2,591.5</u>	<u>2,793.0</u>
Cash and cash equivalents at the end of the period	<u><u>2,806.2</u></u>	<u><u>2,372.2</u></u>
Cash and cash equivalents at the end of the period, represented by:		
Cash and cash equivalents	2,821.7	2,384.8
Bank overdrafts	(15.5)	(12.6)
	<u><u>2,806.2</u></u>	<u><u>2,372.2</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30th June, 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2008.

In the current interim period, the Group has applied, for the first time, the following new or revised standards or amendments issued by HKICPA, which are or have become effective and are relevant to the operations of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendments to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

In May 2009, the HKICPA issued Improvements to HKFRSs 2009 that include an amendment to the Appendix to HKAS 18 Revenue which provides additional guidance (“Additional Guidance”) to determine whether an entity is acting as a principal or an agent.

The Additional Guidance includes, inter alia, features that indicate an entity is acting as a principal or as an agent. The Group has re-assessed its business arrangements based on the Additional Guidance and has applied the Additional Guidance retrospectively. As a result of the re-assessment, the Group has retrospectively changed the presentation of results of certain arrangements previously presented on a gross basis (that is, based on the gross amount billed to a customer) to the net basis (that is, based on the amount billed to the customer less the amount paid to the corresponding supplier) as it would result in a more appropriate presentation of the substance of those arrangements.

Accordingly, the following adjustments were made to the financial information for the six months ended 30th June, 2009 and 2008:

	Six months ended 30th June,	
	2009	2008
	HK\$ Million	HK\$ Million
Net decrease in revenue – Healthcare	46.6	53.2
Net decrease in costs of sales and other direct costs	46.6	53.2

Such change in presentation has had no impact to the profit for the period and earnings per share of the Group for the six months ended 30th June, 2009 and 2008 or the accumulated profits and other components of equity of the Group as at 1st January, 2009 and 2008.

Save as detailed above, the adoption of the new or revised standards or amendments has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Apart from the application of the Additional Guidance under the amendment to the Appendix to HKAS 18 Revenue which is included in Improvements to HKFRSs 2009 as detailed above, the Group has not early applied the following revised standards, amendments or interpretations that have been issued, but are not yet effective, and are relevant to the operations of the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except for an amendment to the Appendix to HKAS 18 Revenue and the amendments to paragraph 80 of HKAS 39 ²
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Revised 2008)	First-time Adoption of HKFRS ¹
HKFRS 2 (Amendment)	Amendment to HKFRS 2 Group Cash-settled Shared-based Payment Transactions ⁴
HKFRS 3 (Revised 2008)	Business Combinations ¹
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 18	Transfers of Assets from Customers ³

¹ Effective for annual periods beginning on or after 1st July, 2009.

² Amendments that are effective for annual period beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

³ Effective for transfer on or after 1st July, 2009.

⁴ Effective for annual periods beginning on or after 1st January, 2010.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company ("Directors") anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 had no material effect on the presentation of segmental information.

The following is an analysis of the Group's revenue and results by operating segments:

	Six months ended 30th June, 2009					Total HK\$ Million
	Investment, broking and finance HK\$ Million	Consumer finance HK\$ Million	Healthcare HK\$ Million	Property development and investment HK\$ Million	Corporate and other operations HK\$ Million	
Revenue	1,057.2	737.1	540.4	120.6	54.7	2,510.0
Less : inter-segment revenue	(32.2)	–	–	(5.1)	(47.3)	(84.6)
	<u>1,025.0</u>	<u>737.1</u>	<u>540.4</u>	<u>115.5</u>	<u>7.4</u>	<u>2,425.4</u>
Segment results	594.0	246.5	30.0	399.0	(3.7)	1,265.8
Discount on acquisition of a subsidiary						138.5
Discount on acquisition of additional interests in subsidiaries						40.9
Profit on deemed acquisition of additional interests in subsidiaries						8.5
Loss on deemed disposal of partial interest in a subsidiary						(31.7)
Loss on fair value change of warrants of a listed associate						(0.3)
Finance costs						(20.7)
Share of results of associates						162.3
Share of results of jointly controlled entities	0.3	–	–	75.6	–	<u>75.9</u>
Profit before taxation						1,639.2
Taxation						<u>(154.8)</u>
Profit for the period						<u><u>1,484.4</u></u>

Six months ended 30th June, 2008						
	Investment, broking and finance <i>HK\$ Million</i> (Restated)	Consumer finance <i>HK\$ Million</i>	Healthcare <i>HK\$ Million</i> (Restated)	Property development and investment <i>HK\$ Million</i>	Corporate and other operations <i>HK\$ Million</i> (Restated)	Total <i>HK\$ Million</i> (Restated)
Revenue	636.5	640.8	468.1	148.0	82.7	1,976.1
Less: inter-segment revenue	(26.4)	–	–	(5.5)	(67.0)	(98.9)
	<u>610.1</u>	<u>640.8</u>	<u>468.1</u>	<u>142.5</u>	<u>15.7</u>	<u>1,877.2</u>
Segment results	176.8	298.4	25.3	101.4	(19.1)	582.8
Discount on acquisition of additional interest in a subsidiary						19.8
Profit on deemed disposal of partial interest in a subsidiary						0.4
Loss on fair value change of warrants of a listed associate						(270.1)
Finance costs						(50.9)
Share of results of associates						313.8
Share of results of jointly controlled entities	–	–	–	71.3	–	<u>71.3</u>
Profit before taxation						667.1
Taxation						<u>(96.8)</u>
Profit for the period						<u><u>570.3</u></u>

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

4. PROFIT ON DEEMED ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

Profit on deemed acquisition of additional interests in subsidiaries arose from the shares repurchased and cancelled by subsidiaries.

5. (LOSS) PROFIT ON DEEMED DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

(Loss) profit on deemed disposal of partial interest in a subsidiary arose from the conversion of shares by the external warrant holders of a subsidiary.

6. CHANGES IN VALUES OF PROPERTIES

Six months ended 30th June,		
	2009	2008
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Changes in values of properties comprise:		
Net increase in fair value of investment properties	320.0	22.2
Impairment loss reversed for properties held for sale	17.6	9.6
Impairment loss recognised for hotel property	<u>(2.4)</u>	<u>(1.4)</u>
	<u>335.2</u>	<u>30.4</u>

7. FINANCE COSTS

	Six months ended 30th June,	
	2009	2008
	HK\$ Million	HK\$ Million
Total finance costs included in:		
Cost of sales and other direct costs	21.9	29.6
Finance costs	20.7	50.9
	<u>42.6</u>	<u>80.5</u>

8. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2009	2008
	HK\$ Million	HK\$ Million
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	13.7	12.6
Amortisation of prepaid land lease payments	3.1	3.0
Depreciation	30.2	27.5
Impairment loss for interests in associates	2.6	–
Net loss on disposal of property, plant and equipment	2.1	0.4
Net unrealised loss on Lehman Brothers Minibonds (included in revenue)	42.7	–
Net realised and unrealised loss on unlisted investment funds (included in revenue)	–	64.2
Net unrealised loss on financial assets at fair value through profit or loss – derivatives (included in revenue)	–	25.8
Net unrealised loss on financial assets at fair value through profit or loss – securities (included in revenue)	–	117.0
and after crediting:		
Dividend income from listed equity securities	8.5	25.1
Dividend income from unlisted equity securities	3.6	3.8
Discount on acquisition of additional interest in an associate (included in share of results of associates)	–	1.4
Interest income (included in revenue)	907.1	899.2
Net profit on dealing in leveraged foreign currencies (included in revenue)	1.4	1.2
Net profit on other dealing activities (included in revenue)	3.1	7.0
Net realised and unrealised profit on unlisted investment funds (included in revenue)	1.3	–
Net realised profit on disposal of available-for-sale financial assets	1.1	–
Net realised profit on financial assets at fair value through profit or loss – derivatives (included in revenue)	17.2	63.8
Net realised profit on financial assets at fair value through profit or loss – securities (included in revenue)	108.7	8.5
Net unrealised profit on financial assets at fair value through profit or loss – derivative (included in revenue)	61.9	–
Net unrealised profit on financial assets at fair value through profit or loss – securities (included in revenue)	210.6	–
Profit on disposal of properties held for sale	–	5.1

9. TAXATION

	Six months ended 30th June,	
	2009	2008
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
The income tax charge (credit) comprises:		
Current tax:		
Hong Kong	95.1	112.4
Other jurisdictions	2.9	0.5
	<u>98.0</u>	<u>112.9</u>
(Over) under provision in prior years	(0.1)	3.8
	<u>97.9</u>	<u>116.7</u>
Deferred tax:		
Current period	56.9	(7.3)
Change of tax rate	–	(12.6)
	<u>56.9</u>	<u>(19.9)</u>
	<u>154.8</u>	<u>96.8</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits for both reported periods.

Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in the relevant jurisdictions.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of HK\$936.8 million (2008: HK\$208.5 million) and on the weighted average number of 244.0 million (2008: 244.2 million) shares in issue during the period.

Diluted earnings per share for both periods were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

11. DIVIDEND

	Six months ended 30th June,	
	2009	2008
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Ordinary shares:		
Interim dividend declared after the end of the reporting period of HK15 cents per share (2008: HK15 cents per share)	36.6	36.6

The amount of the interim dividend for the six months ended 30th June, 2009 has been calculated by reference to 243,922,423 shares in issue at 7th September, 2009.

The Company did not pay any dividend during the current and prior period. The final dividend of 2008 was paid in July 2009.

12. INVESTMENT PROPERTIES

*HK\$ Million***Fair value**

At 1st January, 2008	3,405.2
Exchange adjustments	(0.1)
Additions	128.6
Transferred from properties held for sale	39.6
Decrease in fair value recognised in the consolidated income statement	(549.3)
	<hr/>
At 31st December, 2008	3,024.0
Additions	2.0
Transferred from properties held for sale	18.0
Transferred to property, plant and equipment	(13.9)
Increase in fair value recognised in the consolidated income statement	320.0
	<hr/>
At 30th June, 2009	3,350.1
	<hr/> <hr/>

The fair value of the Group's investment properties at 30th June, 2009 and 31st December, 2008 have been arrived at on the basis of a valuation carried out at that date by Norton Appraisals Limited, a firm of independent and qualified professional valuers not connected with the Group. The valuation was principally based on investment approach by taking into account the current rents passing and the reversionary income potential of tenancies. For the properties which are currently vacant, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term or direct comparison approach.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Listed equity investments issued by corporate entities, at fair value		
Hong Kong	73.2	35.3
Outside Hong Kong	46.5	26.3
	<hr/> 119.7	<hr/> 61.6
Listed equity investments issued by banks, at fair value		
Hong Kong	2.0	–
	<hr/> 2.0	<hr/> –
Unlisted equity investments issued by corporate entities, at cost less impairment	172.4	169.7
Unlisted equity investments issued by corporate entities, at fair value	88.1	42.0
	<hr/> 260.5	<hr/> 211.7
Listed bonds	246.9	–
	<hr/> 246.9	<hr/> –
	<hr/> 629.1	<hr/> 273.3
	<hr/> <hr/>	<hr/> <hr/>

14. HELD-TO-MATURITY INVESTMENTS

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Listed debt securities	49.9	–

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Held for trading investments, at fair value		
Listed equity securities		
issued by corporate entities		
Hong Kong	480.3	222.1
Outside Hong Kong	133.4	24.2
issued by banks		
Hong Kong	222.4	–
Outside Hong Kong	6.4	50.2
	842.5	296.5
Futures and options listed in Hong Kong	3.9	12.3
Listed warrants issued by listed associates	0.9	2.1
Unlisted overseas warrants	50.2	3.1
Equity-linked instruments	19.6	12.6
Listed bonds	36.4	5.2
Unlisted bonds	43.9	–
Options embedded in bonds	8.3	–
Others	1.2	0.8
	1,006.9	332.6
Equity securities in unlisted investment funds, at fair value		
issued by corporate entities outside Hong Kong	85.9	90.7
	1,092.8	423.3

16. TRADE AND OTHER RECEIVABLES

The aging analysis of the trade receivables and term loans that were past due at the end of the reporting period but not impaired is as follows:

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Less than 31 days	95.5	236.7
31 to 180 days	41.6	55.5
181 to 365 days	277.8	25.4
Over 365 days	12.7	11.7
	<hr/>	<hr/>
	427.6	329.3
Trade receivables that were not past due nor impaired	6,218.1	3,738.9
Other receivables	631.2	596.7
	<hr/>	<hr/>
	7,276.9	4,664.9
	<hr/>	<hr/>

17. CASH AND CASH EQUIVALENTS

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Bank balances and cash	1,201.9	1,323.9
Fixed deposits with banks	1,612.0	1,259.9
Treasury bills	7.8	7.7
	<hr/>	<hr/>
	2,821.7	2,591.5
	<hr/>	<hr/>

The Group maintains trust and segregated accounts with licensed banks to hold clients' deposits arising from normal business transactions. At 30th June, 2009, trust and segregated accounts not dealt with in these financial statements totalled HK\$5,334.6 million (at 31st December, 2008: HK\$4,088.8 million).

18. TRADE AND OTHER PAYABLES

The aging analysis of the trade payables is as follows:

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Less than 31 days	881.6	1,109.2
31 to 180 days	29.2	18.8
181 to 365 days	5.3	3.2
Over 365 days	7.6	7.0
	<hr/>	<hr/>
	923.7	1,138.2
Other payables	628.0	500.2
	<hr/>	<hr/>
	1,551.7	1,638.4
	<hr/>	<hr/>

19. BANK AND OTHER BORROWINGS

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Bank loans, overdrafts and other borrowings comprise:		
Bank loans	5,759.8	3,776.7
Bank overdrafts	15.5	–
Other borrowings	139.8	106.4
	<u>5,915.1</u>	<u>3,883.1</u>
Analysed as:		
Secured	1,982.3	1,964.1
Unsecured	3,932.8	1,919.0
	<u>5,915.1</u>	<u>3,883.1</u>
Analysed for reporting purposes as:		
Current liabilities	3,468.2	1,403.8
Non-current liabilities	2,446.9	2,479.3
	<u>5,915.1</u>	<u>3,883.1</u>

20. SHARE CAPITAL

	Number of shares	Value <i>HK\$ Million</i>
Ordinary shares of HK\$2 each		
Authorised:		
At 31st December, 2008 and 30th June, 2009	650,000,000	1,300.0
Issued and fully paid:		
At 1st January, 2009	244,038,423	488.1
Shares repurchased and cancelled	(116,000)	(0.2)
At 30th June, 2009	<u>243,922,423</u>	<u>487.9</u>

During the period, the Company repurchased a total of 116,000 of its own ordinary shares at an aggregate cost, including transaction costs, of approximately HK\$1.4 million, on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The repurchased shares were cancellable upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal amount thereof. The premium on repurchase was charged against accumulated profits.

21. ACQUISITION OF A SUBSIDIARY

On 23rd April, 2009, the Group acquired an additional 27.74% interests in SHK Hong Kong Industries Limited (“SHK HK Ind”) (formerly known as Yu Ming Investments Limited), a former associate of the Group, by way of subscription for shares under the rights issue of SHK HK Ind. Accordingly, the Group’s shareholdings in the SHK HK Ind increased from 26.98% to 54.72% and SHK HK Ind became a subsidiary of the Group. The consideration for the acquisition of the 27.74% interests in SHK HK Ind of HK\$154.2 million was settled in cash. The fair value of the net assets acquired from the acquisition were as follows:

	Carrying amount and fair value HK\$ Million
Available-for-sale financial assets	140.5
Held-to-maturity investments	33.7
Trade and other receivables	55.7
Financial assets at fair value through profit or loss	380.2
Cash and cash equivalent	282.7
Trade and other payables	(10.6)
Financial liabilities at fair value through profit or loss	(2.9)
Taxation payable	(1.2)
	<hr/>
Net assets	878.1
Minority interests	(397.6)
	<hr/>
	480.5
	<hr/>
Satisfied by:	
Cash, including expenses paid	(154.2)
Transfer from interests in associate	(187.8)
	<hr/>
	(342.0)
	<hr/>
Discount on acquisition	138.5
	<hr/>
Net cash inflow arising on acquisition:	
- cash consideration settled in cash	(154.2)
- cash and cash equivalents in the subsidiary acquired	282.7
	<hr/>
	128.5
	<hr/>

The Group’s interest in the net fair value of the SHK HK Ind’s identifiable assets, liabilities and contingent liabilities at the date of acquisition exceeds the cost of the business combination as the subscription price for the rights shares of SHK HK Ind was lower than the fair value of the net assets acquired. Accordingly, a discount arose on acquisition and was recognised immediately in the consolidated income statement.

SHK HK Ind contributed HK\$122.8 million to the Group’s profit for the period between the date of acquisition and the reporting date.

If the acquisition had been completed on 1st January, 2009, total Group’s revenue and profit for the six months ended 30th June, 2009 would have been HK\$2,513.0 million and HK\$1,544.8 million respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2009, nor is it intended to be a projection of future results.

22. CONTINGENT LIABILITIES

- (a) At the end of the reporting period, the Group had guarantees as follows:

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Indemnities on banking guarantees made available to a clearing house and regulatory body	4.5	4.5
Other guarantees	3.0	3.0
	<u>7.5</u>	<u>7.5</u>

- (b) In 2001, an order was made by the Hubei Province Higher People's Court in China ("2001 Order") enforcing a CIETAC award of 19th July, 2000 ("Award") by which Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of SHK, was required to pay US\$3 million to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to SHK's listed associate, Tian An China Investments Company Limited ("TACI"), in 1998 and disposed of any and all interest it might hold in the registered capital of the JV ("Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JV in the amount of US\$3 million was frozen further to the 2001 Order. SHKS is party to the following litigation relating to the JV:

- (i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("Walton") ("2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ, (a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation; (b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October, 2001; and (c) Walton claims against SHKS for the sum of US\$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. While a provision has been made for legal costs, SHK does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.
- (ii) On 20th December, 2007, a writ ("Mainland Writ") was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against TACI and SHKS and was accepted by a mainland PRC court, 湖北省武漢市中級人民法院 ((2008)武民商外初字第8號), claiming the transfer of a 28% shareholding in the JV, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end of 2007 together with related costs and expenses. Judgment was awarded by the mainland PRC court in favour of TACI and SHKS on 27th July, 2009. The judgment is currently being appealed by Ms. Cheung. While a provision has been made for legal costs, SHK does not consider it presently appropriate to make any other provision with respect to this writ.

- (iii) On 4th June, 2008, a writ of summons was issued by TACI and SHKS in the High Court of Hong Kong against Ms. Cheung (“HK Writ”), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JV from TACI and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung’s entitlement to any shareholding in the JV; (d) further and alternatively, that Ms. Cheung’s claim against TACI and SHKS in respect of her entitlement to the shareholding in the JV is scandalous, vexatious and/or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). The HK Writ was not served on Ms. Cheung and lapsed on 3rd June, 2009. A further writ of summons was issued by TACI and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2009 seeking the same relief as the HK Writ. SHK does not consider it presently appropriate to make any provision with respect to this action.

23. CAPITAL COMMITMENTS

	At 30th June, 2009 <i>HK\$ Million</i>	At 31st December, 2008 <i>HK\$ Million</i>
Capital expenditure contracted but not provided for in the consolidated financial statements	106.6	113.4

24. OPERATING LEASE COMMITMENTS

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

	At 30th June, 2009		At 31st December, 2008	
	Land and buildings <i>HK\$ Million</i>	Others <i>HK\$ Million</i>	Land and buildings <i>HK\$ Million</i>	Others <i>HK\$ Million</i>
Within one year	160.9	3.3	170.5	5.4
In the second to fifth years inclusive	93.2	1.1	110.1	1.3
	254.1	4.4	280.6	6.7

Operating leases are generally negotiated for terms ranging from one to five years.

25. PLEDGE OF ASSETS

At 30th June, 2009, certain of the Group’s investment properties, hotel property, land and buildings, prepaid land lease payments and properties held for sale with an aggregate carrying value of HK\$4,160.4 million (at 31st December, 2008: HK\$3,834.9 million), bank deposits and bank balances of HK\$139.3 million (at 31st December, 2008: HK\$129.0 million), listed investments belonging to the Group with fair values of HK\$2,128.3 million* (at 31st December, 2008: HK\$ 1,033.0 million), listed investments belonging to margin clients with fair values of HK\$937.2 million** (at 31st December, 2008: HK\$684.1 million) and debt securities with carrying value of HK\$108.9 million (at 31st December, 2008: nil) together with certain securities in respect of a listed subsidiary with a carrying value of HK\$1,443.2 million (at 31st December, 2008: HK\$1,463.4 million) were pledged to secure loans and general banking facilities to the extent of HK\$3,670.3 million (at 31st December, 2008: HK\$3,602.1 million) granted to the Group. Facilities amounting to HK\$1,982.3 million (at 31st December, 2008: HK\$1,964.1 million) were utilised at 30th June, 2009.

At 30th June, 2009, bank deposits of HK\$1.5 million (at 31st December, 2008: HK\$1.5 million) were pledged to secure a guarantee facility issued to third parties by a bank to the extent of HK\$2.0 million (at 31st December, 2008: HK\$2.0 million).

* Mainly representing a portion of shares in a listed associate owned by the Group with a carrying value of HK\$3,790.0 million (at 31st December, 2008: HK\$3,551.7 million).

** Based on the agreement terms, the Group is able to repledge clients' securities for margin financing arrangement with other financial institutions under governance of the Securities and Futures Ordinance.

26. MATURITY PROFILE OF TERM ASSETS AND LIABILITIES

The following table lists certain financial assets and financial liabilities of the Group which have a term of contractual maturity. Overdue assets are included as on demand.

	At 30th June, 2009					Total HK\$ Million
	On demand HK\$ Million	Within 3 months HK\$ Million	3 months	1 year	After 5 years HK\$ Million	
			to	to		
			1 year	5 years		
			HK\$	HK\$		
Assets						
Fixed deposits with banks	–	1,612.0	–	–	–	1,612.0
Held-to-maturity investments	–	–	–	35.8	14.1	49.9
Loans and advances to consumer finance customers	514.3	663.7	1,447.7	1,916.9	194.9	4,737.5
Loans and receivables	–	–	120.6	114.6	–	235.2
Term loans	269.5	233.3	232.0	–	–	734.8
Treasury bills	–	7.8	–	–	–	7.8
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities						
Bank and other borrowings	129.6	2,828.3	510.3	2,446.9	–	5,915.1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	At 31st December, 2008					
		3 months	1 year			
	On	Within	to	to	After	Total
	demand	3 months	1 year	5 years	5 years	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million	Million	Million
Assets						
Fixed deposits with banks	–	1,259.9	–	–	–	1,259.9
Loans and advances to consumer finance customers	462.0	670.2	1,687.7	1,726.7	185.7	4,732.3
Loans and receivables	–	–	117.5	189.7	–	307.2
Term loans	222.3	113.9	505.0	–	–	841.2
Treasury bills	–	7.7	–	–	–	7.7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities						
Bank and other borrowings	98.5	790.7	514.6	2,440.0	39.3	3,883.1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

27. FINANCIAL RISK MANAGEMENT

Risk is inherent in the financial services business and sound risk management is a cornerstone of prudent and successful financial practice. The Group acknowledges that a balance must be achieved between risk control and business growth. The principal financial risks inherent in the Group's business are market risk (including equity risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholder values while retaining exposure within acceptable thresholds.

The Group's risk management governance structure is designed to cover all business activities and to ensure all relevant risk classes are properly managed and controlled. The Group has adopted a sound risk management organisational structure equipped with comprehensive policies and procedures which are reviewed regularly and enhanced when necessary in response to changes in markets, the Group's operating environment and business strategies. The Group's relevant independent control divisions, namely Internal Audit, Compliance and Risks Control, play an important role in the provision of assurance to the relevant board of directors and management that a sound internal risk mechanism is implemented, maintained and adhered to.

(a) Market Risk**(i) Equity Risk**

There are many asset classes available for investment in the marketplace. One of the Group's key business undertakings is investing in equity. Market risk arising from any equity investments is driven by the daily fluctuations in market prices or fair values. The ability to mitigate such risk depends on the availability of any hedging instruments and the diversification level of the investment portfolios undertaken by the Group. More importantly, the knowledge and experience of the trading staff managing the risk are also vital to ensure exposure is being properly hedged and rebalanced in the most timely manner. Trading activities, including market-making and proprietary trading, across the Group are subject to limits approved by the risk management committee ("RMC"). These limits are recommended and proposed by Risks Control after consulting with the relevant Trading Heads to understand their risk appetite. Risks Control independently monitors and reports risk positions of all the Group's trading activities including cash equities and equity derivatives. Valuation of these instruments is measured on both a "mark-to-market" and "mark-to-fair" basis depending on whether they are listed or unlisted. Value at Risk ("VaR") and stress tests are employed in the assessment of risk. Meanwhile other non-VaR limits such as "maximum loss" and "position" limits are also being set out to restrict excessive risk undertakings. VaR and stress tests are approaches which is widely used in the financial industry as tools to quantify risk by combining the size of a position and the extent of a potential market movement into a potential financial impact.

The Group's market-making and proprietary trading positions and their financial performance are reported daily to senior management for review. Internal Audit also performs sanity checks to ensure there is adequate compliance in accordance with the established market risk limits and guidelines.

(ii) Interest Rate Risk

Interest rate risk results mainly from timing differences in the re-pricing of interest bearing assets, liabilities and commitments. It is also considered as the opportunity cost of holding interest bearing assets and commitments while benchmark interest rates of the similar assets and commitments are rising.

The Group's interest rate risk exposure arises predominantly from margin financing, term financing and other lending activities. The Group possesses the legal capacity to initiate recalls efficiently which enables the timely re-pricing of margin loans to appropriate levels, in which those particularly large sensitive positions can readily be identified. Interest rates paid by the Group are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

(iii) *Foreign Exchange Risk*

Foreign exchange risk is the risk to earnings or capital arising from movements in foreign exchange rates.

The Group's foreign exchange risk primarily arises from currency exposures originating from its leveraged foreign exchange business and purchases of foreign securities on behalf of clients. Foreign exchange risk is managed and monitored by the respective businesses in accordance with the limits approved by the board of directors of the relevant group companies and RMC. In relation to the Group's leveraged foreign exchange activity, its position is that of a market-maker. Hence risk arises from the open currency positions which are subject to management approved limits and are monitored and reported daily. The other source of foreign exchange risk is contributed by client's inability to meet margin calls following a period of substantial currency turbulence.

(b) **Credit Risk**

Credit risk arises from the failure of a customer or counterparty to meet settlement obligations. As long as the Group lends, trades and deals with third parties, there will always be credit risk exposure.

The credit policy, governed by the relevant credit committee ("CM"), sets out the credit approval processes and monitoring procedures, which are established in accordance with sound business practices, the requirements and provisions of the relevant ordinances, and where applicable, the codes or guidelines issued by the Securities and Futures Commission.

Day-to-day credit management is performed by relevant credit department with reference to the aforementioned criteria including creditworthiness, type and amount of collateral pledged, and risk concentration of the counterparties. Decisions are made daily by relevant credit department and are reported to and reviewed by the senior management of the Group and by the CM at its regular meetings.

(c) **Liquidity Risk**

The goal of liquidity management is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management.

The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio, in strict compliance with statutory requirements. This is achieved by a transparent and collective monitoring approach across the Group involving the management and other relevant senior managers on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations while in compliance with statutory requirements such as the Financial Resources Rules ("FRR").

3. FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2008

Set out below is the full text of the audited financial statements of the Group for the year ended 31st December, 2008 extracted from the annual report of the Company for the year ended 31st December, 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Revenue	5 & 6	3,493,736	4,889,405
Other income		399,808	730,817
Total income		3,893,544	5,620,222
Cost of sales and other direct costs		(776,150)	(713,620)
Brokerage and commission expenses		(211,725)	(414,595)
Selling and marketing expenses		(61,342)	(69,374)
Administrative expenses		(1,388,166)	(1,397,523)
Discount on acquisition of additional interests in subsidiaries		222,284	–
Profit on deemed acquisition of additional interests in subsidiaries	7	34,401	–
Net (loss) profit on deemed disposal of partial interests in subsidiaries	8	(5,546)	401,844
(Loss) gain on fair value change of warrants of a listed associate	9	(284,089)	36,091
Net profit on deemed disposal of partial interests in listed associates		–	151,522
Changes in values of properties	10	(585,160)	485,281
Impairment loss recognised for available-for-sale financial assets		(109,983)	(2,000)
Bad and doubtful debts	11	(463,190)	(269,406)
Other operating expenses		(176,852)	(134,091)
Finance costs	13	(93,751)	(341,273)
Share of results of associates		194,308	302,945
Share of results of jointly controlled entities		(6,826)	131,106
Profit before taxation	14	181,757	3,787,129
Taxation	15	(59,805)	(310,381)
Profit for the year		121,952	3,476,748
Attributable to:			
Equity holders of the Company		(231,449)	1,901,254
Minority interests		353,401	1,575,494
		121,952	3,476,748
		<i>HK\$</i>	<i>HK\$</i>
(Loss) earnings per share	16		
Basic		(0.95)	7.76
Diluted		(0.95)	7.76

CONSOLIDATED BALANCE SHEET*At 31st December, 2008*

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Investment properties	18	3,024,003	3,405,200
Property, plant and equipment	19	349,517	322,542
Prepaid land lease payments	20	349,111	349,857
Goodwill	21	268,259	229,219
Intangible assets	22	370,512	358,821
Interests in associates	26	4,010,520	3,453,940
Interests in jointly controlled entities	27	934,693	998,767
Available-for-sale financial assets	28	273,346	1,423,970
Statutory deposits		18,356	29,729
Loans and advances to consumer finance customers due after one year	29	1,743,487	1,475,395
Loans and receivables	30	164,167	5,806
Deferred tax assets	31	122,500	66,576
		<u>11,628,471</u>	<u>12,119,822</u>
Current assets			
Properties held for sale and other inventories	32	410,476	482,809
Financial assets at fair value through profit or loss	33	423,347	1,209,501
Prepaid land lease payments	20	6,130	6,009
Loans and advances to consumer finance customers due within one year	29	2,588,361	2,145,159
Trade and other receivables	34	4,664,897	5,884,449
Amounts due from associates	35	104,818	156,448
Amount due from a jointly controlled entity		3,375	2,192
Tax recoverable		36,835	3,382
Short-term pledged bank deposits		130,500	121,000
Cash and cash equivalents	36	2,591,463	2,811,029
		<u>10,960,202</u>	<u>12,821,978</u>

		2008	2007
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	37	1,638,438	2,071,774
Financial liabilities at fair value through profit or loss	38	48,944	71,843
Amounts due to associates		13,842	12,605
Amounts due to jointly controlled entities		14,111	39,063
Tax payable		76,026	152,616
Bank and other borrowings due within one year	42	1,403,803	891,364
Loan notes	43	–	115,226
Provisions	44	62,771	75,074
Other liabilities due within one year	45	596	734
		<u>3,258,531</u>	<u>3,430,299</u>
Net current assets		<u>7,701,671</u>	<u>9,391,679</u>
Total assets less current liabilities		<u>19,330,142</u>	<u>21,511,501</u>
Capital and reserves			
Share capital	39	488,077	488,473
Share premium and reserves	41	7,849,867	8,696,176
Equity attributable to equity holders of the Company		8,337,944	9,184,649
Shares held for employee ownership scheme		(32,580)	–
Employee share-based compensation reserve		10,002	–
Minority interests		<u>8,268,842</u>	<u>9,234,306</u>
Total equity		<u>16,584,208</u>	<u>18,418,955</u>
Non-current liabilities			
Bank and other borrowings due after one year	42	2,479,250	2,779,592
Deferred tax liabilities	31	241,962	308,178
Provisions	44	24,722	4,773
Other liabilities due after one year	45	–	3
		<u>2,745,934</u>	<u>3,092,546</u>
		<u>19,330,142</u>	<u>21,511,501</u>

BALANCE SHEET*At 31st December, 2008*

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	19	1,079	1,450
Investments in subsidiaries	24	714,414	714,414
Amounts due from subsidiaries	25	2,207,744	–
		<u>2,923,237</u>	<u>715,864</u>
Current assets			
Financial assets at fair value			
through profit or loss	33	10,790	351,826
Trade and other receivables		7,175	4,298
Amounts due from subsidiaries	25	2,391,194	2,348,818
Cash and cash equivalents	36	506,470	1,049,854
		<u>2,915,629</u>	<u>3,754,796</u>
Current liabilities			
Trade and other payables		3,043	2,774
Amount due to a subsidiary	25	–	1,666,714
Loan notes	43	–	46,060
Provisions	44	118	247
		<u>3,161</u>	<u>1,715,795</u>
Net current assets		<u>2,912,468</u>	<u>2,039,001</u>
Total assets less current liabilities		<u>5,835,705</u>	<u>2,754,865</u>
Capital and reserves			
Share capital	39	488,077	488,473
Share premium and reserves	41	1,924,170	2,266,392
Total equity		<u>2,412,247</u>	<u>2,754,865</u>
Non-current liability			
Amount due to a subsidiary	25	3,423,458	–
		<u>5,835,705</u>	<u>2,754,865</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2008

	Attributable to equity holders of the Company										Equity component of convertible bonds of a subsidiary			
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Translation reserve	Non-distributable reserve	Capital reserve	Accumulated profits	Dividend reserve	Total	Minority interests	Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January, 2007	494,033	1,519,481	19,241	521,026	208,115	16,275	55,226	1,517	4,351,867	98,633	7,285,414	3,487	13,421,119	
Surplus arising on revaluation	-	-	27,315	326,349	-	-	-	-	-	-	353,664	-	681,332	
Deferred tax	-	-	(4,780)	(300)	-	-	-	15	-	-	(5,065)	-	(7,111)	
Exchange difference arising on translation of foreign operations	-	-	-	-	-	3,593	-	-	-	-	3,593	-	8,456	
Share of post-acquisition reserve movements of associates	-	-	16	426	-	48,482	-	(4,503)	-	-	44,421	-	103,611	
Share of post-acquisition reserve movements of jointly controlled entities	-	-	-	(8)	-	11,762	-	-	-	-	11,754	-	15,839	
Net income (expenses) recognised directly in equity	-	-	22,551	326,467	-	63,837	-	(4,488)	-	-	408,367	-	802,127	
Profit attributable to equity holders	-	-	-	-	-	-	-	-	1,901,254	-	1,901,254	-	3,476,748	
Released on disposal of available-for-sale financial assets	-	-	-	(215,758)	-	-	-	-	-	-	(215,758)	-	(449,956)	
Total recognised income and expenses for the year	-	-	22,551	110,709	-	63,837	-	(4,488)	1,901,254	-	2,093,863	-	3,828,919	
Released on disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(69,129)	
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	298,629	
Increase in minority interests due to placing and subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	1,445,696	
Issue of subsidiaries shares to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	34,037	
Decrease in minority interests due to further acquisition of shares of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(39,734)	
Dividend distribution to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	(302,467)	
Interim dividend declared	-	-	-	-	-	-	-	-	(36,646)	36,646	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	(134,509)	(134,509)	-	(134,509)	
Overprovision of dividend	-	-	-	-	-	-	-	-	770	(770)	-	-	-	
Proposed final dividend	-	-	-	-	-	-	-	-	(146,496)	146,496	-	-	-	
Redemption of convertible bonds	-	-	-	-	-	-	-	-	418	-	418	(3,487)	(3,069)	
Share repurchased and cancelled	(5,560)	-	-	-	-	-	-	-	(54,977)	-	(60,537)	-	(60,537)	
Transfer on share repurchase	-	-	-	-	5,560	-	-	-	(5,560)	-	-	-	-	
At 31st December, 2007	488,473	1,519,481	41,792	631,735	213,675	80,112	55,226	(2,971)	6,010,630	146,496	9,184,649	-	18,418,955	

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

	Attributable to equity holders of the Company											Shares held for employee ownership scheme	Employee share-based compensation reserve	Minority interests	Total equity
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Translation reserve	Non-distributable reserve	Capital reserve	Accumulated profits	Dividend reserve	Total	HKS'000	HKS'000	HKS'000	HKS'000
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1st January, 2008	488,473	1,519,481	41,792	631,735	213,675	80,112	55,226	(2,971)	6,010,630	146,496	9,184,649	–	–	9,234,306	18,418,955
Deficit arising on revaluation	–	–	–	(88,993)	–	–	–	–	–	–	(88,993)	–	–	(78,299)	(167,292)
Acquisition of associates	–	–	–	–	–	–	–	–	(22,302)	–	(22,302)	–	–	(7,870)	(30,172)
Deferred tax	–	–	494	300	–	–	–	–	–	–	794	–	–	557	1,351
Exchange difference arising on translation of foreign operations	–	–	–	–	–	2,258	–	–	–	–	2,258	–	–	7,323	9,581
Share of post-acquisition reserve movements of associates	–	–	–	(7,457)	–	63,867	–	(5,798)	–	–	50,612	–	350	74,415	125,377
Share of post-acquisition reserve movements of jointly controlled entities	–	–	–	(17)	–	(9,600)	–	–	–	–	(9,617)	–	–	(3,410)	(13,027)
Net income (expenses) recognised directly in equity	–	–	494	(96,167)	–	56,525	–	(5,798)	(22,302)	–	(67,248)	–	350	(7,284)	(74,182)
(Loss) profit attributable to equity holders	–	–	–	–	–	–	–	–	(231,449)	–	(231,449)	–	–	353,401	121,952
Impairment loss recognised of available-for-sale financial assets	–	–	–	56,624	–	–	–	–	–	–	56,624	–	–	43,813	100,437
Released on disposal of available-for-sale financial assets	–	–	–	(417,786)	–	–	–	–	–	–	(417,786)	–	–	(486,205)	(903,991)
Total recognised income and expenses for the year	–	–	494	(457,329)	–	56,525	–	(5,798)	(253,751)	–	(659,859)	–	350	(96,275)	(755,784)
Deemed disposal of partial interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	21,812	21,812
Decrease in minority interests due to repurchase of shares of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(103,720)	(103,720)
Decrease in minority interests due to further acquisition of shares of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(508,340)	(508,340)
Purchase of shares for employee ownership scheme	–	–	–	–	–	–	–	–	–	–	–	(32,580)	–	–	(32,580)
Recognition of equity-settled share-based payment	–	–	–	–	–	–	–	–	–	–	–	–	9,652	–	9,652
Dividend distribution to minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(278,941)	(278,941)
Interim dividend declared	–	–	–	–	–	–	–	–	(36,622)	36,622	–	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	–	(183,113)	(183,113)	–	–	–	(183,113)
Overprovision of dividend	–	–	–	–	–	–	–	–	5	(5)	–	–	–	–	–
Proposed final dividend	–	–	–	–	–	–	–	–	(73,177)	73,177	–	–	–	–	–
Transfer from accumulated profits to capital reserve	–	–	–	–	–	–	–	24	(24)	–	–	–	–	–	–
Share repurchased and cancelled	(396)	–	–	–	–	–	–	–	(3,337)	–	(3,733)	–	–	–	(3,733)
Transfer on share repurchase	–	–	–	–	396	–	–	–	(396)	–	–	–	–	–	–
At 31st December, 2008	488,077	1,519,481	42,286	174,406	214,071	136,637	55,226	(8,745)	5,643,328	73,177	8,337,944	(32,580)	10,002	8,268,842	16,584,208

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31st December, 2008*

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Operating activities		
Profit for the year	121,952	3,476,748
Adjustments for:		
Net unrealised loss (profit) on financial assets at fair value through profit or loss	588,249	(44,356)
Net decrease (increase) in fair value of investment properties	549,307	(445,878)
Bad and doubtful debts	497,142	98,051
Impairment loss recognised for available-for-sale financial assets	109,983	2,000
Finance cost	93,751	341,273
Taxation	59,805	310,381
Depreciation	57,385	46,325
Impairment loss recognised (reversed) for properties held for sale	36,796	(34,660)
Amortisation of intangible assets	24,957	26,252
Impairment loss recognised (reversed) for interests in associates	14,752	(26,873)
Expenses recognised for employee ownership scheme of Sun Hung Kai & Co. Limited ("SHK")	9,652	–
Shares of results of jointly controlled entities	6,826	(131,106)
Amortisation of prepaid land lease payments	6,108	5,417
Net loss (profit) on deemed disposal of partial interests in subsidiaries	5,546	(401,844)
Loss on disposal of property, plant and equipment	744	4,779
Loss (profit) on disposal of associates	28	(2,460)
Loss on disposal of intangible assets	23	–
Profit on disposal of available-for-sale financial assets	(347,674)	(598,227)
Discount on acquisition of additional interests in subsidiaries	(222,284)	–
Share of results of associates	(194,308)	(302,945)
Profit on deemed acquisition of additional interests in subsidiaries	(34,401)	–
Net exchange gain	(27,294)	(13)
Impairment loss reversed for property, plant and equipment	(943)	(4,743)
Profit on disposal of a jointly controlled entity	(5)	–
Loss on redemption of convertible bonds	–	979
Net profit on deemed acquisition of partial interests in listed associates	–	(151,522)
Profit on disposal of subsidiaries	–	(61,689)
Profit on disposal of investment properties	–	(11,902)
Operating cash flows before movements in working capital	1,356,097	2,093,987

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Increase in properties held for sale and other inventories		(2,588)	(1,657)
Decrease (increase) in financial assets at fair value through profit or loss		174,568	(545,232)
Increase in loans and advances to consumer finance customers		(1,066,953)	(819,837)
Decrease (increase) in trade and other receivables		1,127,467	(2,165,598)
Decrease (increase) in amounts due from associates		15,891	(18,864)
(Increase) decrease in loans and receivables		(182,978)	216
(Decrease) increase in financial liabilities at fair value through profit or loss		(13,625)	69,871
(Decrease) increase in trade and other payables		(401,018)	598,111
Decrease in provision and other liabilities		(16,907)	(1,599)
Cash from (used in) operations		989,954	(790,602)
Hong Kong Profits Tax paid		(293,748)	(210,685)
Interest paid		(101,006)	(331,709)
Taxation outside Hong Kong paid		(2,662)	(991)
Net cash from (used in) operating activities		592,538	(1,333,987)
Investing activities			
Proceeds on disposal of available-for-sale financial assets		347,830	695,389
Amounts repaid by associates		79,360	5,000
Net repayment of statutory deposits		11,366	48,144
Amount repaid by a jointly controlled entity		5,078	5,179
Proceeds on disposal of property, plant and equipment		53	1,606
Acquisition of additional interests in subsidiaries		(306,062)	(59,208)
Purchase of investment properties		(128,638)	–
Acquisition of additional interests in associates		(104,941)	(608,297)
Purchase of property, plant and equipment		(79,905)	(81,975)
Acquisition of associates		(75,359)	–
Acquisition of subsidiaries (net of cash and cash equivalents disposed)	49	(39,584)	(5,568)
Amounts advanced to associates		(38,527)	(1,340)
Purchase of available-for-sale financial assets		(33,918)	(215,347)
Additions to intangible assets		(26,808)	(9,677)
Acquisition of jointly controlled entities		(15,563)	–
Increase in pledged bank deposits		(9,500)	(120,000)
Amount advanced to a jointly controlled entity		(6,235)	(5,029)
Additions to prepaid land lease payments		(5,485)	(65,570)
Dividends received from associates		–	28,855
Disposal of subsidiaries (net of cash and cash equivalents disposed)		–	17,876
Proceeds on disposal of an investment property		–	8,098
Proceeds on disposal of associates		–	5,300
Dividends received from jointly controlled entities		–	2,269
Repayment of net amount due from investee companies		–	1,747
Additions to investment properties		–	(862)
Net cash used in investing activities		(426,838)	(353,410)

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Financing activities		
New bank and other borrowing raised	1,084,846	2,429,323
Amount advanced by a jointly controlled entity	35,000	20,000
Net proceeds from issue of shares by subsidiaries	11,018	2,186,470
Amounts advanced by associates	600	28
Repayment of bank and other borrowings	(826,785)	(1,305,768)
Dividend paid by subsidiaries to minority shareholders	(248,258)	(344,397)
Dividend paid	(183,113)	(134,509)
Repayment of loan notes	(117,059)	–
Amounts paid for share repurchase by subsidiaries	(70,715)	–
Purchase of shares for employee ownership scheme of SHK	(32,580)	–
Repayment to minority interests	(25,522)	–
Amounts paid on shares repurchase of the Company	(3,733)	(60,537)
Redemption of convertible bonds	–	(38,604)
Amounts repaid to associates	–	(160)
Net cash (used in) from financing activities	<u>(376,301)</u>	<u>2,751,846</u>
Net (decrease) increase in cash and cash equivalents	(210,601)	1,064,449
Effect of foreign exchange rate changes	9,035	(803)
Cash and cash equivalents at the beginning of the year	<u>2,793,029</u>	<u>1,729,383</u>
Cash and cash equivalents at the end of the year	<u><u>2,591,463</u></u>	<u><u>2,793,029</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	2,591,463	2,811,029
Bank overdrafts	<u>–</u>	<u>(18,000)</u>
	<u><u>2,591,463</u></u>	<u><u>2,793,029</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2008

1. GENERAL

The Company is a public limited company incorporated in the Hong Kong Special Administrative Region (“Hong Kong”) and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The address of the registered office and principal place of business of the Company is 22/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

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

The Company acts as an investment holding company and provides corporate management services. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 58, 59 and 60 respectively.

2. APPLICATION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective and are relevant to the operations of the Group.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective and are relevant to the operations of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ³

- ¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.
- ² Effective for annual periods beginning on or after 1st January, 2009.
- ³ Effective for annual periods beginning on or after 1st July, 2009.
- ⁴ Effective for annual periods beginning on or after 1st July, 2008.
- ⁵ Effective for annual periods ending on or after 30th June, 2009.

The directors of the Company (“Directors”) anticipate that the application of these new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value, as explained in the principal accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on Stock Exchange and by the Hong Kong Companies Ordinance.

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 benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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 into line with those used by other members of the Group.

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group’s equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is 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 meet the conditions for recognition under HKFRS 3 “Business Combinations” are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

When a subsidiary is acquired through more than one exchange transaction, the cost of acquisition is the aggregate cost of the individual transactions, with the cost of each individual transaction determined at the date of each exchange transaction. Each transaction is treated separately to determine the goodwill on that transaction, using cost and fair value information at the date of each exchange transaction.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Interest in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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 balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. Where necessary, adjustments are made to bring the accounting policies of associates in conformity with the Group. 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.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Interest in jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which venturers have 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 statement using the equity method of accounting. Under the equity method, investments in jointly controlled entities

are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. Where necessary, adjustments are made to bring the accounting policies of jointly controlled entities in conformity with the Group. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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 the jointly controlled entity 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.

Where the Group transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Goodwill and discount on acquisition

Goodwill arising on acquisitions prior to 1st January, 2005

Goodwill arising on an acquisition of a subsidiary, an associate or a jointly controlled entity for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary, associate or jointly controlled entity at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1st January, 2001, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

Goodwill arising on acquisitions on or after 1st January, 2005

Goodwill arising on an acquisition of a subsidiary, an associate or a jointly controlled entity for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary, associate or jointly controlled entity at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet. Capitalised goodwill arising on an acquisition of an associate or a jointly controlled entity is included in the cost of the investment of the relevant associate or jointly controlled entity.

On subsequent disposal of the relevant subsidiary, associate and jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Excess of an acquirer's interests in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisition")

A discount on acquisition arising on an acquisition of a subsidiary, an associate or a jointly controlled entity for which an agreement date is on or after 1st January, 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss. A discount on acquisition arising on an acquisition of an associate or a jointly controlled entity is included as income in the determination of the investor's share of results of the associate or a jointly controlled entity in the period in which the investment is acquired.

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.

Income from properties developed for sale is recognised when the significant risks and rewards of ownership of the properties are transferred to buyers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Profit or loss arising from the outright sale of an entire development property prior to completion is recognised when a binding sales contract becomes unconditional and the risks and rewards of the ownership have been transferred to the buyer. Deposits received from sales of properties are carried in the balance sheet under current liabilities.

Rental income from properties under operating leases, including rentals invoiced in advance, is recognised on a straight-line basis over the terms of the relevant leases.

Income from the provision of services, including medical services, nursing agencies, physiotherapy and dental services and elderly care services is recognised upon the provision of relevant services or on a time apportionment basis over the terms of the service contracts.

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from hotel operations is recognised when services are provided.

Interest income from a financial asset is accrued on a time apportionment basis, taking into account the principal amounts outstanding and at the effective interest rate applicable, which is the rate that discounts 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 shareholder's right to receive payment has been established.

Commission income is recognised as income on a trade date basis.

Underwriting commission, sub-underwriting income, placing commission and sub-placing commission are recognised as income in accordance with the terms and conditions of the relevant agreement or deal mandate when relevant significant act has been completed.

Fees for management and advisory of funds are recognised when the related services are rendered.

Realised profits or losses from financial assets at fair value through profit or loss are recognised on a trade date basis whilst the unrealised profits or losses are recognised from valuation at the balance sheet date.

Profits and losses on trading in foreign currencies include realised and unrealised gains less losses and charges, less premiums arising from position squaring and valuation at the balance sheet date of foreign currency positions on hand.

Fixed-fee contracts

Fee received or receivable under fixed-fee contracts are recognised on a time apportionment basis over the terms of the fixed-fee contracts. Expenses incurred in connection with the fixed-fee contracts are charged to the consolidated income statement as incurred.

At each balance sheet date, tests are performed to ensure the adequacy of the contract liabilities under the fixed-fee contracts. In performing these tests, current best estimates of future contractual cash flows under fixed-fee contracts are used. Any deficiency is immediately charged to the consolidated income statement by establishing a provision for losses.

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

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are presented in Hong Kong dollars using exchange rates prevailing at the balance sheet date and their income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable asset acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. 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 or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

The contributions payable to the Group's retirement benefit schemes and the mandatory provident fund scheme are charged to the consolidated income statement as an expense when employees have rendered service entitling them to the contribution.

The Group recognises a liability and an expense for bonuses and profit-sharing, where appropriate, based on approved formulas that take into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For shares of SHK ("Award Shares") granted under the employee ownership scheme of SHK, the fair value of the employee services received is determined by reference to the fair value of Awarded Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (employee share-based compensation reserve). At each balance sheet date, the Group revises its estimates of the number of Awarded Shares that are expected to ultimately vested. The impact of the revision of the estimates, if any, is recognised in the consolidated income statement, with a corresponding adjustment to the employee share-based compensation reserve.

Taxation

Taxation 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 income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable 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 differences arise 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 investments in subsidiaries and interests in 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are credited or charged to the consolidated income statement in the year in which they arise.

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

Transfers to, or from, investment property are made in the following circumstances:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; and
- commencement of an operating lease to another party, for a transfer from inventories to investment properties

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting shall be in its fair value at the date of changes in use.

For a transfer from owner-occupied property to investment property, the entity shall treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation surplus. The excess of the fair value of the property at the date of transfer over the carrying amount of the property is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged to consolidated income statements. The excess of the carrying amount of the property at the date of transfer over the fair value of the property is recognised in consolidated income statement to the extent it exceeds the balance, if any, on the revaluation reserve relating to a previously revaluation of the same asset.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

On subsequent disposal of the investment properties, the revaluation surplus included in equity may be transferred to accumulated profits. The transfer from revaluation surplus to accumulated profits is not made through profit or loss.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purpose are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Hotel property	2% or over the remaining terms of the leases or useful lives, whichever is shorter
Leasehold land and buildings	2% to 3% or over the remaining terms of the leases or useful lives, whichever is shorter
Leasehold improvements	20%
Furniture, fixtures and equipment	10% to 50%
Motor vehicles and vessels	16 $\frac{2}{3}$ % to 20%

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

When the nature of the lessee's property interest changed from investment property to property, plant and equipment, the lessee shall continue to account for the lease as a finance lease.

Prepaid land lease payments

The up-front prepayments made for the leasehold land and land use rights are amortised in the consolidated income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the consolidated income statement.

Intangible assets

On initial recognition, intangible assets acquired separately and from business combinations are recognised at cost and at fair value, respectively.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are measured at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less 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. Intangible assets with indefinite useful lives are carried at cost less any impairment losses and are tested for impairment annually by comparing their recoverable amount with their carrying amount.

*Intangible assets acquired separately**Exchange participation rights and club membership*

They comprise:

- The eligibility right to trade through the Stock Exchange, Hong Kong Futures Exchange Limited and other exchanges; and
- The eligibility right to use the facilities of various clubs.

The exchange participation rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash flows indefinitely. The management also considers that the club membership does not have a finite useful life. They are carried at cost less any impairment losses and are tested for impairment annually by comparing their recoverable amount with their carrying amounts. Useful lives are also examined on an annual basis and adjustments where applicable are made on a prospective basis.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight-line method over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised from the dates when the software becomes available for use using the straight-line method over their estimated useful lives (not exceeding ten years).

Impairment of tangible and intangible assets excluding financial assets

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, 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 the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

Intangible assets (other than goodwill) that have indefinite useful lives are not subject to amortisation, and are tested at least annually for impairment and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Tangible and intangible assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. 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.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units) if an impairment test cannot be performed for an individual asset.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet 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 one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets. 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.

Effective interest method

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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL 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 recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as an effective hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- 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 FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from associates, amount due from a jointly controlled entity, short-term pledged bank deposits and bank deposits and bank balances, loan receivables and loans and advances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

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 and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

Each receivable that is individually significant is reviewed for indication of impairment at each balance sheet date. Loans and receivables that are individually not significant and are assessed not to be impaired individually are reviewed at each balance sheet date on a collective portfolio basis.

Individual impairment allowance applies to securities margin financing and secured term loans which are individually significant and have objective evidence of impairment. In assessing the individual impairment, management estimates the present value of future cash flows which are expected to be received, taking into account the borrower's financial situation and the net realisable value of the underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits and the impairment allowance is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows discounted at the loan's original effective interest rate.

Collective impairment allowances cover credit losses inherent in portfolios of loans receivable and other accounts with similar economic and credit risk characteristics where objective evidence for individual impaired items cannot be identified. In assessing the collective impairment, management makes assumptions both to define the way the Group assesses inherent losses and to determine the required input parameters, based on historical loss experience and current economic conditions.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing 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 liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- 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 FVTPL.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including bank and other borrowings, trade and other payables, amounts due to associates, amount due to a jointly controlled entity and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Fair value measurement principles

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discount cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, fair value is estimated based on the discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Equity instruments

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 are deducted from equity. No gain or loss is recognised on the repurchase of the Company's own equity instruments.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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, 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 directly in equity is recognised in profit or loss.

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

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

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

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

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes freehold and leasehold land cost, development cost, borrowing costs and other direct costs attributable to such properties until the relevant properties reach a marketable state. Net realisable value is determined by reference to management estimates of the selling price based on prevailing market conditions, less all estimated costs to completion and costs to be incurred in marketing and selling.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet and balance sheet at fair value. They comprise cash on hand, bank balances, short term time deposits and treasury bills. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these consolidated financial statements, management is required to exercise significant judgement in the selection and application of accounting principles, including making estimates and assumptions. The following is a review of the more significant accounting policies that are impacted by judgments and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Estimate of fair value of investment properties

At the balance sheet date, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation of which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and is satisfied that the assumption used in valuation is reflective of the current market conditions.

Impairment allowances for loans and receivables other than loans and advances to consumer finance customers

The Group periodically reviews its loan portfolios to assess whether impairment allowances exist. In determining whether impairment allowances should be recorded in the consolidated income statement, management estimates the present value of future cash flows which are expected to be received, taking into account the borrower's financial situation and the net realisable value of the underlying collateral or guarantees in favour of the Group.

Impairment allowances for loans and advances to consumer finance customers

The policy for impairment allowances for loans and advances to consumer finance customers of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and advances, including the current creditworthiness, and the past collection history of each loan.

Impairment of available-for-sale financial assets

For listed available-for-sale equity investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account.

For those unlisted equity investments that are carried at fair values, the Group determines their fair values by using appropriate valuation techniques and making assumptions that are based on market conditions existing at each balance sheet date. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the investee.

Estimated impairment of goodwill and intangible assets with indefinite useful lives

The Group conducts tests for impairment of goodwill and intangible assets with indefinite useful lives annually in accordance with the relevant accounting standards. Determining whether the goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the fair value less cost to sell or value in use on basis of data available to the Group. Where the future cash flows are less than expected, an impairment loss may arise.

Deferred tax

Estimating the amount for deferred tax assets arising from tax losses requires a process that involves determining appropriate provisions for taxation, forecasting future years' taxable income and assessing the Group's ability to utilise tax benefits through future earnings. Where the actual future profits generated are less than expected, a reversal of the deferred tax asset may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place. The Group's deferred tax assets arising from tax losses are mainly from a subsidiary engaging in proprietary trading activities. While the current financial models indicate that the tax losses can be utilised in future, any changes in assumptions, estimates and tax regulation can affect the recoverability of this deferred tax asset.

Fair value of derivative and financial instruments

As included in notes 28 and 33, the Group selects appropriate valuation techniques for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied (note 47b).

The Group's unlisted equity instruments with carrying amount of HK\$42,014,000 (2007: HK\$78,901,000) are valued using generally accepted pricing models based on assumptions supported by observable market data.

For the valuation of unlisted derivative financial instruments, appropriate assumptions are used based on quoted market data to adjust for specific features of the instrument. The carrying amounts of these derivative financial assets and liabilities are HK\$3,149,000 (2007: HK\$297,587,000) and HK\$32,353,000 (2007: HK\$37,680,000) respectively.

5. REVENUE

Revenue represents the amounts received and receivable that are derived from the provision of medical services, nursing agencies, physiotherapy and dental services, elderly care services, consumer finance, sale of properties, property rental, hotel operations and property management services, provision of consultancy and other services, interest and dividend income, income from corporate finance and advisory services, and profit from securities margin financing and term loan financing and insurance broking services, and net profit from trading in securities and funds, income from bullion transactions and differences on leveraged foreign exchange transactions. An analysis of the Group's revenue for the year is as follows:

	2008 HK\$'000	2007 HK\$'000
Interest income on loans and advances to consumer finance customers	1,341,815	1,113,668
Medical services, nursing agencies, physiotherapy and dental services, and elderly care services	1,069,967	947,701
Securities broking	504,645	1,060,420
Other interest income	411,841	689,386
Income from corporate finance and others	297,332	363,520
Net trading profit from forex, bullion, commodities and futures	249,189	278,060
Property rental, hotel operations and management services	240,287	199,227
Dividend income	50,666	33,089
Sale of properties	46,180	—
Net trading (loss) profit from securities	(718,186)	204,334
	<u>3,493,736</u>	<u>4,889,405</u>

All interest income is derived from financial assets that are not carried at fair value through profit or loss.

6. SEGMENTAL INFORMATION

The Group has the following main business segments:

- Investment, broking and finance – trading in securities, provision of securities broking and related services, provision of broking services in forex, bullion and commodities, provision of securities margin financing and insurance broking services, provision of related financing and advisory products, and provision of term loan financing.
- Consumer finance – providing consumer loan finance products.
- Healthcare – providing medical services, nursing agencies, physiotherapy, dental services and other services.
- Property development and investment – development and sale of properties, property rental, provision of property management services and hotel operations managed by third parties.
- Corporate and other operations – including corporate revenue and expenses and results of unallocated operations.

Business segments are presented as the primary reporting format and geographical segments as the secondary reporting format. During the year, less than 10% of the operations of the Group in terms of revenue, segment results and assets were carried on or were situated outside Hong Kong. Accordingly, no geographical segmental information is shown.

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

Analysis of the Group's business segmental information is as follows:

	2008					
	Investment, broking and finance HK\$'000	Consumer finance HK\$'000	Healthcare HK\$'000	Property development and investment HK\$'000	Corporate and other operations HK\$'000	Total HK\$'000
Revenue	842,754	1,353,325	1,075,579	296,586	109,055	3,677,299
Less: inter-segment revenue	(92,386)	–	–	(11,425)	(79,752)	(183,563)
	<u>750,368</u>	<u>1,353,325</u>	<u>1,075,579</u>	<u>285,161</u>	<u>29,303</u>	<u>3,493,736</u>
Segment results	(112,646)	614,460	57,188	(422,805)	(15,221)	120,976
Discount on acquisition of additional interests in subsidiaries						222,284
Profit on deemed acquisition of additional interests in subsidiaries						34,401
Net loss on deemed disposal of partial interests in subsidiaries						(5,546)
Loss on fair value change of warrants of a listed associate						(284,089)
Finance costs						(93,751)
Share of results of associates						194,308
Share of results of jointly controlled entities	–	–	54	(6,880)	–	(6,826)
Profit before taxation						181,757
Taxation						(59,805)
Profit for the year						<u>121,952</u>
Segment assets	7,355,209	4,826,512	931,561	3,742,017	520,633	17,375,932
Interests in associates						4,010,520
Interests in jointly controlled entities	16,774	–	573	917,346	–	934,693
Deferred tax assets						122,500
Amounts due from associates						104,818
Amount due from a jointly controlled entity	–	–	3,375	–	–	3,375
Taxation recoverable						36,835
Total assets						<u>22,588,673</u>
Segment liabilities	1,458,160	1,995,463	178,258	57,532	4,982	3,694,395
Amounts due to associates						13,842
Amount due to a jointly controlled entity	–	–	14,063	48	–	14,111
Tax payable						76,026
Bank and other borrowings						1,964,129
Deferred tax liabilities						241,962
Total liabilities						<u>6,004,465</u>
Other information						
Depreciation	23,886	9,433	18,301	5,183	582	57,385
Amortisation of prepaid land lease payments	3,112	101	–	2,895	–	6,108
Amortisation of intangible assets	8,155	–	16,802	–	–	24,957
Impairment losses recognised	124,735	–	–	35,853	–	160,588
Net decrease in fair value of investment properties	–	–	–	549,307	–	549,307
Bad and doubtful debts	119,714	335,254	3,782	4,440	–	463,190
Capital expenditure	152,915	12,721	17,793	58,763	214	242,406

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

	2007					
	Investment, broking and finance HK\$'000	Consumer finance HK\$'000	Healthcare HK\$'000	Property development and investment HK\$'000	Corporate and other operations HK\$'000	Total HK\$'000
Revenue	2,617,470	1,124,942	957,323	207,806	212,949	5,120,490
Less: inter-segment revenue	(24,710)	–	–	(8,579)	(197,796)	(231,085)
	<u>2,592,760</u>	<u>1,124,942</u>	<u>957,323</u>	<u>199,227</u>	<u>15,153</u>	<u>4,889,405</u>
Segment results	1,917,444	560,750	50,117	601,384	(24,801)	3,104,894
Net profit on deemed disposal of partial interests in subsidiaries						401,844
Gain on fair value change of warrants of a listed associate						36,091
Net profit on deemed disposal of partial interests in listed associates						151,522
Finance costs						(341,273)
Share of results of associates						302,945
Share of results of jointly controlled entities	827	–	–	130,279	–	131,106
Profit before taxation						3,787,129
Taxation						(310,381)
Profit for the year						<u>3,476,748</u>
Segment assets	10,055,893	3,964,390	884,372	4,295,181	1,060,659	20,260,495
Interests in associates						3,453,940
Interests in jointly controlled entities	971	–	519	997,277	–	998,767
Deferred tax assets						66,576
Amounts due from associates						156,448
Amount due from a jointly controlled entity	–	–	–	2,192	–	2,192
Taxation recoverable						3,382
Total assets						<u>24,941,800</u>
Segment liabilities	2,008,151	1,650,834	130,467	68,863	4,775	3,863,090
Amounts due to associates						12,605
Amount due to a jointly controlled entity	–	–	–	39,063	–	39,063
Tax payable						152,616
Bank and other borrowings						2,147,293
Deferred tax liabilities						308,178
Total liabilities						<u>6,522,845</u>
Other information						
Depreciation	16,716	7,624	16,161	5,239	585	46,325
Amortisation of prepaid land lease payments	2,522	–	–	2,895	–	5,417
Amortisation of intangible assets	5,272	–	20,980	–	–	26,252
Impairment losses reversed	24,873	–	–	39,403	–	64,276
Increase in fair value of investment properties	–	–	–	445,878	–	445,878
Bad and doubtful debts	8,797	259,552	1,120	(63)	–	269,406
Capital expenditure	<u>127,273</u>	<u>9,093</u>	<u>21,238</u>	<u>2,035</u>	<u>357</u>	<u>159,996</u>

7. PROFIT ON DEEMED ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

Profit on deemed acquisition of additional interests in subsidiaries is arising from shares repurchased and cancelled by subsidiaries.

8. NET (LOSS) PROFIT ON DEEMED DISPOSAL OF PARTIAL INTERESTS IN SUBSIDIARIES

	2008 HK\$'000	2007 HK\$'000
Net (loss) profit on deemed disposal of partial interests in subsidiaries comprises:		
Scrip dividend distributed by a subsidiary	(1,580)	–
Exercise of warrants of subsidiaries by warrants holders	(3,966)	(52,994)
Share placing of 166,000,000 shares of a subsidiary	–	454,838
	<u>(5,546)</u>	<u>401,844</u>

9. (LOSS) GAIN ON FAIR VALUE CHANGE OF WARRANTS OF A LISTED ASSOCIATE

In December 2007, a listed associate of the Group issued new shares by way of open offer to the qualifying shareholders on the basis of one new share for every five shares held, together with new warrants of the listed associate in the proportion of one new warrant for every one new share successfully subscribed. The Group subscribed its proportion of the new shares and procured the new warrants. The warrants were recognised by the Group as “financial assets at fair value through profit or loss” at their initial carrying amount representing their fair value at the date of acquisition.

The fair value of the warrants at 31st December, 2008, based on the quoted bid price, dropped when compared to the fair value at 1st January, 2008. The Group incurred an unrealised loss of HK\$284,089,000 (2007: gain of HK\$36,091,000 which was classified under revenue in the previous year and has been disclosed separately on the face of the consolidated income statement for 2008) arising from the fair value change. However, the listed associate recorded a profit in the current year relating to the same changes in fair value of the warrants and the Group shared this profit from the associate, which is approximately the same as the loss incurred.

10. CHANGES IN VALUES OF PROPERTIES

	2008 HK\$'000	2007 HK\$'000
Changes in values of properties comprise:		
Net (decrease) increase in fair value of investment properties	(549,307)	445,878
Impairment loss (recognised) reversed for properties held for sale	(36,796)	34,660
Impairment loss reversed for hotel property	943	4,743
	<u>(585,160)</u>	<u>485,281</u>

The recognition and reversal of impairment losses was based on lower of cost and value in use for hotel property and the lower of cost and net realisable value for properties held for sale. The value in use and net realisable values were determined with reference to the respective fair values of the properties based on independent professional valuations at 31st December, 2008.

11. BAD AND DOUBTFUL DEBTS

	2008 HK\$'000	2007 HK\$'000
Bad debts written off	261,369	198,182
Impairment allowance recognised	250,265	119,551
Impairment written back	(14,492)	(21,957)
Bad debts recovered	(33,952)	(26,370)
	<u>463,190</u>	<u>269,406</u>

12. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) The emoluments paid or payable to each of the nine (2007: nine) Directors were as follows:

	2008				
	Directors' fees	Salaries and other benefits	Bonus payments	Retirement benefits scheme contributions	Total emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note)		
Lee Seng Hui	–	6,841	20,000	94	26,935
Edwin Lo King Yau	–	1,502	1,570	69	3,141
Lee Su Hwei	–	–	–	–	–
Arthur George Dew	–	1,498	500	59	2,057
Wong Po Yan	–	150	–	–	150
David Craig Bartlett	10	225	–	–	235
John Douglas Mackie	–	150	–	–	150
Mak Pak Hung	–	2,152	1,200	105	3,457
Alan Stephen Jones	10	600	–	–	610
	<u>20</u>	<u>13,118</u>	<u>23,270</u>	<u>327</u>	<u>36,735</u>

	2007				
	Directors' fees	Salaries and other benefits	Bonus payments	Retirement benefits scheme contributions	Total emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note)		
Lee Seng Hui	–	6,195	10,000	92	16,287
Edwin Lo King Yau	–	1,430	1,200	66	2,696
Lee Su Hwei	–	–	–	–	–
Arthur George Dew	–	1,506	–	52	1,558
Wong Po Yan	–	150	–	–	150
David Craig Bartlett	10	225	–	–	235
John Douglas Mackie	–	150	–	–	150
Mak Pak Hung	–	2,235	1,125	101	3,461
Alan Stephen Jones	10	600	–	–	610
	<u>20</u>	<u>12,491</u>	<u>12,325</u>	<u>311</u>	<u>25,147</u>

Note: The amounts represented the actual bonus of the preceding year paid to respective directors during the year. The bonus of the year 2008 has yet to be decided.

The Company provided management services to certain listed subsidiaries and associates and charged these companies management fees. The above emoluments include all amounts paid or payable to the Company's directors by the Company or the subsidiaries during 2008. However, it should be noted that the amounts above for Mr. Lee Seng Hui and Mr. Edwin Lo King Yau include the sums of HK\$5,387,000 (2007: Nil) and HK\$1,413,000 (2007: HK\$1,115,000) respectively that have been included in the 2008 management fee charged by the Company to a listed associate, Tian An China Investments Company Limited ("TACI"), for management services performed by Mr. Lee and Mr. Lo as directors of TACI and TACI has disclosed in its 2008 annual report the HK\$5,387,000 (2007: Nil) and HK\$1,413,000 (2007: HK\$1,115,000) as part of the emoluments of Mr. Lee and Mr. Lo respectively.

(b) Employees' emoluments

The five highest paid individuals included one (2007: one) of the Directors, details of whose emoluments are set out in 12(a) above. The combined emoluments of the remaining four (2007: four) individuals are as follows:

	2008	2007
	HK\$'000	HK\$'000
Salaries and other benefits	5,875	9,351
Bonus payments	38,070	36,832
Retirement benefit scheme contributions	391	375
Incentive/commission	–	28,672
	<u>44,336</u>	<u>75,230</u>

The emoluments of the above employees who were not Directors of the Company, were within the following bands:

	Number of employees	
	2008	2007
HK\$9,500,001 – HK\$10,000,000	1	–
HK\$10,500,001 – HK\$11,000,000	1	–
HK\$11,500,001 – HK\$12,000,000	1	–
HK\$12,000,001 – HK\$12,500,000	1	–
HK\$12,500,001 – HK\$13,000,000	–	1
HK\$17,500,001 – HK\$18,000,000	–	1
HK\$19,500,001 – HK\$20,000,000	–	1
HK\$25,000,001 – HK\$25,500,000	–	1
	<u>4</u>	<u>4</u>

13. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	149,429	383,364
Bank borrowings not wholly repayable within five years	1,556	2,741
Loan notes wholly repayable within five years	3,520	8,428
Convertible bonds	–	1,226
Others	6,383	1,011
	<u>160,888</u>	<u>396,770</u>
Total finance costs included in:		
Cost of sales and other direct costs	67,137	55,497
Finance costs	<u>93,751</u>	<u>341,273</u>
	<u>160,888</u>	<u>396,770</u>

All interest expenses are derived from financial liabilities that are not carried at fair value through profit or loss.

14. PROFIT BEFORE TAXATION

	2008 HK\$'000	2007 HK\$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
Current year	8,775	8,092
Under (over) provision in prior years	70	(235)
	8,845	7,857
Amortisation of intangible assets	24,957	26,252
Amortisation of prepaid land lease payments	6,108	5,417
Commission expenses and sales incentives to account executives and certain staff	194,066	364,604
Cost of properties held for sale and other inventories expensed	96,829	44,928
Depreciation	57,385	46,325
Expenses recognised for employee ownership scheme of SHK	9,652	–
Impairment loss recognised for interest in an associate	14,752	–
Loss on disposal of an associate	28	–
Loss on disposal of property, plant and equipment	744	4,779
Loss on redemption of convertible bonds	–	979
Net exchange loss	13,776	–
Net realised loss on financial assets at fair value through profit or loss		
– equity securities (included in revenue)	354,264	–
Net realised and unrealised loss on unlisted investment funds (included in revenue)	129,407	–
Net unrealised loss on financial assets at fair value through profit or loss		
– derivatives (included in revenue)	2,186	41,913
Net unrealised loss on financial assets at fair value through profit or loss		
– equity securities (included in revenue)	288,956	13,758
Retirement benefit scheme contributions, net of forfeited contributions of HK\$1,232,000 (2007: HK\$1,450,000) (note 54)	32,553	28,412
Staff costs (including Directors' emoluments but excluding contributions to retirement benefit scheme and employee ownership scheme of SHK)	863,257	882,605

	2008 HK\$'000	2007 HK\$'000
and after crediting:		
Dividend income from listed equity securities	45,974	24,566
Dividend income from unlisted equity securities	4,692	8,523
Discount on acquisition of additional interests in associates (included in share of results of associates)	33,987	1,114
Impairment loss reversed for interests in associates	–	26,873
Net exchange gain	–	13,410
Net profit on dealing in leveraged foreign currencies	3,895	8,514
Net profit on other dealing activities	17,397	12,418
Net realised and unrealised profit on unlisted investment funds (included in revenue)	–	68,728
Net realised profit on financial assets at fair value through profit or loss – derivatives (included in revenue)	130,470	160,716
Net realised profit on financial assets at fair value through profit or loss – equity securities (included in revenue)	–	122,460
Profit on deemed acquisition of interests in an associate (included in share of results of associates)	–	636
Profit on disposal of an investment property (included in other income)	–	11,902
Profit on disposal of associates (included in other income)	–	2,460
Profit on disposal of a jointly controlled entity (included in other income)	5	–
Profit on disposal of available-for-sale financial assets (included in other income)	347,674	598,227
Profit on disposal of subsidiaries (included in other income)	–	61,689
Rental income from investment properties under operating leases, net of outgoings of HK\$24,998,000 (2007: HK\$24,982,000)	116,149	91,504
Share of profit of discontinued operations of listed associates	–	72,922
	<u> </u>	<u> </u>

15. TAXATION

	2008 HK\$'000	2007 HK\$'000
The income tax charge (credit) comprises:		
Current tax		
Hong Kong	178,296	277,922
Other jurisdictions	2,585	2,621
	<u>180,881</u>	<u>280,543</u>
Under (over) provision in prior years		
Hong Kong	2,335	465
Other jurisdictions	59	(67)
	<u>183,275</u>	<u>280,941</u>
Deferred tax (<i>note 31</i>)		
Current year	(111,602)	28,435
Under provision in prior years	–	1,005
Change of tax rate	(11,868)	–
	<u>(123,470)</u>	<u>29,440</u>
	<u>59,805</u>	<u>310,381</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in the relevant jurisdictions.

The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before taxation	181,757	3,787,129
Less: Share of results of associates	(194,308)	(302,945)
Share of results of jointly controlled entities	6,826	(131,106)
	<u>(5,725)</u>	<u>3,353,078</u>
(Loss) profit attributable to the Company and subsidiaries	<u>(5,725)</u>	<u>3,353,078</u>
Tax at Hong Kong Profits Tax rate at 16.5% (2007: 17.5%)	(945)	587,788
Effect of different income tax rates of overseas subsidiaries	375	(106)
Tax effect of expenses that are not deductible for tax purposes	267,375	73,597
Tax effect of income that is not taxable for tax purposes	(301,040)	(301,232)
Tax effect of tax losses not recognised	82,203	3,519
Tax effect of utilisation of tax losses previously not recognised	(7,954)	(24,048)
Tax effect of utilisation of deductible temporary differences previously not recognised	29,302	(29,817)
Underprovision in previous year	2,394	1,403
Tax effect of derecognition of the deferred tax on early redemption of convertible bonds	–	(735)
Change of tax rate	(11,868)	–
Others	(37)	12
	<u>59,805</u>	<u>310,381</u>
Taxation for the year	<u>59,805</u>	<u>310,381</u>

16. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss attributable to equity holders of the Company of HK\$231,449,000 (2007: profit of HK\$1,901,254,000) and on the weighted average number of 244,141,000 (2007: 245,137,000) shares in issue during the year.

Diluted (loss) earnings per share for both years were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

17. DIVIDEND

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Ordinary shares:		
Interim dividend of HK15 cents per share (2007: HK15 cents)	36,622	36,646
Proposed final dividend of HK30 cents per share (2007: HK60 cents)	73,177	146,496
	<u>109,799</u>	<u>183,142</u>

A final dividend of HK30 cents (2007: HK60 cents) per share has been proposed by the Board of Directors (“Board”) and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

The amount of the proposed final dividend for the year ended 31st December, 2008 has been calculated by reference to 243,922,423 shares in issue at 9th April, 2009.

In 2008, the Company paid and recognised dividends of HK\$146,496,000 and HK\$36,617,000, representing HK60 cents per share, being the final dividend of 2007 and HK15 cents per share, being the interim dividend of 2008 respectively.

In 2007, the Company paid and recognised dividends of HK\$97,873,000 and HK\$36,636,000, representing HK40 cents per share, being the final dividend of 2006 and HK15 cents per share, being the interim dividend of 2007 respectively.

18. INVESTMENT PROPERTIES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value		
At 1st January	3,405,200	2,780,300
Exchange adjustments	(82)	–
Additions	128,638	862
Transferred from properties held for sale	39,554	78,760
Disposal	–	(43,600)
Transferred from property, plant and equipment	–	143,000
(Decrease) increase in fair value recognised in the consolidated income statement	(549,307)	445,878
At 31st December	<u>3,024,003</u>	<u>3,405,200</u>

The carrying amount of investment properties shown above comprises:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties in Hong Kong		
Long-term	2,364,200	2,744,300
Medium-term	530,100	602,000
Medium-term properties outside Hong Kong	<u>129,703</u>	<u>58,900</u>
	<u>3,024,003</u>	<u>3,405,200</u>

The fair value of the Group’s investment properties at 31st December, 2008 and 2007 have been arrived at on the basis of a valuation carried out at that day by Norton Appraisals Limited, a firm of independent and qualified professional valuers not connected with the Group. The valuation was principally based on investment approach by taking into account the current rents passing and the reversionary income potential of tenancies. For the properties which are currently vacant, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term or direct comparison approach.

At 31st December, 2008, the carrying value of investment properties pledged as security of the Group’s bank and other borrowings amounted to HK\$2,929,170,000 (2007: HK\$3,379,200,000).

Details of the Group’s investment properties and other assets being pledged to secure loans and general banking facilities are set out in note 55.

19. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles and vessels HK\$'000	Total HK\$'000
The Group						
Cost						
At 1st January, 2007	374,341	176,619	127,737	206,717	29,536	914,950
Exchange and other adjustments	–	–	23	61	–	84
Additions	–	10,436	27,075	39,487	6,888	83,886
Transfer to investment properties	–	(143,494)	–	–	–	(143,494)
Revaluation surplus transfer to investment properties	–	36,985	–	–	–	36,985
Disposal of subsidiaries	–	–	(82)	(8,000)	–	(8,082)
Disposals	–	–	(29,867)	(18,516)	(390)	(48,773)
At 31st December, 2007	374,341	80,546	124,886	219,749	36,034	835,556
Exchange and other adjustments	–	–	128	–	–	128
Additions	–	2,091	37,341	41,343	700	81,475
Transfer	–	–	(18,209)	18,209	–	–
Acquisition of a subsidiary	–	–	635	2,075	–	2,710
Disposals	–	–	(6,498)	(6,562)	(45)	(13,105)
At 31st December, 2008	374,341	82,637	138,283	274,814	36,689	906,764
Accumulated depreciation and impairment						
At 1st January, 2007	243,064	22,648	89,304	142,304	23,411	520,731
Exchange and other adjustments	–	–	28	60	–	88
Provided for the year	2,928	1,629	18,769	20,432	2,567	46,325
Transfer to investment properties	–	(494)	–	–	–	(494)
Eliminated on disposal of subsidiaries	–	–	(31)	(6,474)	–	(6,505)
Eliminated on disposals	–	–	(26,325)	(15,726)	(337)	(42,388)
Impairment loss reversed	(4,743)	–	–	–	–	(4,743)
At 31st December, 2007	241,249	23,783	81,745	140,596	25,641	513,014
Exchange and other adjustments	–	1	4	(40)	–	(35)
Provided for the year	3,015	1,525	23,462	26,195	3,188	57,385
Transfer	–	–	(7,197)	7,197	–	–
Eliminated on disposals	–	–	(6,092)	(6,043)	(39)	(12,174)
Impairment loss reversed	(943)	–	–	–	–	(943)
At 31st December, 2008	243,321	25,309	91,922	167,905	28,790	557,247
Carrying amounts						
At 31st December, 2008	131,020	57,328	46,361	106,909	7,899	349,517
At 31st December, 2007	133,092	56,763	43,141	79,153	10,393	322,542

At 31st December, 2008, the carrying value of hotel property and leasehold land and building pledged as security of the Group's bank and other borrowings amounted to HK\$179,114,000 (2007: HK\$182,338,000).

The Group's leasehold land included in the property, plant and equipment is situated in Hong Kong and held under long-term lease.

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
The Company				
Cost				
At 1st January, 2007	7,126	6,166	650	13,942
Additions	9	348	–	357
Disposals	–	(58)	–	(58)
At 31st December, 2007	7,135	6,456	650	14,241
Additions	43	171	–	214
Disposals	–	(114)	–	(114)
At 31st December, 2008	7,178	6,513	650	14,341
Accumulated depreciation				
At 1st January, 2007	6,356	5,475	433	12,264
Provided for the year	182	273	130	585
Eliminated on disposals	–	(58)	–	(58)
At 31st December, 2007	6,538	5,690	563	12,791
Provided for the year	186	309	87	582
Eliminated on disposals	–	(111)	–	(111)
At 31st December, 2008	6,724	5,888	650	13,262
Carrying amounts				
At 31st December, 2008	<u>454</u>	<u>625</u>	<u>–</u>	<u>1,079</u>
At 31st December, 2007	<u>597</u>	<u>766</u>	<u>87</u>	<u>1,450</u>

20. PREPAID LAND LEASE PAYMENTS

The Group's prepaid land lease payments comprise:

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Leasehold land in Hong Kong		
Long-term lease	217,393	347,035
Medium-term lease	123,966	–
Leasehold land outside Hong Kong		
Medium-term lease	13,397	8,241
Short-term lease	485	590
	<u>355,241</u>	<u>355,866</u>

Analysed for reporting purposes as:

Non-current assets	349,111	349,857
Current assets	<u>6,130</u>	<u>6,009</u>
	<u>355,241</u>	<u>355,866</u>

At 31st December, 2008, the carrying value of prepaid land lease payments pledged as security of the Group's bank and other borrowings amounted to HK\$332,214,000 (2007: HK\$337,685,000).

21. GOODWILL

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cost		
At 1st January	229,219	239,514
Arising from acquisition of a subsidiary (<i>note 49</i>)	17,686	1,230
Arising from acquisition of additional interests in subsidiaries	21,407	18,270
Arising from increase in cost on acquisition of subsidiaries	–	1,202
Release on deemed disposal of partial interests in a subsidiary	(53)	(6,243)
Release on disposal of subsidiaries	<u>–</u>	<u>(24,754)</u>
At 31st December	<u>268,259</u>	<u>229,219</u>
Impairment		
At 1st January	–	267
Release on disposal of subsidiaries	<u>–</u>	<u>(267)</u>
At 31st December	<u>–</u>	<u>–</u>
Carrying amounts		
At 31st December	<u>268,259</u>	<u>229,219</u>

22. INTANGIBLE ASSETS

	Computer software				Exchange		
	Acquired	Internally developed	Trade mark	Sale network	participation rights	Club memberships	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group							
Cost							
At 1st January, 2007	23,582	8,796	179,000	167,700	3,512	9,294	391,884
Exchange and other adjustments	-	-	-	-	22	4	26
Additions	9,677	-	-	-	-	-	9,677
Released on disposal of subsidiaries	-	-	-	-	(1,200)	-	(1,200)
At 31st December, 2007	33,259	8,796	179,000	167,700	2,334	9,298	400,387
Exchange and other adjustments	-	-	-	-	(13)	(4)	(17)
Acquisition of a subsidiary	-	-	9,880	-	-	-	9,880
Additions	13,466	13,342	-	-	-	-	26,808
Disposals	(2,270)	-	-	-	-	-	(2,270)
At 31st December, 2008	44,455	22,138	188,880	167,700	2,321	9,294	434,788
Amortisation and impairment							
At 1st January, 2007	13,201	-	-	-	1,311	1,042	15,554
Amortisation charged for the year	5,272	-	-	20,980	-	-	26,252
Released on disposal of subsidiaries	-	-	-	-	(240)	-	(240)
At 31st December, 2007	18,473	-	-	20,980	1,071	1,042	41,566
Amortisation charged for the year	6,380	1,775	-	16,802	-	-	24,957
Eliminated on disposals	(2,247)	-	-	-	-	-	(2,247)
At 31st December, 2008	22,606	1,775	-	37,782	1,071	1,042	64,276
Carrying amounts							
At 31st December, 2008	21,849	20,363	188,880	129,918	1,250	8,252	370,512
At 31st December, 2007	14,786	8,796	179,000	146,720	1,263	8,256	358,821

The intangible assets acquired in business combinations were recognised at the acquisition date on basis of valuation reports prepared by Norton Appraisals Limited, an independent qualified valuer, as follows:

Trade Mark

The income-based approach (relief-from-royalty method) was adopted to determine the fair value of trade mark. It was valued based upon the incremental after tax cash flow accruing to each trade mark holding company by virtue of the fact that each trade mark holding company did not have to pay a fair royalty to a third party for the use of that asset. Based on beta estimates of each acquired enterprise's comparables, the Group had arrived at discount rates from 14.35% to 19.59% with adjusted royalty rates from 2% to 2.7% to determine the fair value.

Sales Network

At the balance sheet date, the income-based approach (contributory charge method) was adopted to determine the value in use of sales network. This method is based on the present value of the net positive cash flows generated from sales network. The discount rates applied for the valuation of sales network is 14.35%.

Other than the club membership, exchange participation rights and the trade mark, which have indefinite useful lives, the intangible assets are amortised on a straight-line basis over the following periods:

Acquired computer software	3 – 5 years
Internally developed computer software	10 years
Sales network	10 years

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For impairment testing, goodwill and intangible assets with indefinite useful lives at 31st December, 2008 were allocated to the following cash generating units.

	Goodwill		Trade mark	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consumer finance segment				
United Asia Finance Limited (“UAF”)	5,921	5,921	–	–
SHK Finance Limited	2,713	2,713	–	–
	<u>8,634</u>	<u>8,634</u>	<u>–</u>	<u>–</u>
Investment, broking and finance segment				
SHK	106,815	98,612	–	–
Yu Ming Investment Management Limited	1,230	1,230	–	–
	<u>108,045</u>	<u>99,842</u>	<u>–</u>	<u>–</u>
Healthcare segment				
Quality HealthCare Asia Limited (“QHA”)	151,580	120,743	188,880	179,000
	<u>268,259</u>	<u>229,219</u>	<u>188,880</u>	<u>179,000</u>

The recoverable amounts of the UAF and SHK Finance Limited under the consumer finance segment and Yu Ming Investment Management Limited under the investment, broking and finance segment have been determined based on a value-in-use calculation. The calculation uses cash flow projection based on respective financial budgets approved by respective management covering a 1-year period at a discount rate of 11.35%. The recoverable amounts of UAF and SHK Finance Limited were determined to be in excess of their net carrying amounts.

The recoverable amount of QHA represents the value in use at 31st December, 2008 set out in a business valuation report on the QHA group prepared by Norton Appraisals Limited. The income-based approach was adopted to determine the recoverable amount. It is based on a five year performance projection and certain key assumptions including growth rates between 4.97% to 12.73% from 2009 to 2013 and a sustainable growth rate of 2.5% beyond 2013 and a discount rate of 11.35% to determine the value in use. The recoverable amount of QHA was determined to be in excess of its carrying amount.

Management believes that possible changes in any of the above assumptions would not cause the carrying amounts of goodwill to exceed their recoverable amounts.

The recoverable amount of SHK has been determined based on the fair value less cost to sell. The fair value represents the market bid price of SHK at 31st December, 2008.

24. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed shares in Hong Kong, at cost	714,414	714,414
Unlisted shares, at cost	50,840	50,840
Less: impairment	(50,840)	(50,840)
	—	—
	<u>714,414</u>	<u>714,414</u>
Market value of listed shares in Hong Kong	<u>741,803</u>	<u>2,774,535</u>

25. AMOUNTS DUE FROM (TO) SUBSIDIARIES

	The Company	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from subsidiaries, less impairment, are unsecured and repayable on demand and comprise:		
Interest bearing at Hong Kong Prime rate plus 1% per annum	392,511	63,483
Interest bearing at Hong Kong Interbank Offered Rate plus 0.5% per annum	2,104,845	—
Non-interest bearing	2,482,921	2,581,473
	<u>4,980,277</u>	<u>2,644,956</u>
Less: Allowance for impairment recognised	<u>(381,339)</u>	<u>(296,138)</u>
	<u>4,598,938</u>	<u>2,348,818</u>
Analysed as:		
Non-current	2,207,744	—
Current	<u>2,391,194</u>	<u>2,348,818</u>
	<u>4,598,938</u>	<u>2,348,818</u>

The Company assesses at year end whether there is objective evidence that the amounts due from subsidiaries are impaired. An impairment allowance is recognised when there is objective evidence of impairment as a result of one or more loss events having occurred that has an impact on the estimated future cash flows of subsidiaries that can be reliably estimated.

	The Company	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross amount of impaired amounts due from subsidiaries	2,799,797	303,744
Less: Allowance for impairment recognised	(381,339)	(296,138)
Net carrying amount of impaired amounts due from subsidiaries	<u>2,418,458</u>	<u>7,606</u>

Other than the loan notes issued by SHK, the terms of which are shown in note 43, none of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Amount due to a subsidiary is unsecured and non-interest bearing. At 31st December 2008, the subsidiary stated that it will not demand repayment in the next twelve months and the amount is therefore shown as a non-current liability.

Particulars of the Company's principal subsidiaries at 31st December, 2008 are set out in note 58.

26. INTERESTS IN ASSOCIATES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed securities (<i>note 26(i)</i>)	3,955,840	3,410,854
Unlisted shares (<i>note 26(ii)</i>)	54,680	43,086
	<u>4,010,520</u>	<u>3,453,940</u>

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Notes:		
(i) Listed securities		
Cost of investment	2,671,824	2,351,504
Share of post-acquisition reserves	1,284,016	1,059,350
	<u>3,955,840</u>	<u>3,410,854</u>
Market value of listed securities	<u>1,243,366</u>	<u>5,948,052</u>

At 31st December, 2008, goodwill after impairment of HK\$11,417,000 arising on acquisition of associates is included in the cost of investment (2007: HK\$9,585,000). The movement is set out in note 26(iii) below.

		The Group	
		2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
(ii)	Unlisted shares		
	Cost of investment	43,410	40,913
	Share of post-acquisition reserves	12,070	2,973
		<u>55,480</u>	<u>43,886</u>
	<i>Less: Impairment loss recognised</i>	<u>(800)</u>	<u>(800)</u>
		<u>54,680</u>	<u>43,086</u>
(iii)	Goodwill on acquisition of listed associates		
		The Group	
		2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
Cost			
	At 1st January	12,356	13,323
	Acquisition of associates	14,752	–
	Arising from increase in interest in associates	1,832	9,585
	Eliminated on disposal	<u>–</u>	<u>(10,552)</u>
	At 31st December	<u>28,940</u>	<u>12,356</u>
Impairment			
	At 1st January	2,771	13,323
	Impairment loss recognised	14,752	–
	Eliminated on disposal	<u>–</u>	<u>(10,552)</u>
	At 31st December	<u>17,523</u>	<u>2,771</u>
		<u>11,417</u>	<u>9,585</u>

The Group tests impairment annually or whenever there is an indication that interests in associates might be impaired based on the recoverable amounts of associates.

Particulars of the Company's principal associates at 31st December, 2008 are set out in note 59.

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Total assets	16,695,696	16,356,596
Total liabilities	(5,473,377)	(6,127,134)
Net assets	<u>11,222,319</u>	<u>10,229,462</u>
Minority interests	<u>(291,234)</u>	<u>(390,549)</u>
Group's share of net assets of associates	<u>3,999,903</u>	<u>3,445,155</u>
Revenue	<u>2,032,399</u>	<u>1,469,114</u>
Profit for the year	<u>91,066</u>	<u>903,973</u>
Group's share of profit or loss of associates for the year	<u>160,321</u>	<u>301,437</u>

27. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Unlisted shares		
Cost of investment	17,572	1,436
Share of post-acquisition reserves	<u>934,743</u>	<u>1,014,953</u>
	952,315	1,016,389
Elimination of unrealised profit	<u>(17,622)</u>	<u>(17,622)</u>
	<u>934,693</u>	<u>998,767</u>

Particulars of the Group's principal jointly controlled entities at 31st December, 2008 are set out in note 60.

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets	1,299,623	1,405,269
Current assets	144,790	136,067
Non-current liabilities	(372,359)	(411,903)
Current liabilities	(119,739)	(113,044)
Group's share of net assets of jointly controlled entities	<u>952,315</u>	<u>1,016,389</u>
Revenue	285,641	253,048
Expenses	(234,638)	(216,943)
(Decrease) increase in fair value of investment properties	(70,646)	124,000
Taxation	<u>12,817</u>	<u>(28,999)</u>
Group's share of results of jointly controlled entities for the year	<u>(6,826)</u>	<u>131,106</u>

28. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group 2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Listed equity investments issued by corporate entities, at fair value		
Hong Kong	35,292	964,222
Outside Hong Kong	<u>26,329</u>	<u>256,044</u>
	<u>61,621</u>	<u>1,220,266</u>
Unlisted equity investments issued by corporate entities at cost less impairment	169,711	165,758
Unlisted equity investments issued by corporate entities at fair value	<u>42,014</u>	<u>37,946</u>
	<u>211,725</u>	<u>203,704</u>
	<u>273,346</u>	<u>1,423,970</u>

Available-for-sale financial assets are intended to be held for a continuing strategic or long-term purpose.

Further details of available-for-sale financial assets are disclosed in note 47.

29. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans and advances to consumer finance customers	4,732,199	3,913,237
<i>Less:</i> Allowances for impairment recognised		
– Individually assessed	(921)	(1,225)
– Collectively assessed	(399,430)	(291,458)
	<u>4,331,848</u>	<u>3,620,554</u>
<i>Less:</i> Current portion	<u>(2,588,361)</u>	<u>(2,145,159)</u>
Amount due after one year	<u><u>1,743,487</u></u>	<u><u>1,475,395</u></u>

Movements in allowance for impairment recognised during the year were as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January	292,683	204,561
Exchange adjustments	196	85
Released on disposal of subsidiary	–	(160)
Amounts recovered	(304)	(198)
Amounts charged to the consolidated income statement	<u>107,776</u>	<u>88,395</u>
At 31st December	<u><u>400,351</u></u>	<u><u>292,683</u></u>

The loans and advances to consumer finance customers have been reviewed by the Consumer Finance division to assess impairment allowances which are based on the evaluation of collectability, aging analysis of accounts and on management's judgement, including the current creditworthiness and the past collection statistics of individually significant accounts or a portfolio of accounts on collective basis.

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross amount of impaired loans under individual assessment	3,404	4,020
<i>Less:</i> Allowance for impairment recognised under individual assessment	<u>(921)</u>	<u>(1,225)</u>
Net carrying amount of impaired loans under individual assessment	<u><u>2,483</u></u>	<u><u>2,795</u></u>

The aging analysis for the loans and advances to consumer finance customers that were past due at the balance sheet date but not impaired were as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 31 days	304,717	238,359
31–180 days	109,315	136,474
	<u>414,032</u>	<u>374,833</u>

The amount and type of collateral required depend on an assessment of the credit risk of the customer or counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for personal lending, mortgages over residential properties; and
- for commercial lending, charges over real estate properties, pledge of shares or debentures over the company's assets.

Management requests additional collateral where appropriate in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

30. LOANS AND RECEIVABLES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Term loan repayable over one year	78,000	–
Amounts repayable over one year	229,191	–
Amounts due from investee companies	–	6,686
Less: Allowance for impairment recognised	<u>(25,690)</u>	<u>(1,447)</u>
	281,501	5,239
Add: long-term portion of trade and other receivables (note 34)	193	567
Less: short-term portion of loans and receivables (note 34)	<u>(117,527)</u>	<u>–</u>
	<u>164,167</u>	<u>5,806</u>

An impairment allowance is recognised when there is objective evidence of impairment after the Group's evaluation of the collectability of loans and receivables. The movements in the allowances for impairment were as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January	(1,447)	(1,447)
Amounts charged to the consolidated income statement	(25,690)	–
Amounts recovered	1,447	–
	<u> </u>	<u> </u>
At 31st December	<u>(25,690)</u>	<u>(1,447)</u>

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross amount of impaired loans and receivables	229,191	6,686
Less: Allowance for impairment recognised	<u>(25,690)</u>	<u>(1,447)</u>
	<u> </u>	<u> </u>
Net carrying amount of impaired loans and receivables	<u>203,501</u>	<u>5,239</u>

31. DEFERRED TAX

The following is the major deferred tax assets and liabilities of the Group recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Revaluation of properties and other assets <i>HK\$'000</i>	Provision and impairment <i>HK\$'000</i>	Unrealised profits <i>HK\$'000</i>	Undistributed earnings and others <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Equity component of convertible bonds of a subsidiary <i>HK\$'000</i>	Total <i>HK\$'000</i>
The Group								
At 1st January, 2007	195,789	151,146	(45,470)	1,037	3,246	(104,213)	735	202,270
Exchange adjustments	–	9	–	199	–	–	–	208
Released on disposal of subsidiaries	(376)	–	14	–	–	2,935	–	2,573
Charged (credited) to equity	–	7,143	–	–	(32)	–	–	7,111
Charged (credited) to consolidated income statement	<u>17,476</u>	<u>23,540</u>	<u>(5,915)</u>	<u>45</u>	<u>2,267</u>	<u>(7,238)</u>	<u>(735)</u>	<u>29,440</u>
At 31st December, 2007	212,889	181,838	(51,371)	1,281	5,481	(108,516)	–	241,602
Exchange adjustments	–	40	(28)	(98)	–	(24)	–	(110)
Effect of change of tax rate	(12,164)	(8,841)	2,936	–	–	6,201	–	(11,868)
Acquisition of subsidiaries	–	1,630	–	–	1,161	–	–	2,791
Credited to equity	–	(1,351)	–	–	–	–	–	(1,351)
Charged (credited) to consolidated income statement	<u>16,278</u>	<u>(75,268)</u>	<u>(1,341)</u>	<u>215</u>	<u>1,240</u>	<u>(52,726)</u>	<u>–</u>	<u>(111,602)</u>
At 31st December, 2008	<u>217,003</u>	<u>98,048</u>	<u>(49,804)</u>	<u>1,398</u>	<u>7,882</u>	<u>(155,065)</u>	<u>–</u>	<u>119,462</u>

For the purpose of the balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax liabilities	241,962	308,178
Deferred tax assets	(122,500)	(66,576)
	<u>119,462</u>	<u>241,602</u>

At 31st December, 2008, the Group had unrecognised deductible temporary differences of HK\$869,684,000 (2007: HK\$693,814,000) and estimated unused tax losses of HK\$2,953,484,000 (2007: HK\$2,164,382,000) available for offset against future assessable profits. A deferred tax asset has been recognised in respect of HK\$952,698,000 (2007: HK\$631,511,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$2,000,786,000 (2007: HK\$1,532,871,000) of losses due to the unpredictability of future assessable profit streams. There were no other significant temporary differences that are not recognised arising during the year or at the balance sheet date.

Included in unrecognised tax losses are losses of HK\$2,839,000 and HK\$180,000 that will expire in 2011 and 2012 respectively, the remaining losses may be carried forward indefinitely.

At 31st December, 2008, the Company had estimated unused tax losses of HK\$39,542,000 (2007: HK\$66,938,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future assessable profit streams. Tax losses may be carried forward indefinitely.

32. PROPERTIES HELD FOR SALE AND OTHER INVENTORIES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties in Hong Kong, at net realisable value	259,250	335,600
Freehold property outside Hong Kong, at cost	135,181	135,751
Medicine, dispensary supplies and other consumables	15,945	11,341
Other inventories	100	117
	<u>410,476</u>	<u>482,809</u>

Certain of the Group's properties previously held for sales with a net realisable value of HK\$39,554,000 (2007: HK\$78,760,000) were rented out under operating leases during the year and were therefore reclassified as investment properties.

The freehold property outside Hong Kong represent a property in the United States of America. The Group has the intention to sell this asset. The freehold property is included in the Group's property development and investment for segment reporting purposes (note 6).

At 31st December, 2008, the carrying value of properties held for sale pledged as security of the Group's bank and other borrowings amounted to HK\$394,431,000 (2007: HK\$471,351,000).

33. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Held for trading investments, at fair value		
Listed equity securities		
issued by corporate entities		
Hong Kong	222,082	198,053
Outside Hong Kong	24,207	214,735
issued by banks		
Hong Kong	50,181	10,826
issued by public utilities		
Hong Kong	36	41
	<u>296,506</u>	<u>423,655</u>
Unlisted equity securities issued by corporate entities outside		
Hong Kong	–	40,955
Warrants and options listed in Hong Kong	12,263	30,290
Warrants and options listed outside Hong Kong	–	36
Listed warrants issued by listed associates	2,170	–
Unlisted overseas warrants	3,149	12,336
Unlisted warrants issued by a listed associate	–	285,251
Equity-linked instruments	12,568	–
Bonds	5,193	–
Others	835	779
	<u>332,684</u>	<u>793,302</u>
Equity securities in unlisted investment funds, at fair value		
Issued by corporate entities outside Hong Kong	90,663	416,199
	<u>423,347</u>	<u>1,209,501</u>
	<u>423,347</u>	<u>1,209,501</u>
	The Company	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets designated as at fair value through profit or loss		
Warrants listed in Hong Kong, at fair value	10,790	351,826
	<u>10,790</u>	<u>351,826</u>

Further details on the financial assets at fair value through profit or loss is disclosed in note 47.

34. TRADE AND OTHER RECEIVABLES

	The Group			
	2008		2007	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables				
– Accounts receivable from exchange, brokers and clients	1,071,477		1,593,582	
– Less: Allowance for impairment recognised	<u>(26,516)</u>		<u>(22,851)</u>	
		1,044,961		1,570,731
– Secured term loans	819,314		621,058	
– Less: Allowance for impairment recognised	<u>(64,487)</u>		<u>(14,814)</u>	
		754,827		606,244
– Unsecured term loans		<u>21,900</u>		<u>25,960</u>
		1,821,688		2,202,935
– Margin loans	2,366,940		3,192,825	
– Less: Allowance for impairment recognised	<u>(120,393)</u>		<u>(76,277)</u>	
		<u>2,246,547</u>		<u>3,116,548</u>
		4,068,235		5,319,483
Interest receivables	94,597		67,553	
Less: Allowance for impairment recognised	<u>(6,388)</u>		<u>–</u>	
		88,209		67,553
Other accounts receivable, deposits and prepayments		<u>391,119</u>		<u>497,980</u>
		4,547,563		5,885,016
Add: Short-term portion of loans and receivables (note 30)		117,527		–
Less: Long-term portion of trade and other receivables (note 30)		<u>(193)</u>		<u>(567)</u>
		<u>4,664,897</u>		<u>5,884,449</u>

The movements in the allowance for impairment were as follows:

	Trade receivables HK\$'000	Secured term loans HK\$'000	Margin loans HK\$'000	Interest receivable HK\$'000	Total HK\$'000
At 1st January, 2007	(22,001)	(24,928)	(58,461)	–	(105,390)
Exchange adjustments	(280)	1	–	–	(279)
Reclassification	(1,513)	–	(385)	–	(1,898)
Amounts written off	1,527	1,425	–	–	2,952
Amounts recovered	488	8,688	12,605	–	21,781
Amounts charged to the consolidated income statement	(1,244)	–	(30,036)	–	(31,280)
Released on disposal of subsidiaries	172	–	–	–	172
At 31st December, 2007	(22,851)	(14,814)	(76,277)	–	(113,942)
Exchange adjustments	–	(1)	1	–	–
Amounts written off	364	–	1,706	–	2,070
Amounts recovered	45	12,557	159	–	12,761
Amounts charged to the consolidated income statement	(4,074)	(62,229)	(45,982)	(6,388)	(118,673)
At 31st December, 2008	(26,516)	(64,487)	(120,393)	(6,388)	(217,784)

Impairment of trade receivables, margin and term loans is recognised in the consolidated income statement after proper review by the relevant credit control department or credit and executive committees of the Group, based on the latest status of trade receivables, margin and term loan receivables, and the latest announced or available information about the underlying collateral held.

	The Group 2008		2007		Net carrying amount of impaired advances HK\$'000
	Gross amount of impaired advances HK\$'000	Individually assessed allowances HK\$'000	Gross amount of impaired advances HK\$'000	Individually assessed allowances HK\$'000	
Impaired trade and other receivables under individual assessment					
– Trade receivables	37,824	(26,516)	11,308	(22,851)	13,663
– Secured term loans	65,935	(64,487)	1,448	(14,814)	12,454
– Margin loans	187,840	(120,393)	67,447	(76,277)	39,010
	291,599	(211,396)	80,203	(113,942)	65,127

The aging analysis of the trade receivables, term loans, and margin loans that were past due at the balance sheet date but not impaired were as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 31 days	236,684	117,766
31 to 180 days	55,514	73,707
181 to 365 days	25,362	21,474
Over 365 days	11,755	42,258
	<hr/>	<hr/>
	329,315	255,205
Trade and other receivables that were not past due nor impaired	4,335,582	5,629,244
	<hr/>	<hr/>
	<u>4,664,897</u>	<u>5,884,449</u>

Listed securities, unlisted securities and properties of clients were held as collateral against secured margin loans and term loans. The fair value of the listed securities at 31st December, 2008 held as collateral was HK\$5,195,667,000 (2007: HK\$26,501,188,000).

Further details of the trade and other receivables are disclosed in note 47.

35. AMOUNTS DUE FROM ASSOCIATES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advances	113,265	86,895
Loan notes	—	78,000
	<hr/>	<hr/>
	113,265	164,895
Less: Allowance for impairment recognised	(8,447)	(8,447)
	<hr/>	<hr/>
	<u>104,818</u>	<u>156,448</u>

The impairment is made when there is objective evidence of impairment after the Group's evaluation of the collectability of amounts due from associates. The movements in the allowance for impairment were as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January	8,447	2,125
Amount written off	—	(2,125)
Reclassification	—	8,428
Amount charged to the consolidated income statement	—	19
	<hr/>	<hr/>
Balance at 31st December	<u>8,447</u>	<u>8,447</u>

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross amount of impaired amounts due from associates	64,704	64,637
Less: Allowance for impairment recognised	(8,447)	(8,447)
Net carrying amount of impaired amounts due from associates	<u>56,257</u>	<u>56,190</u>

Further details of amounts due from associates are disclosed in note 47.

36. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank balances and cash	1,323,892	950,086	1,370	854
Fixed deposits with banks	1,259,831	1,853,219	505,100	1,049,000
Treasury bills	<u>7,740</u>	<u>7,724</u>	<u>–</u>	<u>–</u>
	<u>2,591,463</u>	<u>2,811,029</u>	<u>506,470</u>	<u>1,049,854</u>

The Group maintains trust and segregated accounts with licensed banks to hold clients' deposits arising from normal business transactions. At 31st December, 2008, trust and segregated accounts not dealt with in these financial statements totalled HK\$4,088,837,000 (2007: HK\$5,255,971,000).

Further details of the cash and cash equivalents are disclosed in note 47.

37. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$1,138,229,000 (2007: HK\$1,426,508,000), the aging analysis of which is as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 31 days	1,109,179	1,398,922
31 to 180 days	18,847	12,444
181 to 365 days	3,161	2,062
Over 365 days	<u>7,042</u>	<u>13,080</u>
	<u>1,138,229</u>	<u>1,426,508</u>

38. FINANCIAL LIABILITIES AT FAIR VALUES THROUGH PROFIT OR LOSS

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity and currency OTC derivatives	32,353	37,680
Stock option listed in Hong Kong	14,108	31,547
Stock borrowings	2,483	–
Index futures listed overseas	–	2,546
Financial guarantee contracts	–	70
	<u>48,944</u>	<u>71,843</u>

39. SHARE CAPITAL

	Number of shares	Value <i>HK\$'000</i>
Ordinary shares of HK\$2 each		
Authorised:		
At 1st January, 2007, 31st December, 2007 and at 31st December, 2008	<u>650,000,000</u>	<u>1,300,000</u>
Issued and fully paid:		
At 1st January, 2007	247,016,423	494,033
Shares repurchased and cancelled	<u>(2,780,000)</u>	<u>(5,560)</u>
At 31st December, 2007	244,236,423	488,473
Shares repurchased and cancelled	<u>(198,000)</u>	<u>(396)</u>
At 31st December, 2008	<u>244,038,423</u>	<u>488,077</u>

40. SHARE OPTION SCHEME

The share option scheme of the Company (“Scheme”) was adopted pursuant to a resolution passed by the Company’s shareholders on 3rd June, 2002 (“Adoption Date”) for the primary purpose of providing the eligible participants an opportunity to have a personal stake in the Company and to help motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Scheme include any employees, non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or any entity in which the Group holds an equity interest (“Invested Entity”), supplier of goods or services to the Group or any Invested Entity, customer of the Group or any Invested Equity, any minority shareholders of the Group or Invested Entity and any other person or entity who in the opinion of the Directors have contributed or may contribute to the development and growth of the Group. The Scheme will expire on 2nd June, 2012.

The maximum number of shares which may be issuable under the Scheme and any other schemes of the Company (excluding options lapsed pursuant to the Scheme and any other schemes of the Company) must not exceed 10% of the issued shares of the Company at the Adoption Date. At 31st December, 2008, the maximum number of shares issuable under the Scheme was 10% of the Company’s shares in issue as at that date.

The total number of shares issued and to be issued to each eligible participant under the Scheme in any 12-month period must not exceed 1% of the issued shares of the Company unless approved in advance by the shareholders of the Company in general meeting.

Any option to be granted under the Scheme to a director, chief executive or substantial shareholder of the Company or to any of their respective associates must be approved by Independent Non-Executive Directors of the Company (excluding Independent Non-Executive Director who is the grantee). In addition, any option to be granted to a substantial shareholder or an Independent Non-Executive Director of the Company or to any of their respective associates which will result in the shares issued and to be issued in excess of 0.1% of the issued shares or with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK\$5,000,000 within any 12-month period is subject to approval by the shareholders of the Company in general meeting.

The offer of a grant of options under the Scheme may be accepted within 28 business days from the date of the offer and by payment of HK\$1.00 as consideration for the grant of an option. An option may be exercised in accordance with the terms of the Scheme at any time during a period as to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the Adoption Date.

The exercise price is determined by the Directors and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant of an option, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant of an option; and (iii) the nominal value of the Company's shares.

No options have been granted under the Scheme since its adoption and accordingly there were no options outstanding at 31st December, 2008 and 2007.

41. SHARE PREMIUM AND RESERVES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share premium	1,519,481	1,519,481
Property revaluation reserve	42,286	41,792
Investment revaluation reserve	174,406	631,735
Capital redemption reserve	214,071	213,675
Translation reserve	136,637	80,112
Non-distributable reserve (<i>Note</i>)	55,226	55,226
Capital reserve	(8,745)	(2,971)
Accumulated profits	5,643,328	6,010,630
Dividend reserve	73,177	146,496
	<u>7,849,867</u>	<u>8,696,176</u>

The Company	Share premium HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Dividend reserve HK\$'000	Total HK\$'000
At 1st January 2007	1,519,481	208,115	283,308	98,633	2,109,537
2007 interim dividend	–	–	(36,646)	36,646	–
Dividend paid	–	–	–	(134,509)	(134,509)
Over provision of dividend	–	–	770	(770)	–
Proposed final dividend	–	–	(146,496)	146,496	–
Share repurchased and cancelled	–	–	(54,976)	–	(54,976)
Transferred on share repurchase	–	5,560	(5,560)	–	–
Profit attributable to equity holders of the Company	–	–	346,340	–	346,340
At 31st December, 2007	1,519,481	213,675	386,740	146,496	2,266,392
2008 interim dividend	–	–	(36,622)	36,622	–
Dividend paid	–	–	–	(183,113)	(183,113)
Over provision of dividend	–	–	5	(5)	–
Proposed final dividend	–	–	(73,177)	73,177	–
Share repurchased and cancelled	–	–	(3,337)	–	(3,337)
Transferred on share repurchase	–	396	(396)	–	–
Loss attributable to equity holders of the Company	–	–	(155,772)	–	(155,772)
At 31st December, 2008	1,519,481	214,071	117,441	73,177	1,924,170

The Company's reserves available for distribution to equity holders of the Company at 31st December, 2008 are represented by accumulated profits and dividend reserve totalling HK\$190,618,000 (2007: HK\$533,236,000).

Note: Non-distributable reserve represents the Group's share of a subsidiary's capital redemption reserve.

42. BANK AND OTHER BORROWINGS

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans, overdrafts and other borrowings comprise:		
Bank loans	3,776,629	3,633,233
Overdrafts	–	18,000
Other borrowings	106,424	19,723
	<u>3,883,053</u>	<u>3,670,956</u>
Analysed as:		
Secured	1,964,129	1,921,233
Unsecured	1,918,924	1,749,723
	<u>3,883,053</u>	<u>3,670,956</u>
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	1,305,320	871,641
More than one year but not exceeding two years	237,969	721,872
More than two years but not exceeding five years	2,194,040	1,998,510
More than five years	39,300	59,210
	<u>3,776,629</u>	<u>3,651,233</u>
Other borrowings are repayable as follows:		
On demand or within one year	98,483	19,723
More than two years but not exceeding five years	7,941	–
	<u>106,424</u>	<u>19,723</u>
	3,883,053	3,670,956
Less: Amount repayable within one year shown under current liabilities	<u>(1,403,803)</u>	<u>(891,364)</u>
Amount due after one year	<u>2,479,250</u>	<u>2,779,592</u>

The Group have bank loans of HK\$86,108,000 and HK\$1,571,000 which are denominated in Australian Dollars and United States Dollars respectively. Further details of the bank and other borrowings are disclosed in note 47.

Details of the assets of the Group and the Company pledged to secure bank and other borrowings are set out in note 55.

43. LOAN NOTES

	The Group		The Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At amortised cost				
Loan notes issued by the Company	–	46,060	–	46,060
Loan notes issued by a listed subsidiary	–	69,166	–	–
	<u>–</u>	<u>115,226</u>	<u>–</u>	<u>46,060</u>

The loan notes of the Company and those of the listed subsidiary, SHK, were issued as part of the consideration for the repurchase of shares of the Company and SHK respectively. The loan notes issued by the Company bore interest at 2.25% per annum and were due on 15th August, 2008. The loan notes issued by SHK bore interest at 4% per annum and were due on 7th March, 2008. The effective interest rates were 7.0% and 7.9% per annum respectively.

All of the loan notes were repaid during the year upon respective maturities.

44. PROVISIONS

	The Group			The Company
	Employee benefits	Others	Total	Employee benefits
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provisions:				
At 1st January, 2008	69,788	10,059	79,847	247
Additional provisions for the year	35,909	39,359	75,268	–
Amount written back	(12,249)	(107)	(12,356)	(129)
Amount utilised during the year	(7,144)	–	(7,144)	–
Amount paid during the year	(48,510)	(235)	(48,745)	–
Acquisition of a subsidiary	147	476	623	–
	<u>37,941</u>	<u>49,552*</u>	<u>87,493</u>	<u>118</u>
At 31st December, 2008	37,941	49,552*	87,493	118
Less: Current portion	<u>(22,078)</u>	<u>(40,693)</u>	<u>(62,771)</u>	<u>(118)</u>
	<u>15,863</u>	<u>8,859</u>	<u>24,722</u>	<u>–</u>
Non-current portion	<u>15,863</u>	<u>8,859</u>	<u>24,722</u>	<u>–</u>

* Included in provisions as at 31st December 2008 was HK\$34,441,000 in respect of the repurchase of Lehman Brothers Minibonds from certain clients which was completed on 19th March, 2009.

45. OTHER LIABILITIES

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advance from minority shareholders	593	729
Obligations under finance leases	3	8
	<u>596</u>	<u>737</u>
<i>Less: Current portion</i>	<i>(596)</i>	<i>(734)</i>
	<u>–</u>	<u>3</u>
Non-current portion	–	3

46. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt (which includes bank and other borrowings and loan notes) and equity attributable to equity holders of the Company comprising issued share capital, share premium and reserves.

Gearing ratio

The Group's management reviews the capital structure on an ongoing basis using gearing ratio, which is the net debt divided by equity. Net debt include the Group's bank and other borrowings less short term pledged deposits and cash and cash equivalents. The equity comprises all components of the equity attributable to equity holders of the Company.

The gearing ratio at the balance sheet date was as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank and other borrowings	3,883,053	3,670,956
Loan notes	–	115,226
	<u>3,883,053</u>	<u>3,786,182</u>
<i>Less: short-term pledged bank deposits</i>	<i>(130,500)</i>	<i>(121,000)</i>
<i>cash and cash equivalents</i>	<i>(2,591,463)</i>	<i>(2,811,029)</i>
	<u>1,161,090</u>	<u>854,153</u>
Net debt	1,161,090	854,153
	<u>8,337,944</u>	<u>9,184,649</u>
Equity attributable to equity holders of the Company	8,337,944	9,184,649
	<u>13.9%</u>	<u>9.3%</u>
Gearing ratio	13.9%	9.3%

47. FINANCIAL INSTRUMENTS

47a. Categories of financial instruments

The carrying amounts of the Group's and the Company's financial assets at the balance sheet date were as follows:

	The Group		The Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
– Held-for-trading investments (<i>note 33</i>)	332,684	793,302	–	–
– Designated as at fair value through profit or loss (<i>note 33</i>)	–	–	10,790	351,826
– Equity securities in unlisted investment funds (<i>note 33</i>)	90,663	416,199	–	–
	<u>423,347</u>	<u>1,209,501</u>	<u>10,790</u>	<u>351,826</u>
Loans and receivables under non-current assets				
– Loans and advances to consumer finance customers (<i>note 29</i>)	1,743,487	1,475,395	–	–
– Loans and receivables (<i>note 30</i>)	164,167	5,806	–	–
Loans and receivables under current assets				
– Short-term pledged bank deposits	130,500	121,000	–	–
– Cash and cash equivalents (<i>note 36</i>)	2,591,463	2,811,029	506,470	1,049,854
– Amounts due from subsidiaries (<i>note 25</i>)	–	–	4,598,938	2,348,818
– Trade and other receivables (<i>note 34</i>)	4,664,897	5,884,449	7,175	4,298
– Loans and advances to consumer finance customers (<i>note 29</i>)	2,588,361	2,145,159	–	–
– Amounts due from associates (<i>note 35</i>)	104,818	156,448	–	–
– Amount due from a jointly controlled entity	3,375	2,192	–	–
	<u>11,991,068</u>	<u>12,601,478</u>	<u>5,112,583</u>	<u>3,402,970</u>
Available-for-sale financial assets (<i>note 28</i>)	<u>273,346</u>	<u>1,423,970</u>	<u>–</u>	<u>–</u>
	<u><u>12,687,761</u></u>	<u><u>15,234,949</u></u>	<u><u>5,123,373</u></u>	<u><u>3,754,796</u></u>

The carrying amounts of Group's and the Company's financial liabilities at the balance sheet date were as follows:

	The Group		The Company	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial liabilities measured at amortised cost				
– Bank and other borrowings (note 42)	3,883,053	3,670,956	–	–
– Trade and other payables (note 37)	1,638,438	2,071,774	3,043	2,774
– Amount due to a subsidiary (note 25)	–	–	3,423,458	1,666,714
– Amounts due to associates	13,842	12,605	–	–
– Loan notes (note 43)	–	115,226	–	46,060
– Amount due to a jointly controlled entity	14,111	39,063	–	–
	<u>5,549,444</u>	<u>5,909,624</u>	<u>3,426,501</u>	<u>1,715,548</u>
Financial liabilities at fair value through profit or loss (note 38)	<u>48,944</u>	<u>71,843</u>	<u>–</u>	<u>–</u>
	<u>5,598,388</u>	<u>5,981,467</u>	<u>3,426,501</u>	<u>1,715,548</u>

47b. Fair Value of Financial Assets and Liabilities

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

The fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively.

The fair values of unlisted warrants issued by a listed associate included in financial assets at fair value through profit or loss are determined in accordance with generally accepted pricing models on the basis of current market data as input.

The fair values of unlisted investment funds and unlisted securities without an active market included in financial assets at fair value through profit or loss and available-for-sale financial assets were established by reference to the prices quoted by respective fund administrators or by using valuation techniques including the use of recent arm's length transactions, reference to other investments that are substantially the same and generally accepted pricing models.

The fair values of unlisted warrants included in financial assets at fair value through profit or loss are estimated using the Black-Scholes Option Pricing model. Due to the non-availability of quoted prices of the equity and currency OTC derivatives (included in financial liabilities at fair value through profit or loss) and the lack of market transactions in such derivatives in recent months as a consequence of current market conditions, the Group estimated their fair values by reference to the prices provided by respective counterparties at year-end.

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.

47c. Financial Risk Management

Risk is inherent in the financial service business and sound risk management is a cornerstone of prudent and successful financial practice. The Group acknowledges that a balance must be achieved between risk control and business growth. The principal financial risks inherent in the Group's business are market risk (includes equity risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholder value while ensuring exposure remains within acceptable thresholds.

The Group's risk management governance structure is designed to cover all businesses activities and to ensure relevant risk classes are properly managed and controlled. The Group has adopted a sound risk management organisational structure equipped with comprehensive policies and procedures which are reviewed regularly and enhanced where necessary in response to changes in markets, and the Group's operating environment and business strategies.

The Board, representing the interests of shareholders, has the ultimate responsibility to ensure proper risk management. The Board, with the assistance of its committees, set out the appropriate risk management framework and oversees its implementation to ensure overall effectiveness of system, methodologies and policies. The relevant risk management committee ("RMC"), established by the board of directors of the relevant group companies as a standing committee and supported by the Risks Control, is charged with the mission to define, analyse, and implement the monitoring of the various risks which may be encountered by the Group from its business undertakings. The function of the relevant credit committee ("CM"), which reports to the executive committees of the respective board of directors of the group companies, is to ensure the proper and sufficient counterparty risk management of the Group. The Group's relevant independent control divisions, namely Internal Audit, Compliance and Risks Control, play an important role in the provision of assurance to the relevant board of directors and management that a sound internal risk mechanism is implemented, maintained and adhered to.

(a) *Market Risk*

(i) *Equity Risk*

There are many asset classes available for investment in the marketplace. One of the Group's key business undertakings is investing in equity. Market risk arising from any equity investments is driven by the daily fluctuations in market prices or fair values. The ability to mitigate such risk depends on the availability of any hedging instruments and the diversification level of the investment portfolios undertaken by the Group. More importantly, the knowledge and experience of the trading staff managing the risk are also vital to ensure exposure is being properly hedged and rebalanced in the most timely manner. Trading activities, including market-making and proprietary trading, across the Group are subject to limits approved by the RMC. These limits are recommended and proposed by Risks Control after consulting with the relevant Trading Heads to understand their risk appetite. Risks Control independently monitors and reports risk positions of all the Group's trading activities including cash equities and equity derivatives. Valuation of these instruments are measured on both "mark-to-market" and "mark-to-fair" basis depending on whether they are listed or unlisted. Value at Risk ("VaR") and stress tests are employed in the assessment of risk. Meanwhile other non-VaR limits such as "maximum loss" and "position" limits are also being set out to restrict excessive risk undertakings. VaR and stress tests are approaches which is widely used in the financial industry as tools to quantify risk by combining the size of a position and the extent of a potential market movement into a potential financial impact.

The Group's market-making and proprietary trading positions and their financial performance are reported daily to senior management for review. Internal Audit also performs sanity check to ensure there is adequate compliance in accordance with established market risk limits and guidelines.

The table below summaries the overall financial impact on the Group arising from market movements in global equity indices. The analysis is based on the assumption that the equity indices move $\pm 15\%$ with all other variables being held constant and all equity instruments undertaken by the Group moving simultaneously. Declines in the indices are expressed as negatives.

	At 31st December, 2008				At 31st December, 2007			
	Potential impact for the year		Potential impact on other components of equity		Potential impact for the year		Potential impact on other components of equity	
	15%	-15%	15%	-15%	15%	-15%	15%	-15%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Local Index	46,720	(46,663)	41,013	(41,013)	85,044	(193,184)	193,451	(193,451)
Overseas Index	23,420	(23,420)	-	-	102,756	(102,755)	20,145	(20,145)

There is no material financial impact arising from market movement in the global equity indices on the Group's performance for the year. Futures, options and knock-out options are hedged by other derivatives in view of the volatile markets and wide trading range.

(ii) Interest Rate Risk

Interest rate risk results mainly from timing differences in the re-pricing of interest bearing assets, liabilities and commitments. It is also considered as the opportunity costs of holding interest bearing assets and commitments while benchmark interest rates of the similar assets and commitments are rising.

The Group's interest rate risk exposure arises predominately from the undertakings of margin financing, term financing and other lending activities. The Group possesses the legal capacity to initiate recall efficiently which enables timely re-pricing of margin loans to appropriate level, in which those particularly large sensitive positions can readily be identified. Interest rates paid by the Group are managed with the objective of maximising the spread to remain consistent with liquidity and funding obligations.

At 31st December, 2008, assuming that Hong Kong market interest rates moved ± 50 basis points, with all other variables held constant, a potential financial impact for the year for the Group would have been HK\$7,953,000 higher or HK\$3,974,000 Lower (2007: HK\$13,013,000 higher or HK\$10,021,000 Lower), mainly as a result of interest expense on denominated floating rate borrowings compensated by interest income on floating rate loans and advances to consumer finance customers and margin loans. The Company's exposure to financial risk is immaterial.

(iii) Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from movements of foreign exchange rates.

The Group's foreign exchange risk primarily arises from currency exposures originating from its leveraged foreign exchange business and purchases of foreign securities on behalf of clients. Foreign exchange risk is managed and monitored by the respective businesses in accordance to the limits approved by the board of directors of the relevant group companies and RMC. In relation to the Group's leveraged foreign exchange activity, the position is that of a market-maker. Hence, the risk relates to open currency positions which are subject to management approved limits and are monitored and reported daily. The other source of foreign exchange risk arises from client's inability to meet margin calls following a period of substantial currency turbulence.

At 31st December 2008, assuming that the foreign exchange rates moved $\pm 5\%$ with all other variables held constant, a potential financial impact for the year for the Group would have been HK\$9,071,000 (2007: HK\$24,069,000) higher/lower, mainly as a result of Group's asset holding in Australian dollars.

(b) *Credit Risk*

Credit risk arises from the failure of a customer or counterparty to meet its settlement obligations. As long as the Group lends, trades and deals with third parties, there will always be credit risk exposure.

The credit policy, governed by the relevant CM, sets out the credit approval processes and monitoring procedures, which are established in accordance with sound business practices, the requirements and provisions of the relevant ordinances, and where applicable, the codes or guidelines issued by the Securities and Futures Commission.

Day-to-day credit management is performed by relevant credit department with reference to the aforementioned criteria including creditworthiness, type and amount of collateral pledged, and risk concentration of the counterparties. Decisions being made daily by relevant credit department are reported and reviewed by the senior management of the Group and by the CM at its regular meetings.

The table below shows the maximum exposure and concentration to credit risk for the components of the balance sheet. The maximum exposure is shown in gross value before the effect of mitigation through the use of collateral agreements. The percentage figure next to the gross value reflects its concentration.

	The Group			
	2008		2007	
	HK\$'000	%	HK\$'000	%
Maximum credit exposure				
Trade and other receivables	4,664,897	39%	5,884,449	47%
Loans and advances to consumer finance customers	4,331,848	36%	3,620,554	29%
Short-term pledged bank deposits	130,500	1%	121,000	1%
Cash and Cash equivalents	2,591,463	22%	2,811,029	22%
Loans and receivables	164,167	1%	5,806	0%
Amounts due from associates	104,818	1%	156,448	1%
Amount due from a jointly controlled entity	3,375	0%	2,192	0%
	<u>11,991,068</u>	<u>100%</u>	<u>12,601,478</u>	<u>100%</u>

	The Company			
	2008		2007	
	HK\$'000	%	HK\$'000	%
Maximum credit exposure				
Trade and other receivables	7,175	0%	4,298	0%
Cash and Cash equivalents	506,470	10%	1,049,854	31%
Amounts due from subsidiaries	4,598,938	90%	2,348,818	69%
	<u>5,112,583</u>	<u>100%</u>	<u>3,402,970</u>	<u>100%</u>

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of change of values. The maximum credit exposure at Group's level is spread evenly between "trade and other receivables" and "loan and advances to consumer finance customers" which represented approximately three-quarters of the total exposure. Trade and other receivables consist of amount receivables from exchanges, brokers and clients, secured term loans, margin loans and other interest and receivables items. The breakdown and its aging analysis are disclosed in note 34 to the consolidated financial statements. There are no major concerns on margin loans as margin calls for equity trading have been tightened and most clients have cut off their positions. The margin loans book of the Group remains at a low gearing level.

Loans and advances to consumer finance customers are granted by the Company's principal subsidiary, UAF, which consists of HK\$3,727,221,000 (2007: HK\$3,172,601,000) unsecured and HK\$604,627,000 (2007: HK\$447,953,000) secured loans and advances before taking into account of any collateral held or other credit enhancements. The table below summarises its credit quality based on the internal credit rating system employed:

	The Group	
	At 31st December, 2008	At 31st December, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Credit quality		
Neither past due nor impaired	3,915,333	3,245,721
Past due or individually impaired	416,515	374,833
	<u>4,331,848</u>	<u>3,620,554</u>

Credit exposure at a Company level is mainly concentrated at amounts due from subsidiaries and cash and cash equivalents. Amounts due from subsidiaries are treated as lower credit risk as subsidiaries are within the Group. Cash and cash equivalents are treated as lower credit risk as counterparties are reputable financial institutions. There is no concentration of risk on geographical segments as most of the Group's and the Company's major business activities are conducted in Hong Kong.

(c) *Liquidity Risk*

The goal of liquidity management is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management.

The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio, in strict accordance with statutory requirements. This is achieved by a transparent and collective monitoring approach across the company involving the management and other relevant senior managers on a daily basis to ensure there is availability of sufficient liquid funds to meet all obligations and compliance with the statutory requirements such as the Financial Resources Rules ("FRR").

The exposure of the Group's risk and the contractual undiscounted cash flow for the financial liabilities and their maturity dates are as follows:

	Less than 31 days HK\$'000	31 days to 90 days HK\$'000	91 days to 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31st December, 2008						
Bank and other borrowings	172,414	652,910	618,897	2,550,768	39,725	4,034,714
Trade and other payables	1,638,438	–	–	–	–	1,638,438
Amounts due to associates	13,842	–	–	–	–	13,842
Amount due to a jointly controlled entity	14,111	–	–	–	–	14,111
Financial liabilities at fair value through profit or loss	48,944	–	–	–	–	48,944
	172,414	652,910	618,897	2,550,768	39,725	4,034,714
At 31st December, 2007						
Bank and other borrowings	379,494	327,252	259,931	3,001,353	62,638	4,030,668
Trade and other payables	2,071,774	–	–	–	–	2,071,774
Amounts due to associates	12,605	–	–	–	–	12,605
Amount due to a jointly controlled entity	39,063	–	–	–	–	39,063
Loan notes	–	70,139	48,095	–	–	118,234
Financial liabilities at fair value through profit or loss	71,843	–	–	–	–	71,843
	379,494	327,252	259,931	3,001,353	62,638	4,030,668

The Company's exposure to financial risks at the balance sheet date is immaterial.

48. MANAGEMENT OF THE FIXED-FEE CONTRACTS

The Group enters into certain fixed-fee contracts, in which the Group uses its own medical centres/clinics staff and other resources to provide medical/dental services covered by the contracts. The level of services to be rendered under the fixed-fee contracts is uncertain and depends on uncertain future events. The Group has to consider whether the cost of meeting its contractual obligations to provide the services under the fixed-fee contracts may exceed the revenue it will receive and the probability of such risk (the "Risk"), when assessing the pricing and provisioning for such contracts.

The frequency and severity of the risk are affected by many factors, including, inter alia, the health status and awareness of the persons covered by the fixed-fee contracts and that of the general public in Hong Kong, the outbreak/potential outbreak of any epidemic, climatic changes, the duration of those contracts (which in general are of short duration), as well as a diversity of social, industrial and economic factors. The risk associated with such factors (including an undue concentration thereof and the probability of the occurrence of certain events affected by them) on the actual recovery rate for individual contracts is the key source of uncertainty that needs to be estimated.

The Group manages the risk through periodic reviews of the estimated and actual recovery rate of individual contracts and includes such assessment in establishing its pricing and contract continuance policies.

As the related assets and liabilities of the fixed-fee contracts are non-interest bearing and as the provisions of services on credit are in general only made to customers with good credit history or of low risk profile, the Group's exposure to interest rate risk and credit risk in respect of such contracts is considered to be minimal.

As at 31st December, 2008, accounts receivable and deferred revenue of the Group attributable to its fixed-fee contracts amounted to approximately HK\$8,428,000 (2007: HK\$10,047,000) and HK\$4,684,000 (2007: HK\$3,416,000), respectively.

49. ACQUISITION OF SUBSIDIARIES

On 10th July, 2008, the Group acquired the entire issued shares of First Asian Holdings Limited under the consumer finance segment. The consideration of the acquisition of HK\$12,161,000 was settled by cash. The fair values of the net assets acquired from the acquisition were as follows:

	Acquiree's Carrying amount HK\$'000	Fair value adjustments HK\$'000	Fair value HK\$'000
Net assets acquired			
– Loans and advances to consumer finance customers	317	7,037	7,354
– Trade and other receivables	7,330	–	7,330
– Cash and cash equivalents	789	–	789
– Trade and other payables	(62)	–	(62)
– Tax payable	(2,089)	–	(2,089)
– Deferred tax liabilities	–	(1,161)	(1,161)
	<u>6,285</u>	<u>5,876</u>	<u>12,161</u>
Cash consideration, including expenses paid			<u>(12,161)</u>
			<u>–</u>
Net cash outflow arising on acquisition:			
– Cash consideration settled in cash			12,161
– Cash and cash equivalents in the subsidiary acquired			<u>(789)</u>
			<u>11,372</u>

The revenue and the profit or loss of the acquired subsidiary are as follows:

	For the year 2008 HK\$'000	Post- Acquisition HK\$'000
Revenue	<u>104</u>	<u>57</u>
Profit or loss	<u>6,956</u>	<u>(1,081)</u>

The above revenue and profit or loss information for the year 2008 is for illustrative purposes only and is not necessarily an indication of revenue and results of operation of the acquired subsidiary that are included in the consolidated income statement of the Group, nor is it intended to be a projection of future results.

On 8th October, 2008, the Group acquired the entire issued shares of GHC Holdings Limited under healthcare segment. The consideration of the acquisition of HK\$21,905,000 was settled by cash of HK\$29,107,000 and remaining retained amount of HK\$198,000 less amount recoverable of HK\$7,400,000. The fair values of the net assets acquired from the acquisition were as follows:

	Acquiree's Carrying amount HK\$'000	Fair value adjustments HK\$'000	Fair value HK\$'000
Net assets acquired			
– Property, plant and equipment	2,710	–	2,710
– Intangible assets	–	9,880	9,880
– Properties held for sale and other inventories	1,999	–	1,999
– Trade and other receivables	6,253	–	6,253
– Cash and cash equivalents	895	–	895
– Trade and other payables	(14,209)	–	(14,209)
– Tax payable	(1,056)	–	(1,056)
– Provisions	(623)	–	(623)
– Deferred tax liabilities	–	(1,630)	(1,630)
	(4,031)	8,250	4,219
Cash consideration, including expenses paid			(21,905)
Goodwill			17,686
Net cash outflow arising on acquisition:			
– Cash consideration settled in cash			29,107
– Cash and cash equivalents in the subsidiary acquired			(895)
			28,212

The revenue and the profit or loss of the acquired subsidiary are as follows:

	For the year 2008 HK\$'000	Post- Acquisition HK\$'000
Revenue	61,107	10,237
Profit or loss	(3,597)	718

The above revenue and profit or loss information for the year 2008 is for illustrative purposes only and is not necessarily an indication of revenue and results of operation of the acquired subsidiary that are included in the consolidated income statement of the Group, nor is it intended to be a projection of future results.

50. MAJOR NON-CASH TRANSACTION

During the year, dividend income declared by a jointly controlled entity of HK\$60,000,000 (2007: HK\$60,000,000) was recorded by setting off the amount against the current account of the jointly controlled entity.

51. CONTINGENT LIABILITIES

- (a) At 31st December, 2008, the Group had guarantees as follows:

	2008 HK\$'000	2007 HK\$'000
Indemnities on banking guarantees made available to a clearing house and regulatory body	4,540	5,540
Other guarantees	3,000	1,400
	<u>7,540</u>	<u>6,940</u>

- (b) In 2001, an order was made by the Hubei Province Higher People's Court in China ("2001 Order") enforcing a CIETAC award of 19th July, 2000 ("Award") by which Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of SHK, was required to pay US\$3,000,000 to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to SHK's listed associate, TACI, in 1998 and disposed of any and all interest it might hold in the registered capital of the JV ("Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JV in the amount of US\$3,000,000 was frozen further to the 2001 Order. SHK is party to the following litigation relating to the JV:
- (i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("Walton") ("2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ, (a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation; (b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October, 2001; and (c) Walton claims against SHKS for the sum of US\$3,000,000 under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. While a provision has been made for legal costs, SHK does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.
- (ii) On 20th December, 2007, a writ ("Mainland Writ") was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against TACI and SHKS and was accepted by a mainland PRC court, 湖北省武漢市中級人民法院 ((2008) 武民商外初字第8號), claiming the transfer of a 28% shareholding in the JV, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end of 2007 together with related costs and expenses. The Mainland Writ is being vigorously defended. While a provision has been made for legal costs, SHK does not consider it presently appropriate to make any other provision with respect to this writ.

- (iii) On 4th June, 2008, a writ of summons was issued by TACI and SHKS in the High Court of Hong Kong against Ms. Cheung (“HK Writ”), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JV from TACI and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung’s entitlement to any shareholding in the JV; (d) further and alternatively, that Ms. Cheung’s claim against TACI and SHKS in respect of her entitlement to the shareholding in the JV is scandalous, vexatious and/or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). As at the date of this report, the HK Writ has not been served on Ms. Cheung. SHK does not consider it presently appropriate to make any provision with respect to this action.

At 31st December, 2008, the Company had guarantees of HK\$5,000,000 (2007: HK\$205,000,000) given to banks in respect of banking facilities utilised by a subsidiary. No facilities were utilised at 31st December, 2008 (2007: Nil).

The Company charged guarantee fees to a subsidiary at market related rates on an annual basis for the guarantees given on banking facilities.

52. CAPITAL COMMITMENTS

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure contracted but not provided for in the consolidated financial statements	113,443	294,184
Capital expenditure authorised but not contracted for	—	5,233

The Company did not have any significant capital commitments at 31st December, 2008 and 2007.

53. OPERATING LEASE ARRANGEMENTS

	The Group		The Company	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As lessee				
Minimum lease payments under operating leases recognised for the year				
Land and buildings	179,808	148,475	5,844	4,920
Others	9,884	55,497	—	—
	<u>189,692</u>	<u>203,972</u>	<u>5,844</u>	<u>4,920</u>

At 31st December, 2008, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	The Group				The Company	
	2008		2007		2008	2007
	Land and buildings HK\$'000	Others HK\$'000	Land and buildings HK\$'000	Others HK\$'000	Land and buildings HK\$'000	Others HK\$'000
Within one year	170,484	5,344	152,929	6,520	5,796	12,185
In the second to fifth years inclusive	110,091	1,340	145,598	969	–	5,796
Over five years	–	–	1,168	–	–	–
	<u>280,575</u>	<u>6,684</u>	<u>299,695</u>	<u>7,489</u>	<u>5,796</u>	<u>17,981</u>

Operating lease payments represent rental payable by the Group for its office premises, medical centres, elderly care homes and office equipment. Leases are generally negotiated for terms ranging from one to five years.

As lessor

Property rental income earned during the year was HK\$141,147,000 (2007: HK\$116,486,000). The property held has committed tenants whose tenancy agreements expire or are terminable over the next three years.

At 31st December, 2008, the Group had contracted with tenants for the following future minimum lease payments:

	The Group	
	2008 HK\$'000	2007 HK\$'000
Within one year	96,443	112,827
In the second to fifth years inclusive	<u>69,526</u>	<u>60,996</u>
	<u>165,969</u>	<u>173,823</u>

The Company did not have any significant lease commitments as lessor under non-cancellable operating leases at 31st December 2008 and 2007.

54. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution retirement benefit schemes for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group under provident funds managed by independent trustees.

The retirement benefits cost charged to the consolidated income statement represents contributions paid and payable to the fund by the Group at rates specified in the rules of the schemes. Where there are employees who leave the schemes prior to vesting fully in the contributions, in accordance with the terms of the schemes, the contributions payable by the Group are reduced by the amount of forfeited employer's contributions.

At 31st December, 2008 and 2007, there were no material forfeited contributions which arose when employees left the retirement benefit schemes before they were fully vested in the contributions and which were available to reduce the contributions payable by the Group in the future years.

The scheme has been closed in December 2000 to new employees as a consequence of the Mandatory Provident Fund Schemes Ordinance introduced by the Hong Kong Government.

From 1st December, 2000 onwards, the new staff in Hong Kong joining the Group are required to join the Mandatory Provident Fund Scheme (“MPF Scheme”). The Group is required to contribute 5% of the employees’ salaries, while the employees are required to contribute 5% of their salaries to the MPF Scheme.

The employee ownership scheme of SHK (“EOS”), was formally adopted on 18th December, 2007 and was established to help attract, recognise and retain talents. Under the EOS, selected employees or directors of the SHK group (the “Selected Grantees”) are to be awarded shares of SHK which have been purchased by the appointed scheme trustee. Upon the management’s recommendation, the number of shares awarded to the Selected Grantees (other than a director of SHK) shall be determined, with the vesting dates for various tranches, by a committee (comprising four members of the SHK’s senior management) delegated with the necessary authority by the board of SHK. Any EOS award to a Selected Grantee who is a director of SHK shall be subject to the approval by the board of SHK following a recommendation from the remuneration committee of the board of SHK.

On 15th April, 2008 and 30th September, 2008, 3.4 million shares and 0.6 million shares of SHK were awarded to Selected Grantees under the EOS. The fair value of the services rendered as consideration of the awarded shares was measured by reference to the fair value of the awarded dates of HK\$22,181,000 (after deducting the present value of expected dividends to be received during the vesting period) which would be recognised to the consolidated income statement over the vesting period. The amount expensed during the year was HK\$9,652,000 (2007: nil).

55. PLEDGE OF ASSETS

At 31st December, 2008, certain of the Group’s investment properties, hotel property, land and buildings, prepaid land lease payments and properties held for sale with an aggregate carrying value of HK\$3,834,929,000 (2007: HK\$4,370,574,000), bank deposits of HK\$129,000,000 (2007: HK\$120,000,000), listed investments belonging to the Group with fair values of HK\$1,032,974,000* (2007: 5,716,995,000) and listed investments belonging to margin clients with fair values of HK\$684,140,000** (2007: HK\$2,286,292,000) together with certain securities in respect of listed subsidiaries held by Group companies, the carrying value of which in their respective accounts totalling HK\$1,463,441,000 (2007: HK\$5,204,326,000) were pledged to secure loans and general banking facilities to the extent of HK\$3,602,129,000 (2007: HK\$4,074,233,000) granted to the Group. Facilities amounting to HK\$1,964,129,000 (2007: HK\$1,921,233,000) were utilised at 31st December, 2008.

At 31st December, 2008, a bank deposit of HK\$1,500,000 (2007: HK\$1,000,000) was pledged to secure a bank guarantee amounting to HK\$2,000,000 (2007: HK\$2,000,000).

At 31st December, 2007, certain of the securities in a listed subsidiary held by the Company with an aggregate carrying value of HK\$1,038,712,000 together with certain investments of its subsidiaries, were pledged to secure banking facilities to the extent of HK\$200,000,000 granted to a subsidiary. No facilities were utilised at 31st December, 2007. The banking facilities were expired and cancelled during the year.

* *Mainly representing a portion of shares in a listed associate owned by the Group with a carrying value of HK\$3,551,747,000 (2007: HK\$3,133,369,000).*

** *Based on the agreement terms, the Group is able to repledge clients’ securities for margin financing arrangement with other financial institutions under governance of the Securities and Futures Ordinance.*

56. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into following significant transactions with related parties

(a) Summary of transactions

	(Income)/Expense	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Associates		
Management services fee	(11,700)	(4,095)
Management fee, performance fee and other fees	(12,540)	(21,621)
Loan arrangement fee, placement fee and underwriting fee	(8,466)	–
Interest income	(1,818)	(2,449)
Insurance premium	(821)	(902)
Rent, property management and air-conditioning fees and other related service fees	(389)	(455)
Rent paid	1,404	–
Interest expenses	523	–
Dividend income	–	(1,500)
Jointly controlled entities		
Dividend income	(60,000)	(60,000)
Property management and air-conditioning fees and other property related service fees	(13,793)	(13,879)
Administration, management and consultancy fees	(6,260)	(5,028)
Rental expenses	17,682	12,210
	<u> </u>	<u> </u>

(b) Key management personnel compensation

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term benefits	51,251	55,963
Post-employment benefits	622	564
	<u> </u>	<u> </u>
	51,873	56,527
	<u> </u>	<u> </u>

(c) At the balance sheet date, the Group and the Company had the following material balances with related parties

	The Group		The Company	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Associates	94,377	145,429	3,353	1,529
Jointly controlled entities	(10,733)	(36,869)	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	83,644	108,560	3,353	1,529
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The above amounts are included in the balance sheets of the Group and the Company in the following ways:

	The Group		The Company	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other receivables	3,420	1,604	3,353	1,529
Amounts due from associates				
– loan notes (<i>note 56c(i)</i>)	–	78,000	–	–
– others (<i>note 56c(ii)</i>)	104,818	78,448	–	–
Amount due from a jointly controlled entity (<i>note 56c(iii)</i>)	3,375	2,192	–	–
Trade and other payables	(16)	(16)	–	–
Amounts due to associates (<i>note 56c(ii)</i>)	(13,842)	(12,605)	–	–
Amount due to a jointly controlled entity (<i>note 56c(iii)</i>)	(14,111)	(39,063)	–	–
	<u>83,644</u>	<u>108,560</u>	<u>3,353</u>	<u>1,529</u>

Notes:

- (i) The loan notes bore interest at 2.5% per annum and payable annually and were repaid fully in 2008.
- (ii) These amounts due from (to) associates are unsecured, non-interest bearing and repayable for demand, except for an unsecured short-term loan to an associate of HK\$38,527,385 which bears interest at 15% per annum and is due for repayment on 30th September, 2009.
- (iii) Amounts due from (to) a jointly controlled entity are unsecured, non-interest bearing and repayable on demand.
- (d) During the year, both the Group and a joint venture partner, each having a 50% interests in a jointly controlled entity, received and repaid various non-interest bearing loans from such jointly controlled entity. At 31st December, 2008, the amounts lent to the Group totalled HK\$14,000,000 (2007: HK\$39,000,000) were unsecured, non-interest bearing and repayable on demand.

57. MATURITY PROFILE OF TERM ASSETS AND LIABILITIES

The following table lists certain financial assets and financial liabilities of the Group which have a term of maturity. Overdue assets are included as on demand.

	At 31st December, 2008					
	On demand	Within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Fixed deposits with banks	–	1,259,831	–	–	–	1,259,831
Loans and advances to consumer finance customers	461,939	670,187	1,687,732	1,726,641	185,700	4,732,199
Loans and receivables	–	–	117,527	189,664	–	307,191
Term loans	222,314	113,900	505,000	–	–	841,214
Treasury bills	–	7,740	–	–	–	7,740
Liabilities						
Bank and other borrowings	98,483	790,734	514,586	2,439,950	39,300	3,883,053

	At 31st December, 2007					
	On demand	Within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Fixed deposits with banks	–	1,853,219	–	–	–	1,853,219
Loans and advances to consumer finance customers	409,717	692,002	1,212,614	1,500,933	97,971	3,913,237
Loan notes included in amounts due from associates	–	–	78,000	–	–	78,000
Term loans	138,181	179,031	329,806	–	–	647,018
Treasury bills	–	7,724	–	–	–	7,724
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities						
Bank and other borrowings	19,723	673,530	198,111	2,720,382	59,210	3,670,956
Loan notes	–	69,166	46,060	–	–	115,226
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31st December, 2008 which have their principal place of operations in Hong Kong are set out below:

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital				Principal activity
		held by the Company/ subsidiaries		attributable to the Group		
		2008	2007	2008	2007	
		HK\$	%	%	%	
AG Capital Limited	2	100	100	100	100	Share trading, money lending and business of consultancy
Alaston Development Limited	US\$1	100	100	74	74	Property trading
Allied Aquatic Produce Development Limited	50,000,000	100*	100*	100	100	Investment holding
Allied Capital Management Limited	2	100	100	100	100	Securities trading
Allied Medical Practices Guild Limited	2	100	100	46	22	Provision of contract healthcare services
Allied Properties (H.K.) Limited**	1,130,287,104	17* 57	17* 57	74	74	Investment holding
Allied Real Estate Agency Limited	2	100	100	74	74	Real estate agency
AP Administration Limited	2	100	100	74	74	Provision of management and consultancy services
AP Corporate Services Limited	2	100	100	74	74	Provision of corporate services
AP Development Limited	2	100	100	74	74	Investment holding
AP Diamond Limited	US\$1	100	100	74	74	Property trading and holding
AP Emerald Limited	US\$1	100	100	74	74	Investment holding
AP Finance Limited	2	100	100	74	74	Money lending
AP Property Management Limited	2	100	100	74	74	Building management
Bali Securities Co. Limited	7,000,000	100	100	47	43	Securities dealing

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital				Principal activity
		held by the		attributable to		
		Company/ subsidiaries		the Group		
		2008	2007	2008	2007	
	HK\$	%	%	%	%	
Berkshire Group Limited	US\$1	100	100	46	22	Provision of healthcare services
Best Melody Development Limited	5,000	100	100	74	74	Property holding
Capscore Limited	2	100*	100*	100	100	Investment holding
CASE Specialist Limited	10,000	100	–	46	–	Provision of cosmetology services
Citiwealth Investment Limited	2	100*	100*	100	100	Investment holding
Cowslip Company Limited	2	100	100	47	43	Investment holding
Dynamic People Group Limited	US\$1	100	100	46	22	Provision of LASIK and optical surgical services
First Asian Holdings Limited	2	58	–	27	–	Asset holding
Florich Development Limited	10,000	100	100	74	74	Investment holding
Front Sail Limited	5,000	100	100	74	74	Property holding
GHC Holdings Limited	10,000	100	–	46	–	Provision of healthcare services
Gilmore Limited	2	100	100	74	74	Property holding
Gloria (Nominees) Limited	200	100	100	47	43	Investment holding
Gloxin Limited	2	100	100	47	43	Investment holding
Gold Concord Investment Limited	1	100	100	74	74	Property holding
Hilarious (Nominees) Limited	10,000	100	100	47	43	Investment holding
Hillcrest Development Limited	20	100	100	74	74	Property holding
Hi-Link Limited	200	100	100	74	74	Investment holding

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital				Principal activity
		held by the Company/ subsidiaries		attributable to the Group		
		2008	2007	2008	2007	
		HK\$	%	%	%	
Integrated Custodian Limited	2	100	100	74	74	Property holding
Itso Limited	2	100	100	47	43	Securities trading
Jaffe Development Limited	US\$1	100	100	74	74	Property holding
Kalix Investment Limited	2	100	100	74	74	Property holding
King Policy Development Limited	2	100	100	74	74	Property holding
Lexshan Nominees Limited	2	100	100	47	43	Nominee service
Macdonnell (Nominees) Limited	10,000	100	100	47	43	Investment holding
Mainford Investment Limited	1	100	100	74	74	Property holding
Marvellous Way Limited	10	100	100	46	22	Operation of Chinese medicine centres
Maxplan Investment Limited	2	100	100	74	74	Securities trading
Mightyton Limited	10,000	100	100	74	74	Property holding
Oakfame Investment Limited	2	100	100	47	43	Investment holding
Ontone Limited	2	100	100	74	74	Hotel operations and property holding
Pioneer Alliance Limited	10,000	100*	100*	100	100	Investment holding
Plentiwind Limited	2	100	100	47	43	Futures trading
Polyking Services Limited	2	100	100	48	48	Building maintenance and cleaning services
Protech Property Management Limited	5,000	100	100	48	48	Building management
QHES Limited	US\$1	100	100	46	22	Provision of elderly care services
Quality HealthCare Asia Limited**	22,987,586	63	51	46	22	Investment holding

Subsidiaries	Paid up issued ordinary share capital HK\$	Proportion of nominal value of issued capital				Principal activity
		held by the		attributable to		
		Company/ subsidiaries		the Group		
		2008	2007	2008	2007	
		2008	2007	2008	2007	
		%	%	%	%	
Quality HealthCare Dental Services Limited	1,000	100	100	46	22	Provision of dental services
Quality HealthCare Man Kee Elderly Limited	1,000	100	100	46	22	Provision of elderly care services
Quality HealthCare Medical Centre Limited	1,300	100	100	46	22	Medical facilities and services provider
Quality HealthCare Medical Services Limited	2	100	100	46	22	Provision of contract healthcare services
Quality HealthCare Nursing Agency Limited	10,000	100	100	46	22	Provision of nursing agency services
Quality HealthCare Nursing Home Limited	1,000	100	100	46	22	Provision of elderly care services
Quality HealthCare Physiotherapy Services Limited	1,000	100	100	47	22	Provision of physiotherapy services
Quality HealthCare Psychological Services Limited	1	100	100	46	22	Provision of psychological services
Quality HealthCare Professional Services Limited	2	100	100	46	22	Provision of professional services
Quick Art Limited	3,540,000	100	100	47	43	Share trading
Ranbridge Finance Limited	20,000,000	100	100	47	43	Money lending
Rank Crown Investment Limited	2	100*	100*	100	100	Investment holding
San Pack Properties Limited	10	100	100	74	74	Property holding
Scienter Investments Limited	20	100	100	47	43	Share trading
SHK Finance Limited	150,000,000	100	100	27	25	Money lending
SHK Financial Data Limited	100	51	51	24	22	Financial information services
SHK Fund Management Limited	62,000,000	100	100	47	43	Funds marketing and management

Subsidiaries	Paid up issued ordinary share capital HK\$	Proportion of nominal value of issued capital held by the Company/ subsidiaries				Principal activity
				attributable to		
		2008	2007	2008	2007	
		%	%	%	%	
SHK Investment Services Limited	1,000,000	100	100	47	43	Asset holding and leasing
SHK Online (Securities) Limited	40,000,000	100	100	47	43	Online securities broking and margin financing
SHK Online Limited	20,000,000	100	100	47	43	Investment holding
SHK Pearl River Delta Investment Company Limited	75,000,000	100	100	47	43	Investment holding
Shun Loong Forex Company Limited	32,000,000	100	100	47	43	Leveraged foreign exchange dealing and broking
Shun Loong Futures Limited	15,000,000	100	100	47	43	Futures and options dealing
Shun Loong Holdings Limited	200,000,000	100	100	47	43	Investment holding
Shun Loong Securities Company Limited	50,000,000	100	100	47	43	Securities broking and share margin financing
Sierra Joy Limited	2	100	100	74	74	Property holding
Sino Success (HK) Limited	2	100	100	46	22	Provision of corporate services
Splendid Gain Limited	2	100	100	47	43	Investment holding
Sun Hing Bullion Company Limited	5,000,000	100	100	47	43	Bullion trading
Sun Hung Kai & Co. Limited**	343,206,583	63	58	47	43	Investment holding
Sun Hung Kai (Nominees) Limited	200	100	100	47	43	Nominee service
Sun Hung Kai Bullion Company Limited	30,000,000	100	100	47	43	Bullion trading and investment holding
Sun Hung Kai Commodities Limited	80,000,600	100	100	47	43	Commodities broking

Subsidiaries	Paid up issued ordinary share capital HK\$	Proportion of nominal value of issued capital				Principal activity
		held by the		attributable to		
		Company/ subsidiaries		the Group		
		2008	2007	2008	2007	
		%	%	%	%	
Sun Hung Kai Forex Limited	150,000,000	100	100	47	43	Foreign exchange dealing
Sun Hung Kai Insurance Consultants Limited	1,000,000	100	100	47	43	Insurance broking and consultancy services
Sun Hung Kai International Limited	10,000,000	100	100	47	43	Corporate finance service
Sun Hung Kai International Commodities Limited	25,000,000	100	100	47	43	Securities, futures and options trading
Sun Hung Kai Investment Services Limited	290,000,000	100	100	47	43	Investment holding, share broking and margin financing
Sun Hung Kai Securities (Overseas) Limited	60,000	100	100	47	43	Investment holding
Sun Hung Kai Securities (Trustees) Limited	3,000,000	100	100	47	43	Provision of trustee services
Sun Hung Kai Securities Capital Markets Limited	1,000	100	100	47	43	Investment holding
Sun Hung Kai Securities Limited	124,898,589	100	100	47	43	Investment holding
Sun Hung Kai Strategic Capital Limited (formerly Cheeroll Limited)	2	100	100	47	43	Investment holding, securities and bullion trading
Sun Hung Kai Structured Finance Limited (formerly Bali International Finance Limited)	137,500,000	100	100	47	43	Financial services and investment holding
Sun Hung Kai Venture Capital Limited	2	100	100	47	43	Investment holding
Sun Hung Kai Wealth Management Limited	5,000,000	100	100	47	43	Financial planning and wealth management
Sun Tai Cheung Credits Limited	150,000,000	100	100	47	43	Money Lending

Subsidiaries	Paid up issued ordinary share capital HK\$	Proportion of nominal value of issued capital				Principal activity
		held by the Company/ subsidiaries		attributable to the Group		
		2008	2007	2008	2007	
		%	%	%	%	
Sun Tai Cheung Finance Company Limited	25,000,000	100	100	47	43	Financial services
Sunhill Investments Limited	2	100*	100*	100	100	Investment holding
Texgulf Limited	20	100	100	47	43	Property holding
To Wan Development Company Limited	10,000	100	100	47	43	Investment holding
Tung Wo Investment Company, Limited	10,000	100	100	47	43	Investment holding
United Asia Finance Limited	137,500,000	58	58	27	25	Consumer financing
Wah Cheong Development Company, Limited	25,100,000	100	100	46	43	Investment holding
Wineur Secretaries Limited	2	100	100	47	43	Secretarial services
Yee Li Ko Investment Limited	58,330,000	100	100	47	43	Property holding
Yu Ming Investment Management Limited	10,000,000	100	100	100	100	Management and investment advisory services

With the exception of Alaston Development Limited, AP Diamond Limited, AP Emerald Limited, Berkshire Group Limited, Dynamic Force Investments Limited, Dynamic People Group Limited, Jaffe Development Limited and QHES Limited, which were incorporated in the British Virgin Islands and Quality HealthCare Asia Limited which was incorporated in Bermuda, all the above subsidiaries were incorporated in Hong Kong.

Particulars of the Company's principal subsidiaries at 31st December, 2008 which were incorporated and have their principal place of operations outside Hong Kong are set out below:

Subsidiaries	Place of incorporation/ operation	Paid up issued ordinary share capital	Proportion of nominal value of issued capital				Principal activity
			held by the Company/ subsidiaries		attributable to the Group		
			2008	2007	2008	2007	
			%	%	%	%	
Allied Properties China Limited	Cayman Islands	US\$1,000	100	100	74	74	Investment holding
Best Decision Investments Limited	British Virgin Islands	US\$50,000	65	65	30	28	Investment holding
Boneast Assets Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
Bright Clear Limited	British Virgin Islands	US\$1	100	100	100	100	Investment holding
Constable Development S.A.	Panama	US\$5	100	100	47	43	Investment holding
Dynamic Force Investments Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
Fine Era Limited	British Virgin Islands	US\$1	100	100	100	100	Investment holding
Hing Yip Holdings Limited	British Virgin Islands	US\$1	100	100	47	43	Property holding
I-Market Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
Kenworld Corporation	Republic of Liberia	US\$1	100	100	74	74	Investment holding
Lakewood Development Corporation	United States of America	US\$1,000	100	100	74	74	Property held for sale
Onspeed Investments Limited	British Virgin Islands	US\$1	100	100	27	25	Investment holding
Shipshape Investments Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
SHK Alternative Managers Limited	Cayman Islands	US\$1	100	100	47	43	Funds management
SHK Absolute Return Managers Limited	Cayman Islands	US\$10	100	100	47	43	Investment holding
SHK Dynamic Managers Limited	Cayman Islands	US\$10	100	100	47	43	Funds management

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

Subsidiaries	Place of incorporation/ operation	Paid up issued ordinary share capital	Proportion of nominal value of issued capital				Principal activity
			held by the		attributable to		
			Company/ subsidiaries		the Group		
			2008 %	2007 %	2008 %	2007 %	
SHK Global Managers Limited	British Virgin Islands	US\$5,000	100	100	47	43	Funds management
SHK Private Equity Managers Limited	Cayman Islands	US\$10	100	100	47	43	Funds management
SHK Quant Managers Limited	Cayman Islands	US\$10	100	100	47	43	Funds management
Sing Hing Investment Limited	British Virgin Islands	US\$1	100	100	47	43	Property holding
Sun Hung Kai (China) Investment Management Limited	People's Republic of China	RMB50,000,000	100	–	47	–	Corporate marketing and investment consultancy
Sun Hung Kai GAPS Limited	Brunei Darussalam	US\$1	100	–	47	–	Management services
Sun Hung Kai Global Managers Limited	Brunei Darussalam	US\$1	100	100	47	43	Management services
Sun Hung Kai International Bank [Brunei] Limited	Brunei Darussalam	SGD10,000,000	100	100	47	43	International banking business
Sun Hung Kai International Investment Management Limited	British Virgin Islands	US\$50,000	100	100	47	43	Investment holding
Sun Hung Kai Investment Services (Macau) Limited	Macau	MOP 48,900,000	100	100	47	43	Property holding
Sun Hung Kai Securities (Bermuda) Limited	Bermuda	US\$12,000	100	100	47	43	Investment holding and management services
Swan Islands Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
UAF Holdings Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
Upper Selection Investments Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding

Subsidiaries	Place of incorporation/ operation	Paid up issued ordinary share capital	Proportion of nominal value of issued capital				Principal activity
			held by the		attributable to		
			Company/ subsidiaries		the Group		
			2008 %	2007 %	2008 %	2007 %	
Wah Cheong Development (B.V.I.) Limited	British Virgin Islands	US\$2,675,400	100	100	74	43	Investment holding
Zeal Goal International Limited	British Virgin Islands	US\$1	100	100	47	43	Investment holding
亞聯財信息諮詢（深圳） 有限公司	People’s Republic of China	RMB25,000,000	100	100	27	25	Financial consultancy
深圳市亞聯財小額信貸 有限公司	People’s Republic of China	RMB15,000,000	100	100	27	25	Money lending
深圳亞聯財行銷顧問有限公司 (formerly: 深圳銀融聯行銷 顧問有限公司)	People’s Republic of China	RMB10,000,000	100	100	27	25	Money lending
新鴻基(天津)投資管理 有限公司	People’s Republic of China	RMB50,000,000	100	–	47	–	Asset management
廣州市新鴻基投資顧問 有限公司	People’s Republic of China	HK\$6,000,000	100	–	47	–	Corporate marketing and investment consultancy

* *These shareholdings represent the proportion of nominal value of issued capital held by the Company.*

** *The subsidiaries are listed in Hong Kong and further details about them are available in their published accounts.*

The above tables list the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

59. PARTICULARS OF PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates at 31st December, 2008 are set out below:

Associates	Place of incorporation/ operation	Proportion of nominal value of issued capital				Principal activity
		held by subsidiaries		attributable to the Group		
		2008	2007	2008	2007	
		%	%	%	%	
China Xin Yongan Futures Company Limited	Hong Kong	25	25	12	11	Futures dealing
Chronicle Gain Limited	Hong Kong	45	45	21	19	Property holding
Drinkwater Investment Limited	Hong Kong	22	22	10	10	Property holding
Eurogold Limited*	Australia	49	–	36	–	Investment holding
Omicron International Limited	British Virgin Islands	44	44	21	19	Investment holding
Real Estate Investments (N.T.) Limited	Hong Kong	40	40	19	17	Property development
Silver York Development Limited	Hong Kong	42	42	20	18	Investment holding
Start Hold Limited	Hong Kong	33	33	15	14	Investment holding
Tanami Gold NL*	Australia	21	–	16	–	Gold mining operations and mineral exploration
Tian An China Investments Company Limited**	Hong Kong	37	36	17	14	Investment holding
Yu Ming Investments Limited**	Hong Kong	27	27	27	27	Investment holding

* *These associates are listed in Australia and further details about them are available in their published accounts.*

** *These associates are listed in Hong Kong and further details about them are available in their published accounts.*

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the assets or liabilities of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

60. PARTICULARS OF PRINCIPAL JOINTLY CONTROLLED ENTITIES

Particulars of the Group's principal jointly controlled entities at 31st December, 2008 are set out below:

Jointly controlled entities	Place of incorporation/ operation	Proportion of nominal value of issued capital and voting rights				Principal activity
		held by subsidiaries		attributable to the Group		
		2008	2007	2008	2007	
		%	%	%	%	
Allied Kajima Limited	Hong Kong	50	50	37	37	Property and investment holding
Poltallock Limited	Hong Kong	50	50	23	11	Provision of facilities and technical services to medical and dental practitioners
SHK Corporate Finance (Shanghai) Limited	People's Republic of China	33	33	15	14	Corporate finance advisory
Shenzhen Oriental Venture Capital Management Co., Ltd	People's Republic of China	49	–	23	–	Venture capital investment management
中山市中基投資顧問有限公司	People's Republic of China	34	–	16	–	Corporate investment, providing management and product marketing consultancy services

The above table lists the jointly controlled entities of the Group which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the assets or liabilities of the Group.

4. INDEBTEDNESS STATEMENT

At the close of business on 31st August, 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this document, the Group had outstanding borrowings of approximately HK\$3,939.8 million, comprising secured bank loans of approximately HK\$1,973.4 million, unsecured bank loans of approximately HK\$1,748.1 million, unsecured borrowing of approximately HK\$44.0 million from a jointly controlled entity, unsecured borrowings of approximately HK\$13.1 million from associates, unsecured borrowing of approximately HK\$4.4 million from an investee company, unsecured borrowing of approximately HK\$0.5 million from a minority shareholder and unsecured other borrowings of approximately HK\$156.3 million. The Group's banking facilities were secured by charges over the assets of the Group and listed investments belonging to margin clients. The assets charged by the Group include investment properties, hotel property, land and buildings, prepaid land lease payments, properties held for sale, bank deposits and bank balances, listed investments and debt securities together with certain shares in respect of a listed subsidiary held by the Group.

In addition, the Group had contingent liabilities in the sum of approximately HK\$7.5 million in respect of indemnities on banking guarantees made available to Hong Kong Securities Clearing Company Limited and the Government of the Hong Kong Special Administrative Region and a guarantee under a trading arrangement with a trading counterparty. There were also claims arising from the litigation regarding to proceedings relating to Chang Zhou Power Development Company Limited, further particulars of which are set out in the section headed "Litigation" in Appendix V.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31st August, 2009.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debenture or other loan capital or bank overdrafts, loans or other similar indebtedness or hire purchase commitments, liabilities under acceptances or acceptances credits or any guarantees or other material contingent liabilities at the close of business on 31st August, 2009.

5. MATERIAL CHANGE

Save for information set out in the section headed "6. Financial and Trading Prospects" of this Appendix and financial performance of the Group for the six-month period ended 30th June, 2009 set out in the interim report of the Company, in particular, improvement in the profit and equity attributable to the Shareholders mainly due to (i) improved performances from most of the Group's core operating divisions, (ii) fair value gain on revaluation of the investment properties, and (iii) gain from increasing of our stake in SHK Hong Kong Industries Limited from 26.98% to 57.66%, the Board is not aware of any material change in the financial or trading position or outlook of the Group subsequent to 31st December, 2008, being the date to which the latest audited consolidated financial statements of the Group were prepared, up to and including the Latest Practicable Date.

6. FINANCIAL AND TRADING PROSPECTS

The Hong Kong economy suffered from the negative effects of the slowdown of the world economy and the fear of the spread of swine flu especially during the earlier part of the 2009. The Group noted that in the third quarter of the year, there have been signs of a recovering U.S. economy while the Mainland government has significantly relaxed its monetary policy in order to sustain economic growth.

The Group believes that market sentiment has improved but it is difficult to determine if this is sustainable. If the market sentiment continues to improve, it will provide positive environment for the broking and finance business, which is heavily volume driven. The Group also believes that the property business would benefit from the current economy in terms of property value. We are cautiously optimistic about the economic prospects, but the Hong Kong economy should benefit from the Mainland's supportive policies and growth prospects.

Based on its strong financial position, the Group will continue to prudently implement its stated strategies of focusing its management and financial resources on its core businesses of property investment and development together with financial services for the benefits of the Group and all its shareholders.

7. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma financial information of the Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30th June, 2009, as extracted from the Company's published interim report for the six months ended 30th June, 2009, and adjusted for the effect of the Offer as if the completion of the Offer had taken place on 30th June, 2009. It has been prepared in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, to provide the Shareholders with information about the impact of the Offer, and, because of its nature, may not give a true picture of the financial position of the Group had the Offer actually completed on 30th June, 2009 or the financial position of the Group at any future date.

	Net assets of the Group at 30th June 2009 <i>HK\$ Million</i> (Unaudited)	Cost of the Offer <i>HK\$ Million</i> (Note 1)	Pro forma adjusted net assets <i>HK\$ Million</i> (Unaudited)
Non-current assets	12,557.1	–	12,557.1
Current assets*	14,215.2	(680.6)	13,534.6
Current liabilities (Note 2)	(5,380.0)	–	(5,380.0)
Net current assets	8,835.2	(680.6)	8,154.6
Total assets less current liabilities	21,392.3	(680.6)	20,711.7
Non-current liabilities (Note 2)	(2,734.3)	–	(2,734.3)
Net assets	18,658.0	(680.6)	17,977.4
Add: Shares held for employee ownership scheme	27.6	–	27.6
Less: Employee share-based compensation reserve	(8.4)	–	(8.4)
Less: Minority interests	(9,420.2)	–	(9,420.2)
Equity attributable to owners of the Company	9,257.0	(680.6)	8,576.4
* Including:			
Cash and cash equivalents	2,821.7	(680.6)	2,141.1
			<i>HK\$</i>
Unaudited net assets per Share immediately before the completion of the Offer (Note 3)			37.95
Unaudited pro forma adjusted net assets per Share immediately following the completion of the Offer (Note 4)			41.37

Notes:

1. The amount represents the cost of the Offer (assuming full acceptance thereof up to the Maximum Number of Shares) and the estimated expenses of approximately HK\$3.7 million directly attributable to the Offer.
2. The Offer will not have any material impact on the liabilities of the Group.
3. The unaudited net assets per Share immediately before the completion of the Offer is calculated based on the unaudited consolidated equity attributable to owners of the Company as at 30th June, 2009 of HK\$9,257.0 million and 243,922,423 Shares in issue as at the Latest Practicable Date, assuming the number of Shares in issue as at the Latest Practicable Date remains unchanged prior to and immediately before the completion of the Offer.
4. The unaudited pro forma adjusted net assets per Share immediately following the completion of the Offer is calculated based on the unaudited pro forma adjusted consolidated equity attributable to owners of the Company as at 30th June, 2009 of HK\$8,576.4 million and 207,334,060 Shares in issue following the completion of the Offer, which is 243,922,423 Shares in issue immediately before the completion of the Offer as detailed above, reduced by 36,588,363 Shares repurchased assuming that there is full acceptance of the Offer up to the Maximum Number of Shares.

The following unaudited pro forma financial information of the Group for the six months ended 30th June, 2009 and for the year ended 31st December, 2008 is prepared based on the unaudited consolidated profit attributable to owners of the Company for the six months ended 30th June, 2009 and the audited consolidated loss attributable to owners of the Company for the year ended 31st December, 2008 as shown in the “financial information of the Group for the six months ended 30th June, 2009 and financial information of the Group for the year ended 31st December, 2008” respectively set out on pages II-3 to II-115 in Appendix II of this Offer Document, and adjusted for the effect of the Offer as if the completion of the Offer had taken place at the beginning of the respective periods being reported.

It has been prepared in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, to provide the Shareholders with information about the impact of the Offer, and, because of its nature, may not give a true picture of the results of the Group had the Offer actually completed at the beginning of the relevant periods or the results of the Group for any future period.

- (i) **based on unaudited consolidated profit attributable to owners of the Company for the six months ended 30th June, 2009**

	Six months ended 30th June, 2009	
	(Unaudited) (Note (a))	(Unaudited Pro forma) (Note (b))
Basic earnings per share (Note (e))	<u>HK\$3.84</u>	<u>HK\$4.52</u>

- (ii) based on audited consolidated loss attributable to owners of the Company for the year ended 31st December, 2008

	For the year ended 31st December, 2008	
	(Audited) (Note (c))	(Unaudited Pro forma) (Note (d))
Basic loss per share (Note (e))	HK\$(0.95)	HK\$(1.11)

Notes:

- (a) The unaudited basic earnings per Share amount for the six months ended 30th June, 2009 is calculated based on the unaudited consolidated profit attributable to owners of the Company for the six months ended 30th June, 2009 of HK\$936.8 million and the weighted average number of 244,000,000 Shares in issue during the six months ended 30th June, 2009.
- (b) The unaudited pro forma basic earnings per Share amount for the six months ended 30th June, 2009 is calculated based on the unaudited consolidated profit attributable to owners of the Company for the six months ended 30th June, 2009 of HK\$936.8 million and the adjusted weighted average number of 207,411,637 Shares in issue, which is the weighted average number of 244,000,000 Shares in issue during the six months ended 30th June, 2009, reduced by 36,588,363 Shares repurchased as if the completion of the Offer had taken place at 1st January, 2009 and that there is full acceptance of the Offer up to the Maximum Number of Shares.
- (c) The audited basic loss per Share amount for the year ended 31st December, 2008 is calculated based on the audited consolidated loss attributable to owners of the Company for the year ended 31st December, 2008 of HK\$231.4 million and the weighted average number of 244,141,000 Shares in issue during the year ended 31st December, 2008.
- (d) The unaudited pro forma basic loss per Share amount for the year ended 31st December, 2008 is calculated based on the audited consolidated loss attributable to owners of the Company for the year ended 31st December, 2008 of HK\$231.4 million and the adjusted weighted average number of 207,552,637 Shares in issue, which is the weighted average number of 244,141,000 Shares in issue during the year ended 31st December, 2008, reduced by 36,588,363 Shares repurchased as if the completion of the Offer had taken place at 1st January, 2008 and that there is full acceptance of the Offer up to the Maximum Number of Shares.
- (e) The estimated expenses of the Offer of approximately HK\$3.7 million will be accounted for as a deduction from equity in accordance with Hong Kong Accounting Standard 32 “Financial Instruments: Presentation” issued by the Hong Kong Institute of Certified Public Accountants.



**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF ALLIED GROUP LIMITED**

We report on the unaudited pro forma financial information of Allied Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages II-117 to II-120 in Appendix II of the offer document dated 23rd October, 2009 (the “Offer Document”) under the heading of “Unaudited Pro Forma Information of the Group” (the “Unaudited Pro Forma Financial Information”) in connection with the conditional cash offer by Yu Ming Investment Management Limited on behalf of the Company to repurchase up to 36,588,363 shares for HK\$18.50 per share of the Company (the “Offer”). The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company for illustrative purposes only, to provide information about how the Offer might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-117 to II-120 in Appendix II of the Offer Document.

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 judgments 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 30th June, 2009 or any future date;
- the earnings per share and results of the Group for the six months ended 30th June, 2009 or any future period; or
- the loss per share and results of the Group for the year ended 31st December, 2008 or any future period.

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

23rd October, 2009

Set out below is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation into this Offer Document received from Norton Appraisals Limited, an independent property valuer, in connection with its valuation as at 31st August, 2009 of the property interests held by the Group.



Unit 01, 21/F, Emperor Group Center
288 Hennessy Road
Wanchai Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

23 October, 2009

The Directors
Allied Group Limited
22/F, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Allied Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in Hong Kong Special Administrative Region (“Hong Kong”), the People’s Republic of China (the “PRC”), Macao Special Administrative Region (“Macao”), Taiwan, Singapore and Philippines (details of the properties are more particular listed in the Summary of Values attached herewith). We confirm that we have carried out inspections, conducted land searches at the relevant Land Registries, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests in their existing states as at 31st August, 2009 (hereinafter referred to as the “date of valuation”).

Our valuations are our opinion of value of the Property on the basis of “**Market Value**” which we would define as intended 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 valued the property interests on the basis that each of them is considered individually. We have not allowed for any discount for the properties to be sold to a single party nor taken into account any effect on the values if the properties are to be offered for sale at the same as portfolio.

In valuing the property interests under groups I and II (except Property No. A15) which are held for investment purposes by the Group, we have adopted the Investment Method, which is normally adopted for valuing leased property. The market value of such property is the aggregate amount of its term value, which is calculated by capitalizing the existing rent at the market-determined equivalent yield and its reversionary value, which derives from the lease renewal/new letting based on market rent or from the disposal based on the current market price.

In valuing the property interests under groups III to VI which are held for sale and owner occupation by the Group, we have adopted Direct Comparison Approach by making reference to comparable transactions as available in the relevant market.

In arriving at our opinion of the property interest of property No. A15 which is a hotel, we have also adopted Direct Comparison Approach by making reference to comparable transactions as available in the relevant market.

We have not attributed any commercial value to the property interests in groups VII to X which are rented by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the owners sells the property interests on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the properties and no forced sale situation in any manner is assumed in our valuations.

For those properties located in Hong Kong and Macau, we have, as agreed with the Group, caused sampling title searches at the relevant Land Registries and no title search has been made for rented properties which are located in the PRC, Taiwan, Singapore and Philippines. We have not, however, searched the original documents to verify ownership or to determine the existence of any lease amendments which do not appear on the copies handed to us.

We have relied to a considerable extent on the information given by the Group and the legal opinion provided by its PRC legal advisers, Tenet & Partners and Hallmark Hugh Law Firm, regarding titles to the property Nos. A18 & A27 and A19 & A28 respectively and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, site and floor areas and all other relevant matters.

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects.

We have not carried out site measurements to verify the correctness of the site and floor areas in respect of the relevant properties but have assumed that the site and floor areas shown on the documents and official site plans handed to us are correct. All dimensions, measurements and areas included in the attached valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any of the properties nor for 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 an onerous nature which could affect their values. As advised by the management of the Group, in the event that the properties are sold at the amount of the valuation, the tax liabilities arising from the disposal of the properties will include stamp duty (maximum 3.75% of transaction amount) for the properties held for investment/owner occupation by the Group in Hong Kong under groups I and IV; stamp duty and profit tax (16.5% on profit amount) for properties held for sale by the Group in Hong Kong under group III. For properties under groups II and V which are held for investment/owner occupation by the Group in the PRC, the tax liabilities may include stamp duty (0.05% on the transaction amount), business tax (5% on the transaction amount), corporate income tax (25% on the net profit upon disposal) and land appreciation tax (30% to 60% on the net appreciated amount less deductibles). The exact amount of tax payable upon realisation of the relevant properties in the PRC will be subject to formal tax invoice issued by relevant tax authorities of the PRC at the time of disposal of these properties. For properties held for owner occupation by the Group in Macau under group VI, the tax liabilities include stamp duty (maximum 3% of the transaction amount) and the complementary income tax (12% on profit amount). Yet, unless and until completion of disposal of the property interest, the amount of the tax liabilities would not be quantifiable or crystallized. The aggregate amount of potential tax liabilities payable by the Group for properties held under groups I, II and III are estimated to be approximately HK\$151,886,000, HK\$17,679,000 and HK\$8,852,000 respectively. The Group has further confirmed that it has intention to dispose the properties held for sale in Hong Kong under group III whilst it has neither immediate plan nor any present intention to dispose the remaining properties held under groups I, II, IV, V and VI. Thus save for properties held for sale in Hong Kong under group III, the likelihood of potential tax liabilities arising from disposal of these properties being crystallised is remote in the near future.

In our valuations, we have complied with the requirements set out in the Codes on Takeover and Mergers and Share Repurchases issued by The Securities and Futures Commission and the 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 (1st Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all sums stated in our valuation certificates are in Hong Kong Dollars. The exchange rates adopted in our valuations are approximately HK\$1 = RMB0.88, HK\$1 = MOP1.03, £1 = HK\$12.55, SGD1 = HK\$5.37, HK\$1 = PHP6.30 and HK\$1 = TWD4.25 which were approximately the prevailing exchange rates at the date of valuation.

Our Summary of Values and the Valuation Certificates are enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited
M. K. Wong **C. L. Kung**
MRICS, MHKIS, RPS (G.P.) *MRICS, MHKIS, RPS (G.P.)*
Director *Director*

Note: Mr. M. K. Wong is a Registered Professional Surveyor who has more than 17 years' experience in valuation of properties in Hong Kong, Macau, the PRC and the Asian Pacific Region.

Mr. C. L. Kung is a Registered Professional Surveyor who has more than 18 years' experience in valuation of properties in Hong Kong, Macau, the PRC and the Asian Pacific Region.

SUMMARY OF VALUES

Property	Capital value in existing state as at 31st August, 2009 HK\$	Interest attributable to the Group (%)	Capital value in existing state attributable to the Group as at 31st August, 2009 HK\$
Group I – Property interests held for investment by the Group in Hong Kong			
A1 Apartments 1 on 1st to 10th Floors, Apartments 2 on 1st to 6th Floors of Block A and 34 Car Parking Spaces on the Podium Upper Level of Park Place, No. 7 Tai Tam Reservoir Road, Island South, Hong Kong	646,200,000	74.37%	480,578,940
A2 Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories	347,000,000	74.37%	258,063,900
A3 House No. 2 and Garden, Terrace and Swimming Pool and Other Area, No. 60 Plantation Road, The Peak, Hong Kong	226,600,000	74.37%	168,522,420
A4 House No. 2, Palm Drive, The Redhill Peninsula, Site D, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	51,200,000	74.37%	38,077,440
A5 79 Car Parking Spaces on Carpark Levels 1 and 2, The Redhill Peninsula, Phase IV, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	20,000,000	74.37%	14,874,000
A6 House No. 168, Cedar Drive (also known as House T17), The Redhill Peninsula-Site B, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	54,600,000	74.37%	40,606,020
A7 China Online Centre (excluding the whole of 28th Floor), No. 333 Lockhart Road, Wanchai, Hong Kong	960,000,000	74.37%	713,952,000

Property	Capital value in existing state as at 31st August, 2009 HK\$	Interest attributable to the Group (%)	Capital value in existing state
			attributable to the Group as at 31st August, 2009 HK\$
A8 Units A on 9th to 12th, 15th to 22nd and 27th Floors, Units B on 9th to 12th, 15th to 23rd and 27th Floors, Units C on 12th, 15th to 23rd and 25th Floors, Units D on 11th, 12th, 15th to 22nd Floors and Duplex Units A, B, C and D on 28th Floor and Duplex Units A and C on 30th Floor of St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	608,000,000	74.37%	452,169,600
A9 58 Car Parking Spaces, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	29,100,000	74.37%	21,641,670
A10 Shops 1 and 2 on Ground Floor, Flats A on 5th, 6th, 15th, 16th and 17th Floors, Flats A, B and C on 21st, 22nd, 23rd, 25th, 26th and 27th Floors together with roofs Orchid Court, No. 38 Tung On Street, Yau Ma Tei, Kowloon	44,500,000	74.37%	33,094,650
A11 Century Court, No. 239 Jaffe Road, Wanchai, Hong Kong	266,000,000	74.37%	197,824,200
A12 Penthouse (Triplex) No. C and Car Parking Space Nos. 11, 12 and 13 on Level 3 of Tower 3, Tregunter, No. 14 Tregunter Path, Mid-Levels, Hong Kong	127,800,000	74.37%	95,044,860
A13 Rooms 2201 and 2205A on 22nd Floor, No. 9 Queen's Road Central, Hong Kong	70,000,000	74.37%	52,059,000
A14 Rooms 2202 to 2204 and 2205B on 22nd Floor, No. 9 Queen's Road Central, Hong Kong	126,000,000	74.37%	93,706,200
A15 Ibis North Point, No. 138 Java Road, North Point, Hong Kong	460,000,000	74.37%	342,102,000

Property		Capital value in existing state as at 31st August, 2009 HK\$	Interest attributable to the Group (%)	Capital value in existing state attributable to the Group as at 31st August, 2009 HK\$
A16	Suite 3306 on 33rd Floor, J Residence, No. 60 Johnston Road, Wan Chai, Hong Kong	5,730,000	74.37%	4,261,401
A17	Flat D on 5th Floor with Balcony and Utility Platform and Flat C on 11th Floor with Balcony and Utility Platform, Splendid Place, No. 39 Taikoo Shing Road, Quarry Bay, Hong Kong	8,700,000	74.37%	6,470,190
Sub-total:				3,013,048,491
Group II – Property interests held for investment by the Group in the PRC				
A18	Rooms 1101-1109, 11th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	65,400,000	46.06%	30,123,240
A19	6 units of Eastern and Western Blocks, Phase II of 天安創新科技廣場, Tian An Cyber Park, Futian District, Shenzhen, the PRC	57,400,000	26.80%	15,383,200
Sub-total:				45,506,440
Group III – Property interests held for sale by the Group in Hong Kong				
A20	Units A on 25th to 26th Floors, Units C on 26th to 27th Floor, Units D on 23rd, 26th to 27th Floors and Duplex Units B and D on 30th Floor and Duplex Units A, B, C and D on 32nd Floor, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	227,200,000	74.37%	168,968,640
A21	17 Car Parking Spaces, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	8,850,000	74.37%	6,581,745
Sub-total:				175,550,385

Property		Capital value in existing state as at 31st August, 2009 HK\$	Interest attributable to the Group (%)	Capital value in existing state attributable to the Group as at 31st August, 2009 HK\$
Group IV – Property interests held for owner occupation by the Group in Hong Kong				
A22	The whole of 28th Floor of China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong	28,700,000	74.37%	21,344,190
A23	The whole of 4th Floor of Tower II including Portion of the Roof of Podium, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	46,500,000	46.06%	21,417,900
A24	The whole of 8th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	96,800,000	46.06%	44,586,080
A25	The whole of 11th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	102,100,000	46.06%	47,027,260
A26	Office Nos. 2201, 2201A and 2202 on 22nd Floor of Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	122,700,000	46.06%	56,515,620
Sub-total:				<hr/> 190,891,050

Property		Capital value in existing state as at 31st August, 2009 HK\$	Interest attributable to the Group (%)	Capital value in existing state attributable to the Group as at 31st August, 2009 HK\$
Group V – Property interests held for owner occupation by the Group in the PRC				
A27	Rooms 1901-1903, 19th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	25,600,000	46.06%	11,791,360
A28	Units 2003 and 2005 in Western Block, Phase II of 天安創新科技廣場, Tian An Cyber Park, Futian District, Shenzhen, the PRC	21,800,000	26.80%	5,842,400
Sub-total:				17,633,760
Group VI – Property interest held for owner occupation by the Group in Macau				
A29	Shop E on Ground Floor, Edifício da Associação Comercial de Macau (中華總商會大廈), No. 298-316 Avenida do Dr. Rodrigo Rodrigues (羅理基博士大馬路), No. 147-191 Rua de Xangai (上海街) and No. 111-123 Rua de Pequim (北京街), Macau	13,300,000	46.06%	6,125,980
Sub-total:				6,125,980

Property	Capital value in existing state as at 31st August, 2009 HK\$
Group VII – Property rented by the Group in Hong Kong	
B1 25/F, No. 88 Lockhart Road, Wanchai, Hong Kong	No Commercial Value
B2 Room 405, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B3 22/F and 3 Car Parking Spaces, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B4 Rooms 2302-03, 23/F, Allied Kajima Building, No.138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B5 24/F and 3 Car Parking Spaces, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B6 Flat B, 8/F, Bonny View House, Nos. 63-65 Wong Nai Chung Road, Happy Valley, Hong Kong	No Commercial Value
B7 Suites 1211-13, 12/F, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong	No Commercial Value
B8 Suites 1201-10 & 14-16, 12/F, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong	No Commercial Value
B9 17/F, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong	No Commercial Value
B10 Rooms 1801 & 1803, 18/F, Far East Finance Centre, No.16 Harcourt Road, Admiralty, Hong Kong	No Commercial Value
B11 Portion of Flat Roof on 2/F, Far East Finance Centre, No.16 Harcourt Road, Admiralty, Hong Kong	No Commercial Value
B12 Room 2203, 22/F, Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	No Commercial Value
B13 16/F, Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B14 23/F, Siu On Centre, No. 188 Lockhart Road, Wanchai, Hong Kong	No Commercial Value
B15 Cubicle No.9, 13/F, Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories	No Commercial Value
B16 15/F, Hang Seng Tsuen Wan Building, No. 289 Sha Tsui Road, Tsuen Wan, New Territories	No Commercial Value
B17 2/F, Silvercorp International Tower, Nos. 707-713 Nathan Road, Mongkok, Kowloon	No Commercial Value
B18 Shop No. 3, G/F and Cockloft, No. 170 Jockey Club Road, Sheung Shui, New Territories	No Commercial Value
B19 2/F & 3/F, Continental Diamond Plaza, Nos. 523-527 Hennessy Road, Causeway Bay, Hong Kong	No Commercial Value
B20 Units 1, 2 & 3, 27/F, Jupiter Tower, No. 9 Jupiter Street, North Point, Hong Kong	No Commercial Value
B21 House E, No. 70 Deep Water Bay Road, Repulse Bay, Hong Kong	No Commercial Value
B22 Room 1901B, 19/F, Allied Kajima Building, No.138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B23 1/F, On May Mansion, Nos. 595-599A Shanghai Street, Nos. 6A-6C Argyle Street, Mongkok, Kowloon	No Commercial Value
B24 Rooms 1816B – 1818A, 18/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B25 G/F & Cockloft, No. 60 Hong Ning Road, Kwun Tong, Kowloon	No Commercial Value
B26 19/F, Radio City, No. 505 Hennessy Road, Causeway Bay, Hong Kong	No Commercial Value
B27 Shops 15B-D, Level 1, Lucky Plaza, Nos. 1-15 Wang Pok Street, Shatin, New Territories	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B28 1/F, Foon Shing Building, No. 732 Nathan Road, Mongkok, Kowloon	No Commercial Value
B29 G/F, On Keung Building, No. 57 Hong Keung Street, San Po Kong, Kowloon	No Commercial Value
B30 2/F, Cheong Hing Building, No. 72 Nathan Road, Tsim Sha Tsui, Kowloon	No Commercial Value
B31 Shop 2, G/F, Nos. 94-102 Shau Kei Wan Road, Sai Wan Ho, Hong Kong	No Commercial Value
B32 Shop B2, G/F, Central Plaza, Nos. 51-59 Kwong Fuk Road, Tai Po, New Territories	No Commercial Value
B33 G/F, No. 195 Castle Peak Road, Yuen Long, New Territories	No Commercial Value
B34 Shop No. 43, 1/F, Kwai Chung Plaza, Nos. 7-11 Kwai Foo Road, Kwai Chung, New Territories	No Commercial Value
B35 Mezzanine Floor & 1/F, Fortune House, Nos. 61-61A Connaught Road Central, Central, Hong Kong	No Commercial Value
B36 Offices A & B, 2/F, Hennessy Plaza, Nos. 164-166 Hennessy Road, Wanchai, Hong Kong	No Commercial Value
B37 1/F, Tower 188, Nos. 188-190 Hennessy Road, Wanchai, Hong Kong	No Commercial Value
B38 2/F, Tower 188, Nos. 188-190 Hennessy Road, Wanchai, Hong Kong	No Commercial Value
B39 Shops 2 -11, G/F, Chong Fat Commercial Building, Nos. 266-268 Cheung Sha Wan Road, Sham Shui Po, Kowloon	No Commercial Value
B40 G/F and 1/F, No. 124 Ma Tau Wai Road, Hung Hom, Kowloon	No Commercial Value
B41 Shop No. 12, G/F, Ming Wai Building, Nos. 4-26 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B42 Shop No. 11, G/F, Ming Wai Building, Nos. 4-26 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	No Commercial Value
B43 Flat A, G/F, San Fung House, Nos. 113-119 San Fung Avenue, Shek Wu Hui North, Sheung Shui, New Territories	No Commercial Value
B44 1/F, Double Set Commercial Centre, Nos. 37A-37B Jordan Road, Jordan, Kowloon	No Commercial Value
B45 1/F, No. 178 Aberdeen Main Road, Aberdeen, Hong Kong	No Commercial Value
B46 G/F, No. 151 Des Voeux Road West, Sai Ying Pun, Hong Kong	No Commercial Value
B47 Unit 119, 1/F, Cheung Sha Wan Plaza, No. 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	No Commercial Value
B48 Shops 201-2, 2/F, Olympia Plaza, No. 255 King's Road, North Point, Hong Kong	No Commercial Value
B49 Shop A on the 2/F, Wai Kee House, No. 91 Sai Yee Street, Mongkok, Kowloon	No Commercial Value
B50 G/F, No. 271 To Kwa Wan Road, To Kwa Wan, Kowloon	No Commercial Value
B51 G/F and 1/F, No. 27 Lung Kong Road, Kowloon City, Kowloon	No Commercial Value
B52 Shop 6, G/F, No. 49 Tai Ho Road, Tsuen Wan, New Territories	No Commercial Value
B53 Shop G31, G/F, Metro City, Phase II, No. 8 Yan King Road, Tseung Kwan O, New Territories	No Commercial Value
B54 Shop 3, G/F, Pacific Plaza, Nos. 410-424B Des Voeux Road West, Western, Hong Kong	No Commercial Value
B55 Unit No. 2001A, 2/F, United Centre, No. 95 Queensway, Admiralty, Hong Kong	No Commercial Value
B56 2/F, Wincome Centre, No. 39 Des Voeux Road Central, Central, Hong Kong	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B57 Office B, 7/F, Full Win Commercial Centre, No. 573 Nathan Road, Mongkok, Kowloon	No Commercial Value
B58 Shop E4f, G/F, Tai Yau Building, Nos. 56-58 Ivy Street, Tai Kok Tsui, Kowloon	No Commercial Value
B59 Shop 134A, 1/F, Kingswood Ginza, Phase 2, Tin Shui Wai, New Territories	No Commercial Value
B60 Shops G13-14, G/F, Kwun Tong Plaza, No. 68 Hoi Yuen Road, Kwun Tong, Kowloon	No Commercial Value
B61 Workshop No. 1A, G/F, International Plaza, No. 20 Sheung Yuet Road, Kowloon Bay, Kowloon	No Commercial Value
B62 Offices B & C, 8/F, Causeway Bay Centre, Nos. 15-23 Sugar Street, Causeway Bay, Hong Kong	No Commercial Value
B63 Shops 15 & 16 of Retail Portions on the Ground Floor of Commercial Podium, Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon	No Commercial Value
B64 Shops 75 & 76, G/F, Block B, Walton Estate, Nos. 341-343 Chai Wan Road, Nos. 1-3 Yee Shun Street, Chai Wan, Hong Kong	No Commercial Value
B65 G/F, No. 25 Luen Hing Street, Luen Wo Market, Fanling, New Territories	No Commercial Value
B66 Shop 6, G/F, Grandeur Garden, Nos. 14-18 Chik Fai Street, Nos. 55-65 Tai Wai Road, Shatin, New Territories	No Commercial Value
B67 Shop B, G/F, Wing Kin Mansion, Nos. 83-89 Fung Tak Road, Wong Tai Sin, Kowloon	No Commercial Value
B68 Room 801, 8/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B69 Room 802, 8/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B70 Rooms 1401-2, 14/F, Allied Kajima Building, No.138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B71 20/F, Allied Kajima Building, No.138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B72 21/F, Allied Kajima Building, No.138 Gloucester Road, Wanchai, Hong Kong	No Commercial Value
B73 Units 1605-09, 16/F, Tower I, Admiralty Centre No.18 Harcourt Road, Admiralty, Hong Kong	No Commercial Value
B74 Shop 71, 1/F, Tower II, Admiralty Centre No. 18 Harcourt Road, Admiralty, Hong Kong	No Commercial Value
B75 Units 706-709, 7/F, Crawford House, No. 70 Queen's Road Central, Central, Hong Kong	No Commercial Value
B76 Units 710A-710B, 7/F, Crawford House, No. 70 Queen's Road Central, Central, Hong Kong	No Commercial Value
B77 1/F, 2/F, 3/F & 4/F of China Merchants Steam Navigation Building, Nos. 303-307 Des Voeux Road Central & Nos. 152-155 Connaught Road Central, Sheung Wan, Hong Kong	No Commercial Value
B78 Part of Room A on 1/F., Man Foong Industrial Building, 7 Cheung Lee Street, Chai Wan, Hong Kong	No Commercial Value
B79 Shop on G/F, China Merchants Steam Navigation Building, Nos. 303-307 Des Voeux Road Central & Nos. 152-155 Connaught Road Central, Sheung Wan, Hong Kong	No Commercial Value
B80 Units 01-04, 7/F, China Merchants Steam Navigation Building, Nos. 303-307 Des Voeux Road Central & Nos.152-155 Connaught Road Central, Sheung Wan, Hong Kong	No Commercial Value
B81 Shop 108, Block B, Discovery Bay Plaza, Nos. 8-12 Plaza Lane, Discovery Bay, Lantau Island, New Territories	No Commercial Value
B82 Flat B, 12/F, Glamour Court, No. 1 Discovery Bay Road, Discovery Bay, Lantau Island, New Territories	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B83 Unit 1301, 13/F, East Point Centre, No. 555 Hennessy Road, Causeway Bay, Hong Kong	No Commercial Value
B84 Room 1002, 10/F, The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	No Commercial Value
B85 Room 2017, 20/F, Hutchison House, No. 10 Harcourt Road, Central, Hong Kong	No Commercial Value
B86 Unit 1 on 25/F, Westley Square, No. 48 Hoi Yuen Road, Kwun Tong, Kowloon	No Commercial Value
B87 Shop J(B), Ground Floor, Mei Foo Sun Chuen, Stage V, No. 15 Nassau Street, Lai Chi Kok, Kowloon	No Commercial Value
B88 8/F, Wai Fung Plaza, No. 664 Nathan Road, Mongkok, Kowloon	No Commercial Value
B89 Rooms 401-403, 4/F, Wai Fung Plaza, No. 664 Nathan Road Mongkok, Kowloon	No Commercial Value
B90 Shop 210, Level 2, Ma On Shan Plaza, No. 608 Sai Sha Road, Ma On Shan, New Territories	No Commercial Value
B91 Shop 27D, G/F, State Theatre Building, Nos. 277-291 King's Road, North Point, Hong Kong	No Commercial Value
B92 Unit 703, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B93 Unit 704, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B94 Suite 304, 3/F., Oxford House, Taikoo Place, No. 979 King's Road, Quarry Bay, Hong Kong	No Commercial Value
B95 Rooms 501-507, 530-532, 5/F, Prince's Building, No. 10 Chater Road, Central, Hong Kong	No Commercial Value
B96 Rooms 606-607, 6/F, HK Pacific Centre, No. 28 Hankow Road, Tsimshatsui, Kowloon	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B97 Rooms 608-613, 6/F, HK Pacific Centre, No. 28 Hankow Road, Tsimshatsui, Kowloon	No Commercial Value
B98 Shop 2, G/F & Mezzanine Floor, Eastway Towers, Nos. 59-99 Shau Kei Wan Main Street East, Shaukeiwan, Hong Kong	No Commercial Value
B99 Rooms 712, 905-907, New Town Tower, Nos. 10-18 Pak Hok Ting Street, Shatin, New Territories	No Commercial Value
B100 Rooms 1005-6, 10/F, New Town Tower, Nos. 10-18 Pak Hok Ting Street, Shatin, New Territories	No Commercial Value
B101 Shop 404A, Level 4, Shopping Centre, Stanley Plaza, Stanley, Hong Kong	No Commercial Value
B102 Shop 18, G/F, Tung Chung Crescent, No. 1 Hing Tung Street, Tung Chung, Lantau Island, New Territories	No Commercial Value
B103 Shop Unit P1A, Podium level, Telford Plaza I, Kowloon Bay, Kowloon	No Commercial Value
B104 Storeroom with toilet next to shop unit P1A, Podium level, Telford Plaza I, Kowloon Bay, Kowloon	No Commercial Value
B105 Shops 234-236, Level 2, Metro City Plaza, Phase I, Tseung Kwan O, New Territories	No Commercial Value
B106 G/F, Fook On Building, No. 43 Heung Sze Wui Street, Tai Po, New Territories	No Commercial Value
B107 Shop 28, G/F, Grandway Garden, No. 16 Mei Tin Road, Shatin, New Territories	No Commercial Value
B108 Shop 308D, 3/F, Maritime Square, No. 33 Tsing King Road, Tsing Yi, New Territories	No Commercial Value
B109 Shop TSY 47, G/F MTR Tsing Yi Station, Tsing Yi, New Territories	No Commercial Value
B110 24/F, Glassview Commercial Building, No. 65 Castle Peak Road, Yuen Long, New Territories	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B111 Unit 1704-6, 17/F, Wai Fung Plaza, No. 664 Nathan Road, Mongkok, Kowloon	No Commercial Value
B112 Unit 2407, 24/F World Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong	No Commercial Value
B113 Room 311, 3/F, No. 156 Wai Yip Street, Kwun Tong, Kowloon	No Commercial Value
B114 Room 402, 4/F, No. 156 Wai Yip Street, Kwun Tong, Kowloon	No Commercial Value
B115 Room 504, 5/F, No. 156 Wai Yip Street, Kwun Tong, Kowloon	No Commercial Value
B116 Room 1301, 13/F, Champion Building, Nos. 301-309 Nathan Road, Jordan, Kowloon	No Commercial Value
B117 Unit 128, 1/F, Richland Gardens, (Commercial and Garage Block), No. 80 Wang Kwong Road, Kowloon Bay, Kowloon	No Commercial Value
B118 Flat C on 7/F, Yue Man Mansion, Nos. 15-17 Hong Ning Road, Nos. 304-308 Ngan Tau Kok Road, Kwun Tong, Kowloon	No Commercial Value
B119 Room 906, 9/F, Sino Centre, No. 582 Nathan Road, Mongkok, Kowloon	No Commercial Value
B120 Room 907, 9/F, Sino Centre, No. 582 Nathan Road, Mongkok, Kowloon	No Commercial Value
B121 Units 713-4, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B122 Unit 722, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B123 Unit 723, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B124 Shop F10, 1/F, Kingswood Richly Plaza, Kingswood Villas Locwood Court, No. 1 Tin Wu Road, Tin Shui Wai, Yuen Long, New Territories	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B125 Shop 52, G/F, Richland Garden Shopping Arcade, No. 138 Wu Chui Road, Tuen Mun, New Territories	No Commercial Value
B126 Shops 18C-18D, Upper Ground Floor, Blocks 18 & 19, Tsuen Wan Centre Shopping Arcade Phase II, Nos. 100-102, Tsuen King Circuit, Tsuen Wan, New Territories	No Commercial Value
B127 Shop 17, Upper Ground Floor, Blocks 18 & 19, Tsuen Wan Centre Shopping Arcade Phase II, Nos. 100-102, Tsuen King Circuit, Tsuen Wan, New Territories	No Commercial Value
B128 A portion of Shop 1, G/F Sino Cheer Plaza, No. 23 Jordan Road, Jordan, Kowloon	No Commercial Value
B129 G/F, 1/F, & 2/F, Ocean Court, Nos. 27-41 Ka Shin Street, Nos. 2H, 2J-2L Kok Cheung Street, Nos. 28-44 Pok Man Street, Tai Kok Tsui, Kowloon	No Commercial Value
B130 2/F, Man Kee Mansion, No. 86 Waterloo Road, Kowloon	No Commercial Value
B131 G/F, 1/F & 2/F, Winfield Building, Nos. 847-865 Canton Road, Yau Ma Tei, Kowloon	No Commercial Value
B132 G/F, 1/F & 2/F, Hang Ying House, Nos. 318-328 King's Road, North Point, Hong Kong	No Commercial Value
B133 G/F-4/F, Tai Wah House, Nos. 90, 92 & 94 Prince Edward Road West, Mongkok, Kowloon	No Commercial Value
B134 G/F, 1/F & 2/F, Kwai Sing Centre, No. 412 Castle Peak Road, Kwai Chung, New Territories	No Commercial Value
B135 Portion of Shop 9 on G/F, 1/F, 2/F & 3/F, Tuen Mun Centre, No. 27 Yan Ching Street, Tuen Mun, New Territories	No Commercial Value
B136 6/F, China Merchants Steam Navigation Building, Nos. 303-307 Des Vouex Road Central & Nos. 152-155 Connaught Road Central, Sheung Wan, Hong Kong	No Commercial Value
B137 Suite 10 on Levels 5 & 6 and One Covered Car Parking Space No. 3, Elite Villas, No. 22 Shouson Hill Road, Deep Water Bay, Hong Kong	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B138 Units 01 & 02, 23/F, No. 38 Russell Street, Causeway Bay, Hong Kong	No Commercial Value
B139 Shop A1, Ground Floor, Sands House, No. 39 Belcher's Street, Western District, Hong Kong	No Commercial Value
B140 Shop 11, G/F, Foon Tak Building, Nos. 38-44 Shing Fong Street, Kwai Chung, New Territories	No Commercial Value
B141 Shop H, G/F, Yenfu Mansion, Nos. 121-125, 129-135, 139 & 141 Hip Wo Street, Nos. 92-112 Shui Wo Street, Kwun Tong, Kowloon	No Commercial Value
B142 G/F, Hip Wo House, No. 149 Hip Wo Street, Kwun Tong, Kowloon	No Commercial Value
B143 Shop 9, G/F, Kai Tin Tower Arcade, No. 49 Kai Tin Road, Lam Tin, Kowloon	No Commercial Value
B144 Shops 874 & 897, G/F, Rhythm Garden, No. 242 Choi Hung Road, San Po Kong, Kowloon	No Commercial Value
B145 Shop B, G/F, No. 82 Un Chau Street, Sham Shui Po, Kowloon	No Commercial Value
B146 Shops 6 & 7, MTR Sha Tin Wai Station, Ma On Shan Rail, New Territories	No Commercial Value
B147 Shops G14 & G15, G/F, Metro City, Phase II, Tseung Kwan O, New Territories	No Commercial Value
B148 Shop N, G/F, Tuen Mun Fa Yuen, No. 6 Tsing Hoi Circuit, Tuen Mun, New Territories	No Commercial Value
B149 Shop 4A, 1/F, Fou Wah Centre, No. 210 Castle Peak Road, Tsuen Wan, New Territories	No Commercial Value
B150 Shop 8, G/F, Fortune Mansion, Nos. 10-18 Tsuen Hing Path, Tsuen Wan, New Territories	No Commercial Value
B151 Shop D7, G/F, Lok Sing Building, Nos. 8-16 Kau Yuk Road, Yuen Long, New Territories	No Commercial Value
Sub-total:	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
Group VIII – Property rented by the Group in the PRC	
B152 Room 1901, 19/F, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value
B153 Room 1902, 19/F, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value
B154 Room 2601, 26/F, Metro Plaza, No. 183 Tianhebei Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	No Commercial Value
B155 Room 2616, 26/F, Metro Plaza, No. 183 Tianhebei Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	No Commercial Value
B156 Room 1205, 12/F, Tian An International Building, No. 98 Zhongshan South Road, Baixia District, Nanjing City, Jiangsu Province, the PRC	No Commercial Value
B157 Room 1206C, Level 12, Excel Centre, No. 6, Wudinghou Street, Xicheng District, Beijing, the PRC	No Commercial Value
B158 Room 1213, 12/F, Shun Hing Square, No.5002, Shennanzhong Road, Luohu District, Shenzhen, the PRC	No Commercial Value
B159 Room 2601-A, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value
B160 Room 2601-B, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value
B161 Room 2601-C, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value
B162 Shop 1085, level 1, CEPA Shangbu Industrial Park, No. 3003 Huaqiangbei Road, Futian District, Shenzhen, the PRC	No Commercial Value
B163 Shop A1-2, level 1, Xinludao Building, No. 1175 Nanshan Main Road, Nanshan District, Shenzhen, the PRC	No Commercial Value
B164 Shop 143, level 1, Longyingtai Commercial Center, Shen Hui Raod, Longgang Town, Shenzhen, the PRC	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B165 Shop A1, level 1, Underground Mall, Block 1 Jincheng Building, No. 3001 Shennan East Road, Luohu District, Shenzhen, the PRC	No Commercial Value
B166 Shops 103B & C, level 1, Xinjiekou Building, No. 201 Nanhai Main Road, Nanshan District, Shenzhen, the PRC	No Commercial Value
B167 Shops S31 & S32, level 1, Southern Pearl Commercial Center, Donghuan Yi Road, Longhua Town, Baoan District, Shenzhen, the PRC	No Commercial Value
B168 Shop 110, level 1, Sub-building, Buji Center Square, No. 69 Jihua Road, Longgang District, Shenzhen, the PRC	No Commercial Value
B169 Shop C, level 1, Skirt Building, Dushi Yangguang Building, No. 6017 Shennan Main Road, Futian District, Shenzhen, the PRC	No Commercial Value
B170 Shop 104, level 1, South China Power Building, No. 2050 Shennan Road Central, Futian District, Shenzhen, the PRC	No Commercial Value
B171 Shop 106, level 1, Xinhua Insurance Tower, No. 171 Mintian Road, Futian District, Shenzhen, the PRC	No Commercial Value
B172 Shop A-3, level 1, Taihua Commercial Center, Baocheng Zone 10, No. 211 Qianjin Road, Baoan District, Shenzhen, the PRC	No Commercial Value
B173 Shop G08A1, level 1, Fumin Jiayuan, No. 9 Fumin Road, Futian District, Shenzhen, the PRC	No Commercial Value
B174 Shop 105, level 1, Kaiyuehuating, No. 2047 Chunfeng Road, Luohu District, Shenzhen, the PRC	No Commercial Value
B175 Shop 102A, level 1, Window Of Bin Hai, Haide San Road, Nanshan District, Shenzhen, the PRC	No Commercial Value
B176 Shops 102-104, level 1, Cyber Times Buildings, Tianan Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value

Property	Capital value in existing state as at 31st August, 2009 HK\$
B177 Shop 1A024-1A025, level 1, Zhijian Times Square, Henggang Town, No. 1 Mao Cheng Road, Longgang District, Shenzhen, the PRC	No Commercial Value
B178 Shop 105 on level 1, Baolilai International Hotel, Fuyong Main Road, Baoan District, Shenzhen, the PRC	No Commercial Value
Sub-total:	No Commercial Value
Group IX – Property rented by the Group in Macau	
B179 Em Macau, Avenida Da Praia Grande No. 619 Centro Com. Si Toi I 8, Macau	No Commercial Value
B180 Em Macau, Avenida Sir Anders Ljungstedt Nos. 160-206 Jardim Brilhantismo D14, Macau	No Commercial Value
Sub-total:	No Commercial Value
Group X – Property rented by the Group in overseas	
B181 16F, No. 89 Songren Road, Sinyi District, Taipei City, 110, Taiwan	No Commercial Value
B182 Level 18, Republic Plaza II, 9 Raffles Place, Singapore	No Commercial Value
B183 Room 815, Peninsula Court Building, 8735 Paseo de Roxas Makati City, Philippines	No Commercial Value
Sub-total:	No Commercial Value
Grand Total:	3,448,756,106

VALUATION CERTIFICATE

Group I – Property interests held for investment by the Group in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A1	<p>Apartments 1 on 1st to 10th Floors, Apartments 2 on 1st to 6th Floors of Block A and 34 Car Parking Spaces on the Podium Upper Level of Park Place, No. 7 Tai Tam Reservoir Road, Island South, Hong Kong</p> <p>Certain parts or shares of and in Rural Building Lot No. 1055 (the “Lot”)</p>	<p>Park Place (the “Development”) is a 10-storey residential building erected over a 2-level car parking podium completed in 1985. The property comprises 16 apartment units and 34 car parking spaces of the Development having a total gross floor area of approximately 37,408 sq.ft. (3,475.29 sq.m.) (excluding Gross Floor Area of Car Parking Spaces).</p> <p>The Lot is held under Conditions of Sale No. 11536 for a term of 75 years from 28th August, 1981 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>	<p>16 apartment units together with 23 car parking spaces are leased to various tenants with the latest residential tenancy expiring on 30th May, 2012 yielding a total monthly rental of HK\$1,270,314.</p> <p>6 car parking spaces are subject to various tenancies at a total monthly rental of \$13,100 whilst the remaining 5 car parking spaces are vacant.</p>	<p>HK\$646,200,000</p> <p>(74.37% interest attributable to the Group: HK\$480,578,940)</p>

Notes:

- From our sample title searches and information provided by the Group, we understand that the registered owner of the property is Sierra Joy Limited, a 74.37% owned subsidiary of the Company, vide Memorial Nos. UB2887556 and UB3519234 dated 10th September, 1985 and 30th September, 1987 respectively.
- 34 Car Parking Spaces comprises Nos. 1-10, 11, 13, 15-17, 20, 34, 35, 39, 40, 42, 54-57, 61, 75, 80-85 and 113 on the Podium Upper Level of the Development.
- According to sample title searches, the property is subject to the following encumbrances:
 - Mortgage in favour of Citic Ka Wah Bank Limited for a consideration of HK\$200,000,000 vide Memorial No. 08111001750074 dated 29th October, 2008;
 - Second Mortgage in favour of Citic Ka Wah Bank Limited to secure all sums of money including general banking facilities granted vide Memorial No. 08111001750086 dated 29th October, 2008; and
 - Assignment of Sales Proceeds and Rentals in favour of Citic Ka Wah Bank Limited vide Memorial No. 09011601600064 dated 29th October, 2008.

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy	
A2 Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories	Allied Cargo Center is a 26-storey godown building together with 9 container parking spaces, 14 lorry parking spaces and 24 private car/ van parking spaces on the Ground Floor and 1st Floor respectively, the property was completed in about 1991 with ceiling height of 16 feet and floor loading capacity of 300 lbs. per sq.ft.	With the exception of a total gross floor area of approximately 732 sq.ft. (68.00 sq.m.) and flat roofs area of approximately 15,590 sq.ft. (1,448.35 sq.m.) which are vacant, the property is let under various tenancies and licences yielding a total monthly income of HK\$2,019,829.70.	HK\$347,000,000 (74.37% interest attributable to the Group: HK\$258,063,900)
The Remaining Portion of Lot No. 285 in Demarcation District 446	The total gross floor area of the property is approximately 501,630 sq.ft. (46,602.56 sq.m.) plus flat roofs of approximately 15,590 sq.ft. (1,448.35 sq.m.). Lot No. 285 is held under New Grant No. 3906 for a term of 99 years less the last three days from 1st July, 1898, which is statutorily extended to 30th June, 2047. The government rent payable for Lot No. 285 in Demarcation District 446 is HK\$348 per annum.	The majority of the tenancies are for 3 years with the latest expiry date on 31st March, 2012.	

Notes:

1. The registered owner of the property is San Pak Properties Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. TW571699 dated 1st March, 1989.
2. The property is subject to the following encumbrances:
 - (i) Undertaking in favour of Bank of China, Hong Kong Branch vide Memorial No. TW1102606 dated 29th November, 1996; and
 - (ii) Legal Charge in favour of Wing Hang Bank Limited for all moneys vide Memorial No. TW1450289 dated 11th January, 2002.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A3	House No. 2 and Garden, Terrace and Swimming Pool and Other Area, No. 60 Plantation Road, The Peak, Hong Kong	The property comprises a 5-storey detached house completed in 1993.	The property is subject to a tenancy for 2 years commencing from 1st January, 2008 and expiring on 31st December, 2009 at a monthly rental of HK\$300,000.	HK\$226,600,000
	1/2th equal and undivided share of and in Rural Building Lot No. 139	The gross floor area of the property is approximately 6,882 sq.ft. (639.36 sq.m.) with carport, garden/terrace and roofs of approximately 2,967 sq.ft. (275.64 sq.m.), 5,064 sq.ft. (470.46 sq.m.) and 787 sq.ft. (73.11 sq.m.) respectively.		(74.37% interest attributable to the Group: HK\$168,522,420)
		Rural Building Lot No. 139 is held under a Government Lease for a term of 75 years from 21st August, 1916 renewed for a further term of 75 years.		
		The government rent payable for Rural Building Lot No. 139 is HK\$120,600 per annum.		

Notes:

1. The registered owner of the subject property is Hillcrest Development Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB4345735 dated 2nd February, 1990.
2. The property is subject to the following encumbrances:
 - (i) Mortgage Deed in favour of Asia Commercial Bank Limited for all moneys vide Memorial No. 05042602440126 dated 13th April, 2005; and
 - (ii) Assignment of Rental in favour of Asia Commercial Bank Limited vide Memorial No. 05042602440133 dated 13th April, 2005.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A4	House No. 2, Palm Drive, The Redhill Peninsula Site D, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	The property is a 3-storey semi-detached house within the development known as "The Redhill Peninsula" which was completed in 1990.	The property is subject to a tenancy for 2 years commencing from 1st July, 2009 and expiring on 30th June, 2011 at a monthly rental of HK\$120,000.	HK\$51,200,000 (74.37% interest attributable to the Group: HK\$38,077,440)
	60/9,100th equal and undivided shares of and in Section A of Rural Building Lot No. 1050	The gross floor area of the property is approximately 3,082 sq.ft. (286.33 sq.m.) with yard, carport and roof of approximately 2,192 sq.ft. (203.64 sq.m.), 805 sq.ft. (74.79 sq.m.) and 207 sq.ft. (19.23 sq.m.) respectively. Rural Building Lot No. 1050 is held under Conditions of Sale No. 11461 for a term of 75 years from 2nd January, 1981 renewable for a further term of 75 years. The government rent payable for Rural Building Lot No. 1050 is HK\$1,000 per annum.		

Notes:

1. The registered owner of the property is Mightyton Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. 05080401760011 dated 16th July, 2005.
2. The property is subject to the following encumbrances:
 - (i) Legal Charge in favour of Fubon Bank (Hong Kong) Limited for all moneys vide Memorial No. 05080401760036 dated 20th July, 2005; and
 - (ii) Assignment of Rent in favour of Fubon Bank (Hong Kong) Limited vide Memorial No. 05080401760046 dated 20th July, 2005.

				Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	Particulars of Occupancy	
A5	79 Car Parking Spaces on Carpark Levels 1 and 2, The Redhill Peninsula, Phase IV, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	The property comprises a total of 79 car parking spaces in a 2-storey car parking podium of Phase IV of a development known as "The Redhill Peninsula", which includes ten 5 to 18-storey residential buildings completed in 1992.	Car parking spaces Nos. 21, 24, 42-46, 192, 195 and 273 on Level 1; Car parking spaces Nos. 45, 47 and 239 on Level 2 are subject to licences on monthly basis, yielding a total monthly licence fee of HK\$19,600 whilst the remaining car parking spaces are vacant.	HK\$20,000,000
	Certain parts or shares of and in the Remaining Portion of Rural Building Lot No. 1050	Rural Building Lot No. 1050 is held under Conditions of Sale No. 11461 for a term of 75 years from 2nd January, 1981 renewable for a further term of 75 years.		(74.37% interest attributable to the Group: HK\$14,874,000)
		The government rent payable for Rural Building Lot No. 1050 is HK\$1,000 per annum.		

Notes:

- From our sample title searches and information provided by the Group, we understand that the registered owner of the property is Mightyton Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB4089710 dated 22nd May, 1989.
- The property comprises Car Parking Spaces Nos. 20, 21, 24 to 33, 41 to 47, 173 to 205, 239 to 247 and 271 to 276 on Carpark Level 1 and 45 to 48, 160, 162, 229, 230, 232, 234, 239 and 242 on Carpark Level 2 of the development.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A6	House No. 168, Cedar Drive (also known as House T17), The Redhill Peninsula-Site B, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	The property comprises a 3-storey semi-detached house within the development known as "The Redhill Peninsula" which was completed in 1990.	The property is subject to a tenancy for 2 years commencing from 26th May, 2009 and expiring on 25th May, 2011 at a monthly rental of HK\$110,000.	HK\$54,600,000 (74.37% interest attributable to the Group: HK\$40,606,020)
	60/3,580th equal and undivided shares of and in Section C of Rural Building Lot No. 1050	The gross floor area of the property is approximately 3,339 sq.ft. (310.20 sq.m.) with garden, yard, carport and flat roof of approximately 1,395 sq.ft. (129.60 sq.m.), 1,357 sq.ft. (126.07 sq.m.), 277 sq.ft. (25.73 sq.m.) and 1,476 sq.ft. (137.13 sq.m.) respectively. Rural Building Lot No. 1050 is held under Conditions of Sale No. 11461 for a lease term of 75 years from 2nd January, 1981 renewable for a further term of 75 years. The government rent payable for Rural Building Lot No. 1050 is HK\$1,000 per annum.		

Notes:

1. The registered owner of the property is Kalix Investment Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB7235892 dated 6th August, 1997.
2. The property is subject to the following encumbrances:
 - (i) Legal Charge to secure general banking facilities in favour of International Bank of Asia Limited (renamed as Fubon Bank (Hong Kong) Limited) for all moneys vide Memorial No. UB8841112 dated 6th December, 2002; and
 - (ii) Assignment of Rent in favour of International Bank of Asia Limited (renamed as Fubon Bank (Hong Kong) Limited) vide Memorial No. UB8841113 dated 6th December, 2002.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A7	China Online Centre (excluding the whole of 28th Floor), No. 333 Lockhart Road, Wanchai, Hong Kong	China Online Centre is a 47-storey (4/F, 13/F, 14/F, 24/F, 34/F and 44/F omitted) composite commercial/ office building with 60 car parking spaces completed in about 2000.	With the exception of a total gross floor area of 10,050 sq.ft. (933.67 sq.m.) which is vacant, the property is subject to various tenancies yielding a total monthly rental of \$4,833,710. The majority of the tenancies are from 2 to 3 years with the latest expiring on 24th August, 2012.	HK\$960,000,000 (74.37% interest attributable to the Group: HK\$713,952,000)
	Certain parts or shares of and in Section A of Sub-section 1 of Section A, the Remaining Portion of Section B of Sub-section 1 of Section A, Section C of Sub-section 1 of Section A, the Remaining Portion of Sub-section 1 of Section A and the Remaining Portion of Sub-section 2 of Section A of Marine Lot No. 439; Sub-section 1 of Section A, Sub-section 2 of Section A, Sub-section 4 of Section A, Section A of Sub-section 1 of Section B, the Remaining Portion of Sub-section 1 of Section B, the Remaining Portion of Section B, the Remaining Portion of Sub-section 1 of Section J and the Remaining Portion of Sub-section 3 of Section A of Marine Lot No. 440 (the “Lots”)	The total gross floor area of the property is approximately 163,483 sq.ft. (15,187.94 sq.m.) (excluding Gross Floor Area of car parking spaces).	The Lots are held under two Government Leases for common terms of 99 years both commencing from 1st July, 1927 renewable for a further term of 99 years.	
		The government rent payable for the Lots is HK\$112.59 per annum.		

Notes:

- From our sample title searches and information provided by the Group, we understand that the registered owner of the property is Jaffe Development Limited, a 74.37% owned subsidiary of the Company, vide Memorial Nos. UB6328459 and UB6328460 both dated 30th May, 1995.
- According to sample title searches, the property is subject to the following encumbrances:
 - Fixed and Floating Security Document including Legal Charge of Hong Kong Property in favour of Citic Ka Wah Bank Limited vide Memorial No. 07061402570763 dated 4th June, 2007; and
 - Supplement to Security Documents in favour of Citic Ka Wah Bank Limited vide Memorial No. 07091701970323 dated 5th September, 2007.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A8	Units A on 9th to 12th, 15th to 22nd and 27th Floors, Units B on 9th to 12th, 15th to 23rd and 27th Floors, Units C on 12th, 15th to 23rd and 25th Floors, Units D on 11th, 12th, 15th to 22nd Floors and Duplex Units A, B, C and D on 28th Floor and Duplex Units A and C on 30th Floor, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon Certain parts or shares of and in the Remaining Portion of Section H of Kowloon Inland Lot No. 2657 (the "Lot")	The property comprises 54 residential units on various levels in a 25-storey residential building erected upon a 8-storey podium consisting of carparking, club house and refuge floors. The building was completed in 2002. The total gross floor area of the property is 77,953 sq.ft. (7,242.01 sq.m.). The Lot is held under Conditions of Sale No. 3121 for a term of 75 years from 16th November, 1931 renewed for a further term of 75 years. The government rent payable for the Lot is HK\$950,130 per annum.	Except with 8 residential units which are vacant. The other 46 residential units are subject to various tenancies yielding a total monthly rental of HK\$1,659,300 (inclusive of rates, management fees and 49 carparks rent) with the latest expiring on the 16th August, 2011.	HK\$608,000,000 (74.37% interest attributable to the Group: HK\$452,169,600)

Notes:

1. From our sample title searches and information provided by the Group, we understand that the registered owner of the subject property is AP Diamond Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB7285549 dated 12th September, 1997.
2. According to sample title searches, the property is subject to the following encumbrances:
 - (i) Undertaking in favour of The Director of Buildings Hong Kong vide Memorial No. UB8003229 dated 25th February, 2000;
 - (ii) Mortgage to Secure General Banking Facilities in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700783 dated 29th May, 2002; and
 - (iii) Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700784 dated 29th May, 2002.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A9	58 Car Parking Spaces, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	The property comprises a total of 58 car parking spaces in a 25-storey residential building erected upon a 8-storey podium consisting of carparking, club house and refuge floors. The building was completed in 2002.	9 carparking spaces yielding a total monthly license fee of \$22,200 whilst 49 carparking spaces are leased together with 33 residential units of the building owned by the Group.	HK\$29,100,000 (74.37% interest attributable to the Group: HK\$21,641,670)
	Certain parts or shares of and in the Remaining Portion of Section H of Kowloon Inland Lot No. 2657 (the "Lot")	The Lot is held under Conditions of Sale No. 3121 for a term of 75 years from 16th November, 1931 renewed for a further term of 75 years.		
		The government rent payable for the Lot is HK\$950,130 per annum.		

Notes:

- From our sample title searches and information provided by the Group, we understand that the registered owner of the subject property is AP Diamond Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB7285549 dated 12th September, 1997.
- The property comprises Car Parking Spaces Nos. P1-P8, P10-P21 on Level 1, P1-P27 on Level 2 and P1, P10-P13, P15-P16, P21-P23 and P25 on Level 3 of the building.
- According to sample title searches, the property is subject to the following encumbrances:
 - Undertaking in favour of The Director of Buildings Hong Kong vide Memorial No. UB8003229 dated 25th February, 2000;
 - Mortgage to Secure General Banking Facilities in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700783 dated 29th May, 2002; and
 - Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700784 dated 29th May, 2002.

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy	
A10	Shops 1 and 2 on Ground Floor, Flats A on 5th, 6th, 15th, 16th and 17th Floors, Flats A, B and C on 21st, 22nd, 23rd, 25th, 26th and 27th Floors together with roofs Orchid Court, No. 38 Tung On Street, Yau Ma Tei, Kowloon	Orchid Court is a 25-storey composite building with shops on the Ground Floor, podium garden on 1st Floor and 3 domestic units on each of 2nd to 27th Floors (excluding 4th, 14th and 24th Floors) completed in 1997.	HK\$44,500,000
	Certain parts or shares of and in the Remaining Portions of Sub-sections 1 and 3 of Section E of Kowloon Marine Lot No. 84, the Remaining Portions of Sub-sections 1 and 2 of Section G of Kowloon Marine Lot No. 84 and the Remaining Portion of Section E of Kowloon Marine Lot No. 84 (the "Lots")	The property comprises two ground floor shops and 23 residential units within the development having a total gross floor area of approximately 13,048 sq.ft. (1,212.20 sq.m.), plus roofs of approximately 575 sq.ft. (53.42 sq.m.). The Lots are held under a Government Lease for a term of 75 years from 18th September, 1899 renewed for a further term of 75 years. The government rent payable for the Lots is HK\$178,706 per annum.	(74.37% interest attributable to the Group: HK\$33,094,650)

Notes:

1. According to our sample title searches and information provided by the Group, we understand that the registered owner of the property is Alaston Development Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB6965159 dated 21st April, 1994.
2. According to sample title searches, the property is subject to a Mortgage to secure general banking facilities in favour of The Hongkong Chinese Bank, Limited (renamed as Citic Ka Wah Bank Limited) vide Memorial No. UB8075982 dated 20th April, 2000.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A11	Century Court, No. 239 Jaffe Road, Wanchai, Hong Kong Sub-section 1 of Section G, Section K, Section L and the Remaining Portion of Inland Lot No. 2756	<p>Century Court is a 21-storey (plus cockloft) composite building erected on a trapezium shaped site with a registered site area of approximately 4,002 sq.ft. (371.80 sq.m.) completed in about 1975.</p> <p>The Ground to Third Floors of the building are designated for commercial uses whilst the remaining upper floors are devoted to domestic use. The total gross floor area of the property is approximately 42,014 sq.ft. (3,903.20 sq.m.).</p> <p>Inland Lot No. 2756 held under a Government Lease for a term of 99 years from 11th May, 1928 renewable for a further term of 99 years.</p> <p>The government rent payable for Inland Lot No. 2756 is HK\$340 per annum.</p>	<p>Except with 29 residential units having a total gross floor area of approximately 15,803 sq.ft. (1,468.13 sq.m.) which is vacant, the property is subject to various licences with the latest residential licence expiring on 10th July, 2010 yielding a total monthly licence fees of \$356,400.</p> <p>The commercial portion of the property comprises the whole of Ground Floor, 1/F to 3/F which yielding a total monthly rental of HK\$253,000 with the latest tenancy expiring on 15th July, 2011.</p> <p>In addition, four sign boxes are subject to two monthly licences yielding a total monthly licence fees of \$10,100.</p>	<p>HK\$266,000,000 (74.37% interest attributable to the Group: HK\$197,824,200)</p>

Notes:

1. The registered owner of the property is King Policy Development Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB7001009 dated 15th March, 1997.
2. The property is subject to the following encumbrances:
 - (i) Deed of Undertaking to execute a Second Legal Charge in favour of Sin Hua Bank Limited (renamed as Bank of China (Hong Kong) Limited) vide Memorial No. UB7906638 dated 30th October, 1999;
 - (ii) Legal Charge to secure general banking facilities in favour of Hua Chiao Commercial Bank Limited (renamed as Bank of China (Hong Kong) Limited) vide Memorial No. UB8275656 dated 16th December, 2000; and
 - (iii) Assignment of Rental Proceeds in favour of Hua Chiao Commercial Bank Limited (renamed as Bank of China (Hong Kong) Limited) vide Memorial No. UB8275657 dated 16th December, 2000.
 - (iv) Second Legal Charge is favour of Bank of China (Hong Kong) Limited vide Memorial No. 09020200620031 dated 22nd January, 2009.

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy	
A12 Penthouse (Triplex) No. C and Car Parking Space Nos. 11, 12 and 13 on Level 3 of Tower 3, Tregunter, No. 14 Tregunter Path, Mid-Levels, Hong Kong	<p>Tower 3, Tregunter (the “Development”) is a 56-storey residential building erected over a common podium and car parking podium completed in about 1993. A residents’ club house and various recreational facilities are provided within the Development.</p> <p>The property comprises a triplex apartment unit together with 3 car parking spaces with a total gross floor area of approximately 8,018 sq.ft. (744.90 sq.m.) plus a flat roof of approximately 1,178 sq.ft. (109.44 sq.m.).</p> <p>Inland Lot No. 1929 is held under a Government Lease for a term of 75 years from 2nd September, 1912 renewed for a further term of 75 years.</p> <p>Inland Lot Nos. 1626 and 1627 and the Extension Thereto are held under two Government Leases for common terms of 75 years from 4th February, 1901 renewed for a further term of 75 years.</p> <p>Inland Lot No. 8306 is held under a Government Lease for a term of 999 years from 31st May, 1898.</p> <p>The total government rent payable for Inland Lot No. 1929, Inland Lot Nos. 1626 and 1627 and the Extension Thereto and Inland Lot No. 8306 is HK\$741,254 per annum.</p>	<p>The property (except Car Parking Space No. 11) is subject to a tenancy for a term of 2 years expiring on 6th January, 2010 at a monthly rental of HK\$343,000.</p> <p>Car Parking Space No. 11 is subject to a monthly licence fee of HK\$3,000.</p>	<p>HK\$127,800,000</p> <p>(74.37% interest attributable to the Group: HK\$95,044,860)</p>

Notes:

- The registered owner of the property is Best Melody Development Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB8561783 dated 3rd December, 2001.
- The property is subject to the following encumbrances:
 - Mortgage to secure general banking facilities in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8561784 dated 11th December, 2001.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A13	Rooms 2201 and 2205A on 22nd Floor, No. 9 Queen's Road Central, Hong Kong	"No. 9 Queen's Road Central" is a 34-storey grade A commercial building plus a level of basement completed in 1991.	Unit 2201 of the property is subject to a tenancy expiring on the 31st December, 2009 at a monthly rental of HK\$91,350 whilst unit 2205A of the property is subject to a tenancy expiring on the 31st December, 2009 at a monthly rental of HK\$126,178.	HK\$70,000,000 (74.37% interest attributable to the Group: HK\$52,059,000)
	Certain parts or shares of and in the Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103, the Remaining Portion of Inland Lot No. 514 and Section A, Section B, the Remaining Portion of Section C and the Remaining Portion of Marine Lot No. 101	The total gross floor area of the property is approximately 4,817 sq.ft. (447.51 sq.m.). Marine Lot Nos. 101, 102 and 103 are held under three Government Leases for common terms of 999 years all from 16th November, 1855. Inland Lot No. 514 is held under a Government Lease for a term of 999 years from 21st January, 1857. The government rent payable for Marine Lot No. 101 is 30 pounds per annum. The government rent payable for Section A of Marine Lot No. 102 is HK\$100 per annum. The government rent payable for Section C of Marine Lot No. 103 is HK\$6.27. The government rent payable for Inland Lot No. 514 is 24 pounds 10 shillings per annum.		

Notes:

1. The registered owner of the subject property is Gilmore Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB8351631 dated 15th March, 2001.
2. The property is subject to the following encumbrances:
 - (i) Legal Charge to secure general banking facilities in favour of Wing Hang Bank Limited vide Memorial No. UB9436619 dated 21st December, 2004; and
 - (ii) Assignment of Rent in favour of Wing Hang Bank Limited vide Memorial No. UB9436620 dated 21st December, 2004.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A14	Rooms 2202 to 2204 and 2205B on 22nd Floor, No. 9 Queen's Road Central, Hong Kong	"No. 9 Queen's Road Central" is a 34-storey grade A commercial building plus a level of basement completed in 1991.	The property is currently subject to a tenancy for 3 years expiring on 15th December, 2010 yielding a total monthly rental of HK\$419,428.	HK\$126,000,000 (74.37% interest attributable to the Group: HK\$93,706,200)
	Certain parts or shares of and in the Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103, the Remaining Portion of Inland Lot No. 514 and Section A, Section B, the Remaining Portion of Section C and the Remaining Portion of Marine Lot No. 101	The total gross floor area of the property is approximately 8,924 sq.ft. (829.06 sq.m.). Marine Lot Nos. 101, 102 and 103 are held under three Government Leases for common terms of 999 years all from 16th November, 1855. Inland Lot No. 514 is held under a Government Lease for a term of 999 years from 21st January, 1857. The government rent payable for Marine Lot No. 101 is 30 pounds per annum. The government rent payable for Section A of Marine Lot No. 102 is HK\$100 per annum. The government rent payable for Section C of Marine Lot No. 103 is HK\$6.27. The government rent payable for Inland Lot No. 514 is 24 pounds 10 shillings per annum.		

Notes:

1. The registered owner of the subject property is Gilmore Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB8351631 dated 15th March, 2001.
2. The property is subject to the following encumbrances:
 - (i) Legal Charge to secure general banking facilities in favour of Wing Hang Bank Limited vide Memorial No. UB9436619 dated 21st December, 2004; and
 - (ii) Assignment of Rent in favour of Wing Hang Bank Limited vide Memorial No. UB9436620 dated 21st December, 2004.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A15	<p>Ibis North Point, No. 138 Java Road, North Point, Hong Kong</p> <p>The Remaining Portion of Section I of Inland Lot No. 3540, the Remaining Portion of Sub-Section 3 of Section I of Inland Lot No. 3540, the Remaining Portion of Section H of Inland Lot No. 3540, the Remaining Portion of Sub-Section 4 of Section H of Inland Lot No. 3540 and the Remaining Portion of Sub-Section 5 of Section H of Inland Lot No. 3540</p>	<p>“Ibis North Point” is a 29-storey hotel development accommodating a total of 275 guestrooms completed in 2 phases in 2000 and 2004 respectively. Recreational facilities and a swimming pool on roof top are provided within the development.</p> <p>The total gross floor area of the property is approximately 73,462 sq.ft. (6,824.79 sq.m.). The total floor area of the back of the house facilities is approximately 2,539 sq.ft. (235.88 sq.m.).</p> <p>Inland Lot No. 3540 is held under a Government Lease for a term of 75 years from 12th June, 1933 renewed for a further term of 75 years.</p> <p>The government rent payable for Inland Lot No. 3540 is HK\$61,932 per annum.</p>	<p>The property is currently operated by AAPC Hong Kong Limited, a third party to the Company and the management company of Ibis North Point.</p>	<p>HK\$460,000,000</p> <p>(74.37% interest attributable to the Group: HK\$342,102,000)</p>

Notes:

- We have carried out sample title searches to the property only. We understand that the registered owner of the subject property is Ontone Limited, a 74.37% owned subsidiary of the Company.
- According to sample title searches, the property (except the Remaining Portion of Sub-Section 4 of Section H of Inland Lot No. 3540) is subject to the following encumbrances:
 - Legal Charge to secure general banking facilities in favour of The China State Bank Limited (renamed as Bank of China (Hong Kong) Limited) vide Memorial No. UB8185480 dated 6th September, 2000; and
 - Assignment of Gross Receipts and Charge Over Charged Account in favour of The China State Bank Limited (renamed as Bank of China (Hong Kong) Limited) vide Memorial No. UB8185481 dated 6th September, 2000.
- According to sample title searches, the Remaining Portion of Sub-Section 4 of Section H of Inland Lot No. 3540 is subject to the following encumbrances:
 - Mortgage in favour of Bank of China (Hong Kong) Limited for all moneys vide Memorial No. 08010300630107 dated 19th December, 2007; and
 - Assignment of Gross Receipt and Charge Over Charged Account in favour of Bank of China (Hong Kong) Limited vide Memorial No. 08010300630118 dated 19th December, 2007.

		Capital value in Existing state as at 31st August, 2009		
	Property	Description and Tenure	Particulars of Occupancy	
A16	Suite 3306 on 33rd Floor, J Residence, No. 60 Johnston Road, Wan Chai, Hong Kong	The property comprises a residential unit of a 30-storey residential building built over commercial accommodation completed in about 2007.	The property is subject to a tenancy for a term of 2 years expiring on 28th February, 2011 at a monthly rental of HK\$21,000.	HK\$5,730,000
	39/23,005th equal and undivided shares of and in Inland Lot No. 8997 (the "Lot")	The total gross floor area of the property is approximately 49.70 sq.m. (535 sq.ft.).		(74.37% interest attributable to the Group: HK\$4,261,401)
		The Lot is held under Conditions of Exchange No. UB12663 for a term of 50 years from 13th July, 2004.		
		The annual government rent is 3% of the rateable value from time to time of the Lot.		

Notes:

1. The registered owner of the property is Mainford Investment Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. 08052800240125 dated 19th May, 2008.

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy	
A17 Flat D on 5th Floor with Balcony and Utility Platform and Flat C on 11th Floor with Balcony and Utility Platform, Splendid Place, No. 39 Taikoo Shing Road, Quarry Bay, Hong Kong	<p>The property comprises two residential units of a 24-storey residential tower erected over a 4-storey carport/commercial podium completed in about 2005.</p> <p>The total gross floor area of the property is approximately 117.99 sq.m. (1,270 sq.ft.).</p> <p>Quarry Bay Marine Lot No. 2 and the Extension Thereto is held under a Government Lease for a term of 999 years from 18th April, 1900 whereas Quarry Bay Inland Lot No. 15 is held under a Government Lease for a term of 999 years from 2nd February, 1882.</p> <p>The government rent payable for Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$32 per annum. The government rent payable for Quarry Bay Inland Lot No. 15 is HK\$480 per annum.</p>	Flat D on 5th Floor is subject to a tenancy for a term of 2 years expiring on 19th September, 2010 yielding a monthly rental of HK\$13,000 whilst Flat C on 11th Floor is subject to a tenancy for a term of 2 years expiring on 14th October, 2010 yielding a monthly rental of HK\$15,000.	HK\$8,700,000 (74.37% interest attributable to the Group: HK\$6,470,190)
424/35800 equal and undivided shares of and in Sub-Section 4 of Section E of Quarry Bay Marine Lot No. 2 and the Extension Thereto. Sub-Section 2 of Section C of Quarry Bay Inland Lot No. 15			

Notes:

- The registered owner of those 2 residential units of the property are as follows:

Registered Owner	Property	Memorial No.	Date of Instrument
Gold Concord Investment Limited (a 74.37% owned subsidiary of the Company)	Flat D, 5/F, Splendid Place	08050900190060	16th April, 2008
Gold Concord Investment Limited (a 74.37% owned subsidiary of the Company)	Flat C, 11/F, Splendid Place	08032700220301	31st January, 2008

- Flat C on 11th Floor of the property is subject to a Mortgage in favour of Public Bank (Hong Kong) Limited for all moneys vide Memorial No. 08062301370079 dated 3rd June, 2008.

Group II – Property interests held for investment by the Group in the PRC

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A18	Rooms 1101-1109, 11th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Tian An Centre (the “Development”) is a 30-storey commercial building on top of a 3-storey basement completed in 1994 and having a total gross floor area of approximately 57,893.02 sq.m. and approximately 164 car parking spaces are provided.		HK\$65,400,000
	The property comprises the whole of 11th Floor of the Development with a total gross floor area of approximately 1,359.54 sq.m. and the floor area breakdown for 9 individual unit are as follow:			(46.06% interest attributable to the Group: HK\$30,123,240)
	Unit	Gross Floor Area sq.m.		
	1101	204.70		
	1102	155.47		
	1103	154.17		
	1104	187.53		
	1105	138.35		
	1106	158.65		
	1107	102.45		
	1108	102.45		
	1109	155.77		
	Total	1,359.54		
	The land use rights of the property have been granted for a term of 50 years from 8th July, 1994 to 7th July, 2044 for comprehensive use.			

Notes:

- Pursuant to nine Certificates of Real Estate Ownership Nos. 2005005128, 2005005125, 2005005121, 2005005122, 2005005117, 2005005118, 2005005119, 2005005120 and 2005005115 issued by Shanghai Housing and Land Resources Administration Bureau on 21st April, 2005, the title of the property has been transferred to Sing Hing Investment Limited, an indirectly owned subsidiary and effectively 46.06% held by the Company, with a land use rights term of 50 years from 8th July, 1994 for comprehensive use.

2. The opinion of the Enlarged Group's legal adviser on PRC law, Tenet & Partners, states that:
 - (i) According to the Certificates of Real Estate Ownership, Sing Hing Investment Limited has the land use rights of the subject property, with a total gross floor area of 1,359.54 sq.m., for a term of 50 years commencing from 8th July, 1994 for comprehensive use.
 - (ii) Sing Hing Investment Limited is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
3. As advised by the Group, the potential tax payable by the Group arising from the disposal of the property as at the date of valuation is estimated to be approximately HK\$17,650,000 and the likelihood of such liability being crystallised is remote in the near future as the Group has no intention to sell the property.

		Capital value in Existing state as at 31st August, 2009		
Property	Description and Tenure	Particulars of Occupancy		
A19	6 units of Eastern and Western Blocks, Phase II of 天安創新科技廣場, Tian An Cyber Park, Futian District, Shenzhen, the PRC	Shenzhen Tian An Cyber Park (the “Development”) comprises, having a site area of 273,527.37 sq.m., various industrial/office buildings, cyber-technology buildings, residential premises, apartments, multi-function clubhouse and technical service centre.	Units Eastern Block 2002 and 2003 are leased and yielding a total monthly rental of RMB105,650.40, the remaining of the property is currently vacant.	HK\$57,400,000 (26.80% interest attributable to the Group: HK\$15,383,200)

The property comprises 6 industrial units in two 20-storey industrial buildings (known as Eastern and Western Blocks) of Phase II of 天安創新科技廣場 (the “Buildings”) of the Development with a total gross floor area of approximately 3,452.43 sq.m. and completed in 2005. The gross floor area breakdown is listed as follows:

Unit	Gross Floor Area sq.m.
Eastern Block 2001	496.38
Eastern Block 2002	440.92
Eastern Block 2003	439.50
Eastern Block 2005	571.14
Western Block 2001	369.35
Western Block 2002	442.18
Total:	<u>2,759.47</u>

The land use rights of the property have been granted for a term of 50 years from 10th September, 2002 to 9th September, 2052 for industrial use.

Notes:

1. Pursuant to 6 Certificates for Real Estate Title, the title of the property, having a total gross floor area of 2,759.47 sq.m., is vested in the 亞聯財信息諮詢(深圳)有限公司, an indirectly owned subsidiary and effectively 26.80% held by the Company, for industrial use. Details of the certificates are summarized as follows:

No.	Unit	Certificate for Real Estate Title No.	Issuance Date	Gross Floor Area (sq.m.)
(i)	Eastern Block 2001	深房地字第300510323號	29 January 2008	496.38
(ii)	Eastern Block 2002	深房地字第300510324號	29 January 2008	440.92
(iii)	Eastern Block 2003	深房地字第300514860號	8 April 2008	439.50
(iv)	Eastern Block 2005	深房地字第300514863號	8 April 2008	571.14
(v)	Western Block 2001	深房地字第300514858號	8 April 2008	369.35
(vi)	Western Block 2002	深房地字第300514859號	8 April 2008	442.18
Total:				<u>2,759.47</u>

2. The opinion of the Group's legal adviser on PRC law, Hallmark & Hugh Law Firm, states that:
- (i) According to the Certificates of Real Estate Ownership, 亞聯財信息諮詢(深圳)有限公司 has the land use rights of the subject property, with total gross floor area of 1,359.54 sq.m., for a term of 50 years commencing from 8th July, 1994 for comprehensive use.
- (ii) 亞聯財信息諮詢(深圳)有限公司 is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
3. As advised by the Group, the potential tax payable by the Group arising from the disposal of the property as at the date of valuation is estimated to be approximately HK\$29,000 and the likelihood of such liability being crystallised is remote in the near future as the Group has no intention to sell the property.

Group III – Property interests held for sale by the Group in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A20	Units A on 25th to 26th Floors, Units C on 26th to 27th Floor, Units D on 23rd, 26th to 27th Floors and Duplex Units B and D on 30th Floor and Duplex Units A, B, C and D on 32nd Floor, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	<p>The property comprises 13 residential units on various levels in a 25-storey residential building erected upon a 8-storey podium consisting of carparking, club house and refuge floors. The building was completed in 2002.</p> <p>The total gross floor area of the property is 24,294 sq.ft. (2,256.97 sq.m.).</p>	The property is currently vacant.	<p>HK\$227,200,000</p> <p>(74.37% interest attributable to the Group: HK\$168,968,640)</p>
	Certain parts or shares of and in the Remaining Portion of Section H of Kowloon Inland Lot No. 2657 (the "Lot")	<p>The Lot is held under Conditions of Sale No. 3121 for a term of 75 years from 16th November, 1931 renewed for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$950,130 per annum.</p>		

Notes:

- We have carried out sample title searches to the property only. However, we understand that the registered owner of the subject property is AP Diamond Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB7285549 dated 12th September, 1997.
- According to sample title searches, the property is subject to the following encumbrances:
 - Undertaking in favour of The Director of Buildings Hong Kong vide Memorial No. UB8003229 dated 25th February, 2000;
 - Mortgage to Secure General Banking Facilities in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700783 dated 29th May, 2002; and
 - Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700784 dated 29th May, 2002.
- As advised by the Group, it has intention to dispose of the property and there is likelihood of the estimated potential tax obligation arising from the disposal of the property as at the date of valuation of approximately HK\$8,520,000 being crystallised in the near future.

				Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy		
A21	17 Car Parking Spaces, St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	The property comprises a total of 17 car parking spaces in a 25-storey residential building erected upon a 8-storey podium consisting of carparking, club house and refuge floors. The building was completed in 2002.		HK\$8,850,000
	Certain parts or shares of and in the Remaining Portion of Section H of Kowloon Inland Lot No. 2657 (the "Lot")	The property is currently vacant.		(74.37% interest attributable to the Group: HK\$6,581,745)
		Inland Lot No. 2657 is held under Conditions of Sale No. 3121 for a term of 75 years from 16th November, 1931 renewed for a further term of 75 years.		
		The government rent payable for the Lot is HK\$950,130 per annum.		

Notes:

- We have carried out sample title searches to the property only. However, we understand that the registered owner of the subject property is AP Diamond Limited, a 74.37% owned subsidiary of the Company, vide Memorial No. UB7285549 dated 12th September, 1997.
- The property comprises P9 on Level 1 and P2-P9, P14, P17-P20 and P24, P26-P27 on Level 3 of the building.
- According to sample title searches, the property is subject to the following encumbrances:
 - Undertaking in favour of The Director of Buildings Hong Kong vide Memorial No. UB8003229 dated 25th February, 2000;
 - Mortgage to Secure General Banking Facilities in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700783 dated 29th May, 2002; and
 - Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide Memorial No. UB8700784 dated 29th May, 2002.
- As advised by the Group, it has intention to dispose of the property and there is likelihood of the estimated potential tax obligation arising from the disposal of the property as at the date of valuation of approximately HK\$332,000 being crystallised in the near future.

Group IV – Property interests held for owner occupation by the Group in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A22	The whole of 28th Floor of China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong Certain parts or shares of and in Section A of Sub-section 1 of Section A, the Remaining Portion of Section B of Sub-section 1 of Section A, Section C of Sub-section 1 of Section A, the Remaining Portion of Sub-section 1 of Section A and the Remaining Portion of Sub-section 2 of Section A of Marine Lot No. 439; Sub-section 1 of Section A, Sub-section 2 of Section A, Sub-section 4 of Section A, Section A of Sub-section 1 of Section B, the Remaining Portion of Sub-section 1 of Section B, the Remaining Portion of Section B, the Remaining Portion of Sub-section 1 of Section J and the Remaining Portion of Sub-section 3 of Section A of Marine Lot No. 440 (the "Lots")	China Online Centre (the "Development") is a 47-storey (4/F, 13/F, 14/F, 24/F, 34/F and 44/F omitted) composite commercial/ office building with 60 car parking spaces completed in about 2000. The property comprises the whole of 28th Floor of the Development with a total gross floor area of approximately 5,300 sq.ft. (492.38 sq.m.). The Lots are held under two Government Leases for common terms of 99 years both commencing from 1st July, 1927 renewable for a further term of 99 years. The government rent payable for the Lots is HK\$112.59 per annum.	The property is subject to a tenancy for 2 years commencing from 22nd October, 2007 and expiring on 21st October, 2009 at a monthly rental of HK\$153,170.	HK\$28,700,000 (74.37% interest attributable to the Group: HK\$21,344,190)

Notes:

1. The registered owner of the property is Jaffe Development Limited, a 74.37% owned subsidiary of the Company, vide Memorial Nos. UB6328459 and UB6328460 both dated 30th May, 1995.
2. The property is subject to the following encumbrances:
 - (i) Fixed and Floating Security Document including Legal Charge of Hong Kong Property in favour of Citic Ka Wah Bank Limited vide Memorial No. 07061402570763 dated 4th June, 2007; and
 - (ii) Supplement to Security Documents in favour of Citic Ka Wah Bank Limited vide Memorial No. 07091701970323 dated 5th September, 2007.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A23	The whole of 4th Floor of Tower II including Portion of the Roof of Podium, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong 337/227,600th equal and undivided shares of and in Inland Lot No. 8423 (the "Lot")	<p>The property comprises the entire office space on the 4th floor and portion of the roof of Podium of Tower II within the development. Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980. The subject tower comprises 23 office floors.</p> <p>The property has a saleable area of approximately 5,208 sq.ft. (483.84 sq.m.) and a flat roof area of approximately 13,910 sq.ft. (1,292.28 sq.m.).</p> <p>The Lot is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>	The property is currently owner-occupied by the Group.	HK\$46,500,000 (46.06% interest attributable to the Group: HK\$21,417,900)

Notes:

1. The registered owner of the property is Texgulf Limited, an indirectly owned subsidiary and effectively 46.06% held by the Company, vide Memorial No. UB2059320 dated 24th March, 1981.

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy	
A24 The whole of 8th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong 1,235/227,600th equal and undivided shares of and in Inland Lot No. 8423 (the "Lot")	<p>The property comprises the entire office space on 8th floor of Tower II within the development. Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980. The subject tower comprises 23 office floors.</p> <p>The property has a gross floor area of approximately 10,627 sq.ft. (987.27 sq.m.).</p> <p>The Lot is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>	The property is currently owner-occupied by the Group.	<p>HK\$96,800,000</p> <p>(46.06% interest attributable to the Group: HK\$44,586,080)</p>

Notes:

1. The registered owner of the property is Texgulf Limited, an indirectly owned subsidiary and effectively 46.06% held by the Company, vide Memorial No. 07061401530052 dated 23rd May, 2007.
2. The property is subject to Mortgage in favour of Public Bank (Hong Kong) Limited for all monies vide Memorial No. 07061401530067 dated 31st May, 2007.

		Capital value in Existing state as at 31st August, 2009		
Property	Description and Tenure	Particulars of Occupancy		
A25	<p>The whole of 11th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong</p> <p>1,246/227,600th equal and undivided shares of and in Inland Lot No. 8423 (the "Lot")</p>	<p>The property comprises the entire office space on 11th floor of Tower II within the development. Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980. The subject tower comprises 23 office floors.</p> <p>The property has a gross floor area of approximately 10,627 sq.ft. (987.27 sq.m.).</p> <p>Inland Lot No. 8423 is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>	The property is currently owner-occupied by the Group.	<p>HK\$102,100,000</p> <p>(46.06% interest attributable to the Group: HK\$47,027,260)</p>

Notes:

1. The registered owner of the property is Texgulf Limited, an indirectly owned subsidiary and effectively 46.06% held by the Company, vide Memorial No. UB8260871 dated 23rd November, 2000.
2. The property is subject to an Unlimited First Legal Charge to secure general banking facilities in favour of DBS Kwong On Bank Limited (rename as DBS Bank (Hong Kong) Limited) vide Memorial No. UB8260872 dated 23rd November, 2000.

			Capital value in Existing state as at 31st August, 2009														
Property	Description and Tenure	Particulars of Occupancy															
A26	<p>Office Nos. 2201, 2201A and 2202 on 22nd Floor of Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong</p> <p>1,390/227,600th equal and undivided shares of and in Inland Lot No. 8423 (the “Lot”)</p>	<p>The property comprises three office units on 22nd floor of Tower I within the development. Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980. The subject tower comprises 28 office floors.</p> <p>The property has a total saleable area of approximately 9,002 sq.ft. (836.32 sq.m.) and the breakdown are listed as follows:</p> <table><tr><th>Unit</th><th>Saleable Area sq.ft.</th></tr><tr><td>2201</td><td>3,038</td></tr><tr><td>2201A</td><td>1,487</td></tr><tr><td>2202</td><td>4,477</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Total</td><td>9,002</td></tr><tr><td colspan="2"><hr/></td></tr></table>	Unit	Saleable Area sq.ft.	2201	3,038	2201A	1,487	2202	4,477	<hr/>		Total	9,002	<hr/>		<p>HK\$122,700,000</p> <p>(46.06% interest attributable to the Group: HK\$56,515,620)</p>
Unit	Saleable Area sq.ft.																
2201	3,038																
2201A	1,487																
2202	4,477																
<hr/>																	
Total	9,002																
<hr/>																	
	<p>The Lot is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.</p>																
	<p>The government rent payable for the Lot is HK\$1,000 per annum.</p>																

Notes:

- The registered owner of the property is Yee Li Ko Investment Limited, an indirectly owned subsidiary and effectively 46.06% held by the Company, vide Memorial Nos. UB8203614 dated 5th September, 2000, UB8723486 dated 10th June, 2002 and UB5770117 dated 28th July, 1993 respectively.
- The property is subject to Legal Charge in favour of Wing Hang Bank Limited to secure general banking facilities vide Memorial No. 07082400990029 dated 25th July, 2007.

Group V – Property interests held for owner occupation by the Group in the PRC

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	Particulars of Occupancy	
A27	Rooms 1901-1903, 19th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Tian An Centre (the “Development”) is a 30-storey commercial building on top of a 3-storey basement completed in 2004 and having a total gross floor area of approximately 57,893.02 sq.m. and approximately 164 car parking spaces are provided. The property comprises 3 contiguous office units on 19th Floor of the Development and the gross floor area breakdown is as follow:	HK\$25,600,000 (46.06% interest attributable to the Group: HK\$11,791,360)
	Unit	Gross Floor Area sq.m.	
	1901	204.63	
	1902	155.17	
	1903	153.68	
	Total	513.48	
	The land use rights of the property have been granted for a term of 50 years from 8th July, 1994 to 7th July, 2044 for comprehensive use.		

Notes:

- Pursuant to three Certificates of Real Estate Ownership Nos. 2005003353, 2005003352 and 2005003351 issued by Shanghai Housing and Land Resources Administration Bureau on 15th March, 2005, the title of the property has been transferred to Hing Yip Holdings Limited, an indirectly owned subsidiary and effectively 46.06% held by the Company, for a land use term of 50 years from 8th July, 1994 for comprehensive use.
- The opinion of the Enlarged Group’s legal adviser on PRC law, Tenet & Partners, states that :
 - According to the Certificates of Real Estate Ownership, Hing Yip Holdings Limited has the land use rights of the subject property, with a total gross floor area of 513.48 sq.m., for a term of 50 years commencing from 8th July, 1994 for comprehensive use.
 - Hing Yip Holdings Limited is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A28	Units 2003 and 2005 in Western Block, Phase II of 天安創新科技廣場, Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Shenzhen Tian An Cyber Park (the “Development”) comprises, having a site area of 273,527.37 sq.m., various industrial/office buildings, cyber-technology buildings, residential premises, apartments, multi-function clubhouse and technical service centre.</p> <p>The property comprises two industrial units in two 20-storey industrial buildings (known as Eastern and Western Blocks) of Phase II of 天安創新科技廣場 (the “Buildings”) of the Development with a gross floor area of approximately 1,053.19 sq.m. and completed in 2005.</p> <p>The land use rights of the property have been granted for a term of 50 years from 10th September, 2002 to 9th September, 2052 for industrial use.</p>	The property is currently vacant.	<p>HK\$21,800,000</p> <p>(26.80% interest attributable to the Group: HK\$5,842,400)</p>

Notes:

1. Pursuant to the Certificate for Real Estate Title No. 深房地字第30005414861號 dated on 8 April 2008, the title of the property, having a gross floor area of 692.96 sq.m., is vested in 亞聯財信息諮詢(深圳)有限公司, an indirectly owned subsidiary and effectively 26.80% held by the Company, for industrial use.
2. Pursuant to the Certificate for Real Estate Title No. 深房地字第300514862號 dated on 8 April 2008, the title of the property, having a gross floor area of 360.23 sq.m., is vested in 亞聯財信息諮詢(深圳)有限公司 for industrial use.
3. The opinion of the Group’s legal adviser on PRC law, Hallmark & Hugh Law Firm, states that:
 - (i) According to the Certificates of Real Estate Ownership, 亞聯財信息諮詢(深圳)有限公司 has the land use rights of the subject property, with total gross floor area of 1,359.54 sq.m., for a term of 50 years commencing from 8th July, 1994 for comprehensive use.
 - (ii) 亞聯財信息諮詢(深圳)有限公司 is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.

Group VI – Property interest held for owner occupation by the Group in Macau

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2009
A29	Shop E on Ground Floor, Edifício da Associação Comercial de Macau (中華總商會大廈), No. 298-316 Avenida do Dr. Rodrigo Rodrigues (羅理基博士大馬路), No. 147-191 Rua de Xangai (上海街) No. 111-123 Rua de Pequim (北京街), Macau	<p>The property comprises one of the various retail shops with a mezzanine on the ground floor of Edifício da Associação Comercial de Macau. It is a 20-storey (plus mezzanine floor) office building and was completed in 1993 or thereabout. Ground floor is designated for retail purposes whereas the upper floors (4/F to 19/F) are for office uses. Car parking spaces are provided on the 1/F to 3/F.</p> <p>The total saleable area of the property is approximately 195.48 sq.m. (2,104 sq.ft.)</p> <p>The property is held under a Concessão Por Arrendamento (租賃批地) for a term of 25 years commencing on 29th July, 1988.</p>	<p>The property is currently owner-occupied by the Group.</p>	<p>HK\$13,300,000</p> <p>(46.06% interest attributable to the Group: HK\$6,125,980)</p>

Notes:

1. The registered owner of the property under Conservatória do Registo Predial is Sun Hung Kai Serviços e Consultadoria de Invesrimentos (Macau), Limitada, an indirectly owned subsidiary and effectively 46.06% held by the Company vide 3284 F15K and 66044 G dated 27th April, 1994 and 10th June, 2003 respectively.
2. According to our recent title search, no material encumbrances is registered against the property.

Group VII – Property rented by the Group in Hong Kong

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B1	25/F, No. 88 Lockhart Road, Wanchai, Hong Kong	<p>No. 88 Lockhart Road is a 23-storey composite building with a basement completed in 1990.</p> <p>The property comprises an office unit on the 25th floor of No. 88 Lockhart Road with a gross floor area of approximately 186.73 sq.m. (2,010 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 16th June, 2009 to 14th June, 2011 at a monthly rental of HK\$25,125, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B2	Room 405, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises an office unit on the 4th floor of Allied Kajima Building with a gross floor area of approximately 229.49 sq.m. (2,470 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st February, 2009 to 31st January, 2011 at a monthly rental of HK\$54,340, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B3	22/F and 3 Car Parking Spaces, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises the whole of 22nd floor and 3 car parking spaces of Allied Kajima Building with a gross floor area of approximately 883.13 sq.m. (9,506 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The whole floor of 22nd floor is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$218,638, exclusive of rates, management fees and other outgoings. 3 car parking spaces are leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$9,000, exclusive of rates.</p>	No Commercial Value
B4	Rooms 2302-03, 23/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises two office units on the 23rd floor of Allied Kajima Building with a gross floor area of approximately 261.98 sq.m. (2,820 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$64,860, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	
B5	24/F and 3 Car Parking Spaces, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises the whole of 24th floor and 3 car parking spaces of Allied Kajima Building with a gross floor area of approximately 883.13 sq.m. (9,506 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The whole floor of 24th floor is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$218,638, exclusive of rates, management fees and other outgoings. 3 car parking spaces are leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$9,000, exclusive of rates.</p>	No Commercial Value
B6	Flat B, 8/F, Bonny View House, Nos. 63-65 Wong Nai Chung Road, Happy Valley, Hong Kong	<p>Bonny View House is a 12-storey residential building with a basement completed in 1971.</p> <p>The property comprises a domestic unit on the 8th floor of Bonny View House with a gross floor area of approximately 78.97 sq.m. (850 sq.ft.) and is currently occupied by the Group as domestic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st June, 2009 to 31st May, 2011 at a monthly rental of HK\$23,000, inclusive of rates and management fees.</p>	No Commercial Value
B7	Suites 1211-13, 12/F, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong	<p>CITIC Tower is a 34-storey commercial/office building completed in 1996.</p> <p>The property comprises three office units on the 12th floor of CITIC Tower with a gross floor area of approximately 401.90 sq.m. (4,326 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 1st October, 2008 to 31st July, 2010 at a monthly rental of HK\$423,948, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B8	Suites 1201-10 & 14-16, 12/F, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong	<p>CITIC Tower is a 34-storey commercial/office building completed in 1996.</p> <p>The property comprises 13 office units on the 12th floor of CITIC Tower with a gross floor area of approximately 1,276.94 sq.m. (13,745 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 1st August, 2007 to 31st July, 2010 at a monthly rental of HK\$1,078,982.50, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	
B9	17/F, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong	<p>Far East Finance Centre is a 46-storey commercial/office building with car parking spaces on lower ground floor completed in 1982.</p> <p>The property comprises the whole of 17th floor of Far East Finance Centre with a gross floor area of approximately 1,003.34 sq.m. (10,800 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 4 years from 1st August, 2007 to 31st July, 2011 at a monthly rental of HK\$432,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B10	Rooms 1801 & 1803, 18/F, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong	<p>Far East Finance Centre is a 46-storey commercial/office building with car parking spaces on lower ground floor completed in 1982.</p> <p>The property comprises two office units on the 18th floor of Far East Finance Centre with a gross floor area of approximately 815.87 sq.m. (8,782 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st August, 2009 to 31st July, 2011 at a monthly rental of HK\$351,280, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B11	Portion of Flat Roof on 2/F, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong	<p>Far East Finance Centre is a 46-storey commercial/office building with car parking spaces on lower ground floor completed in 1982.</p> <p>The property comprises portion of flat roof on the 2nd floor of Far East Finance Centre with a gross floor area of approximately 13.94 sq.m. (150 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 12th September 2009 to 31st July 2011 at a monthly rental of HK\$7,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B12	Room 2203, 22/F, Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	<p>Admiralty Centre comprises two blocks of commercial/office building (28 and 23 storeys) erected over a 4-storey commercial podium completed in 1980.</p> <p>The property comprises an office unit on the 22nd floor of Tower I of Admiralty Centre with a gross floor area of approximately 452.99 sq.m. (4,876 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group on years from 1st August, 2007 to 31st July, 2009 at a monthly rental of HK\$175,536 exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

		Capital value in Existing state as at 31st August, 2009	
Property	Description and Tenure		
B13	16/F, Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Admiralty Centre comprises two blocks of commercial/office building (28 and 23 storeys) erected over a 4-storey commercial podium completed in 1980. The property comprises the whole of 16th floor of Tower II of Admiralty Centre with a gross floor area of approximately 987.27 sq.m. (10,627 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group for a term of 2 years from 22nd January, 2009 to 21st January, 2011 at a monthly rental of HK\$340,064, exclusive of rates, management fees and other outgoings.	No Commercial Value
B14	23/F, Siu On Centre, No. 188 Lockhart Road, Wanchai, Hong Kong	Siu On Centre is a 31-storey commercial/office building with car parking spaces from 1/F to 4/F completed in 1994. The property comprises the whole of 23rd floor of Siu On Centre with a gross floor area of approximately 433.57 sq.m. (4,667 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group for a term of 3 years from 1st September, 2006 to 31st August, 2009 at a monthly rental of HK\$51,337, exclusive of rates, management fees and other outgoings.	No Commercial Value
B15	Cubicle No.9, 13/F, Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories	Allied Cargo Centre is a 26-storey godown building with car parking spaces on ground and 1st floors completed in 1991. The property comprises an industrial unit on the 13th floor of Allied Cargo Centre with a gross floor area of approximately 58.71 sq.m. (632 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group on monthly basis at a monthly rental of HK\$2,100, exclusive of rates, management fees and other outgoings.	No Commercial Value
B16	15/F, Hang Seng Tsuen Wan Building, No. 289 Sha Tsui Road, Tsuen Wan, New Territories	Hang Seng Tsuen Wan Building is a 22-storey commercial/office building with a basement completed in 1998. The property comprises the whole of 15th floor of Hang Seng Tsuen Wan Building with a gross floor area of approximately 371.61 sq.m. (4,000 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group for a term of 3 years from 1st September, 2007 to 31st August, 2010 at a monthly rental of HK\$30,537, exclusive of rates, management fees and other outgoings.	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	
B17	2/F, Silvercorp International Tower, Nos. 707-713 Nathan Road, Mongkok, Kowloon	<p>Silvercorp International Tower is a 25-storey commercial/office building with a basement completed in 1994.</p> <p>The property comprises the whole of 2nd floor of Silvercorp International Tower with a gross floor area of approximately 362.50 sq.m. (3,902 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st July, 2009 to 30th June, 2011 at a monthly rental of HK\$56,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B18	Shop No. 3, G/F and Cockloft, No. 170 Jockey Club Road, Sheung Shui, New Territories	<p>The property comprises a shop unit on the ground floor and cockloft thereto of a 4-storey composite building completed in 1973.</p> <p>The property has a saleable area of approximately 176.51 sq.m. (1,900 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term from 13th July, 2009 to 12th June, 2011 at a monthly rental of HK\$59,000, exclusive of rates.</p>	No Commercial Value
B19	2/F & 3/F, Continental Diamond Plaza, Nos. 523-527 Hennessy Road, Causeway Bay, Hong Kong	<p>Continental Diamond Plaza is a 26-storey commercial/office building with a basement completed in 1990.</p> <p>The property comprises the whole of 2nd & 3rd floors of Continental Diamond Plaza with a gross floor area of approximately 514.40 sq.m. (5,537 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st March, 2008 to 28th February, 2011 at a monthly rental of HK\$300,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B20	Units 1, 2 & 3, 27/F, Jupiter Tower, No. 9 Jupiter Street, North Point, Hong Kong	<p>Jupiter Tower is a 27-storey commercial/office building with a basement completed in 1997.</p> <p>The property comprises three office units on the 27th floor of Jupiter Tower with a gross floor area of approximately 144.28 sq.m. (1,553 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 1 year from 15th September, 2008 to 14th September, 2009 at a monthly rental of HK\$20,965.50, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B21	House E, No. 70 Deep Water Bay Road, Repulse Bay, Hong Kong	House E of No.70 Deep Water Bay Road is a 3-storey detached house completed in 2002. The property comprises a domestic unit with a gross floor area of approximately 371.6 sq.m. (4,000 sq.ft.) and is currently occupied by the Group as domestic use. The property is leased by the Group for a term of 2 years from 22nd February, 2009 to 21st February, 2011 at a monthly rental of HK\$200,000, exclusive of rates, management fees and other outgoings.	No Commercial Value
B22	Room 1901B, 19/F, Allied Kajima Building, No.138 Gloucester Road, Wanchai, Hong Kong	Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990. The property comprises an office unit on the 19th floor of Allied Kajima Building with a gross floor area of approximately 74.9 sq.m. (806 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group for a term of 2 years from 1st July, 2008 to 30th June, 2010 at a monthly rental of HK\$25,389 exclusive of rates, management fees and other outgoings charges totally of HK\$4,674.80.	No Commercial Value
B23	1/F, On May Mansion, Nos. 595-599A Shanghai Street, Nos. 6A-6C Argyle Street, Mongkok, Kowloon	On May Mansion is a 16-storey composite building completed in 1996. The property comprises the whole of 1st floor of On May Mansion with a gross floor area of approximately 244.52 sq.m. (2,632 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group for a term of 2 years from 1st September, 2008 to 31st August, 2010 at a monthly rental of HK\$120,000, exclusive of rates, management fees and other outgoings.	No Commercial Value
B24	Rooms 1816B – 1818A, 18/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	Nan Fung Centre is a 20-storey commercial/office building with a basement completed in 1983. The property comprises two office units on the 18th floor of Nan Fung Centre with a gross floor area of approximately 164.90 sq.m. (1,775 sq.ft.) and is currently occupied by the Group as office use. The property is leased by the Group for a term of 2 years from 1st July, 2008 to 30th June, 2010 at a monthly rental of HK\$28,400, exclusive of rates, management fees and other outgoings.	No Commercial Value

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B25	G/F & Cockloft, No. 60 Hong Ning Road, Kwun Tong, Kowloon	<p>The property comprises a shop unit on the ground floor and cockloft thereto of a 6-storey composite building completed in 1968.</p> <p>The property has a gross floor area of approximately 86.40 sq.m. (930 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 6th May, 2009 to 5th May, 2011 at a monthly rental of HK\$38,800, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B26	19/F, Radio City, No. 505 Hennessy Road, Causeway Bay, Hong Kong	<p>Radio City is a 23-storey commercial/office building with a basement completed in 1991.</p> <p>The property comprises the whole of 19th floor of Radio City with a gross floor area of approximately 211.82 sq.m. (2,280 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 1st August, 2008 to 31st July, 2011 at a monthly rental of HK\$65,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B27	Shops 15B-D, Level 1, Lucky Plaza, Nos. 1-15 Wang Pok Street, Shatin, New Territories	<p>Lucky Plaza is a residential/commercial building erected over a 3-storey shopping podium completed in 1983.</p> <p>The property comprises three shop units on level 1 of Lucky Plaza with a gross floor area of approximately 147.44 sq.m. (1,587 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$120,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B28	1/F, Foon Shing Building, No. 732 Nathan Road, Mongkok, Kowloon	<p>Foon Shing Building is a 12-storey composite building completed in 1975.</p> <p>The property comprises the whole of first floor of Foon Shing Building with a gross floor area of approximately 148.83 sq.m. (1,602 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 16th January, 2009 to 15th January, 2011 at a monthly rental of HK\$24,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B29	G/F, On Keung Building, No. 57 Hong Keung Street, San Po Kong, Kowloon	<p>The property comprises a shop unit on the ground floor of a 8-storey composite building completed in 1963.</p> <p>The property has a gross floor area of approximately 111.48 sq.m. (1,200 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 3rd January, 2008 to 2nd January, 2010 at a monthly rental of HK\$33,800, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B30	2/F, Cheong Hing Building, No. 72 Nathan Road, Tsim Sha Tsui, Kowloon	<p>The property comprises the whole of 2nd floor of a 13-storey composite building completed in 1964.</p> <p>The property has a gross floor area of approximately 278.71sq.m. (3,000 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$55,200, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B31	Shop 2, G/F, Nos. 94-102 Shau Kei Wan Road, Sai Wan Ho, Hong Kong	<p>The property comprises a shop unit on the ground floor of a 12-storey composite building completed in 1967.</p> <p>The property has a gross floor area of approximately 92.90sq.m. (1,000 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 18th February, 2009 to 17th February, 2011 at a monthly rental of HK\$46,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B32	Shop B2, G/F, Central Plaza, Nos. 51-59 Kwong Fuk Road, Tai Po, New Territories	<p>Central Plaza is a 15-storey composite building completed in 1991.</p> <p>The property comprises a shop unit on the ground floor of Central Plaza with a gross floor area of approximately 120.77 sq.m. (1,300 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st January, 2008 to 31st December, 2009 at a monthly rental of HK\$41,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B33	G/F, No. 195 Castle Peak Road, Yuen Long, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building completed in 1972.</p> <p>The property has a gross floor area of approximately 97.55 sq.m. (1,050 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 3rd July, 2008 to 2nd July, 2011 at a monthly rental of HK\$100,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B34	Shop No. 43, 1/F, Kwai Chung Plaza, Nos. 7-11 Kwai Foo Road, Kwai Chung, New Territories	<p>Kwai Chung Plaza comprises 3 blocks of residential/commercial building (26 to 27 storeys) erected over a 4-storey shopping podium completed in 1990.</p> <p>The property comprises a shop unit on the 1st floor of Kwai Chung Plaza with a gross floor area of approximately 133.13 sq.m. (1,433 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 16th October, 2008 to 15th October, 2010 at a monthly rental of HK\$49,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B35	Mezzanine Floor & 1/F, Fortune House, Nos. 61-61A Connaught Road Central, Central, Hong Kong	<p>Fortune House is a 22-storey composite building completed in 1976.</p> <p>The property comprises the whole of Mezzanine Floor & 1/F of Fortune House with a gross floor area of approximately 139.35 sq.m. (1,500 sq.ft.) and 222.97 sq.m. (2,400 sq.ft.) respectively and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st September, 2008 to 31st August, 2010 at a monthly rental of HK\$132,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B36	Offices A & B, 2/F, Hennessy Plaza, Nos. 164-166 Hennessy Road, Wanchai, Hong Kong	<p>The property comprises two office units on the 2nd floor of a 16-storey commercial building completed in 1977.</p> <p>The property has a total gross floor area of approximately 120.77 sq.m. (1,300 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 1st May, 2009 to 12th October, 2009 at a monthly rental of HK\$35,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B37	1/F, Tower 188, Nos. 188-190 Hennessy Road, Wanchai, Hong Kong	<p>Tower 188 is a 13-storey commercial/office building completed in 1974.</p> <p>The property comprises the whole of first floor of Tower 188 with a gross floor area of approximately 167.22 sq.m. (1,800 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 18th May, 2009 to 17th May, 2011 at a monthly rental of HK\$70,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B38	2/F, Tower 188, Nos. 188-190 Hennessy Road, Wanchai, Hong Kong	<p>Tower 188 is a 13-storey commercial/office building completed in 1974.</p> <p>The property comprises the whole of second floor of Tower 188 with a gross floor area of approximately 167.22 sq.m. (1,800 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 18th May, 2009 to 17th May, 2011 at a monthly rental of HK\$70,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B39	Shops 2 -11, G/F, Chong Fat Commercial Building, Nos. 266-268 Cheung Sha Wan Road, Sham Shui Po, Kowloon	<p>Chong Fat Commercial Building is a 13-storey commercial/office building completed in 1983.</p> <p>The property comprises ten shop units on the ground floor of Chong Fat Commercial Building with a gross floor area of approximately 134.71 sq.m. (1,450 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st November, 2008 to 31st October, 2010 at a monthly rental of HK\$75,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B40	G/F and 1/F, No. 124 Ma Tau Wai Road, Hung Hom, Kowloon	<p>The property comprises the whole of ground and first floors of a 10-storey composite building completed in 1987.</p> <p>The property has a gross floor area of approximately 172.80 sq.m. (1,860 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st June, 2009 to 31st May, 2011 at a monthly rental of HK\$39,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B41 Shop No. 12, G/F, Ming Wai Building, Nos. 4-26 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building completed in 1972.</p> <p>The property has a gross floor area of approximately 74.32 sq.m. (800 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st September, 2007 to 31st August, 2009 at a monthly rental of HK\$48,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B42 Shop No. 11, G/F, Ming Wai Building, Nos. 4-26 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building completed in 1972.</p> <p>The property has a gross floor area of approximately 74.32 sq.m. (800 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st September, 2007 to 31st August, 2009 at a monthly rental of HK\$36,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B43 Flat A, G/F, San Fung House, Nos. 113-119 San Fung Avenue, Shek Wu Hui North, Sheung Shui, New Territories	<p>The property comprises a shop unit on the ground floor of a 4-storey composite building completed in 1966.</p> <p>The property has a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 10th November, 2007 to 9th November, 2009 at a monthly rental of HK\$100,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B44 1/F, Double Set Commercial Centre, Nos. 37A-37B Jordan Road, Jordan, Kowloon	<p>The property comprises the whole of first floor of a 18-storey commercial building completed in 1991.</p> <p>The property has a gross floor area of approximately 139.82 sq.m. (1,505 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 9th September, 2009 to 8th September, 2011 at a monthly rental of HK\$46,800, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B45	1/F, No. 178 Aberdeen Main Road, Aberdeen, Hong Kong	<p>The property comprises the whole of first floor of a 4-storey composite building completed in 1954.</p> <p>The property has a gross floor area of approximately 144.93 sq.m. (1,560 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 1st January, 2008 to 31st December, 2010 at a monthly rental of HK\$64,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B46	G/F, No. 151 Des Voeux Road West, Sai Ying Pun, Hong Kong	<p>The property comprises the whole of ground floor of a 9-storey composite building completed in 1968.</p> <p>The property has a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 2nd April, 2007 to 1st April, 2010 at a monthly rental of HK\$42,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B47	Unit 119, 1/F, Cheung Sha Wan Plaza, No. 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	<p>Cheung Sha Wan Plaza comprises two blocks of commercial/office building with car parking spaces on 3/F and 4/F completed in 1989.</p> <p>The property comprises a shop unit on the first floor of Cheung Sha Wan Plaza with a gross floor area of approximately 215.35 sq.m. (2,318 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st June, 2008 to 31st May, 2010 at a monthly rental of HK\$70,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B48	Shops 201-2, 2/F, Olympia Plaza, No. 255 King's Road, North Point, Hong Kong	<p>Olympia Plaza is a 26-storey commercial/office building with 3 levels of basement completed in 1999.</p> <p>The property comprises two shop units on the 2nd floor of Olympia Plaza with a total gross floor area of approximately 99.59 sq.m. (1,072 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 16th June, 2008 to 15th June, 2010 at a monthly rental of HK\$49,700, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B49	Shop A on the 2/F, Wai Kee House, No. 91 Sai Yee Street, Mongkok, Kowloon	<p>Wai Kee House is a 17-storey composite building completed in 1965.</p> <p>The property comprises a shop unit on the 2nd floor of Wai Kee House with a gross floor area of approximately 139.35 sq.m. (1,500 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 28th October, 2006 to 27th October, 2009 at a monthly rental of HK\$85,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B50	G/F, No. 271 To Kwa Wan Road, To Kwa Wan, Kowloon	<p>The property comprises a shop unit on the ground floor of a 8-storey composite building completed in 1960.</p> <p>The property has a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$45,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B51	G/F and 1/F, No. 27 Lung Kong Road, Kowloon City, Kowloon	<p>The property comprises the whole of ground and 1/F floors of a 6-storey composite building completed in 1974.</p> <p>The property has a total gross floor area of approximately 185.80 sq.m. (2,000 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 25th September, 2007 to 24th September, 2009 at a monthly rental of HK\$72,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B52	Shop 6, G/F, No. 49 Tai Ho Road, Tsuen Wan, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building completed in 1966.</p> <p>The property has a gross floor area of approximately 157.93 sq.m. (1,700 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st September, 2008 to 31st August, 2010 at a monthly rental of HK\$78,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B53 Shop G31, G/F, Metro City, Phase II, No. 8 Yan King Road, Tseung Kwan O, New Territories	<p>The property comprises a shop unit on the ground floor of a 4-storey commercial arcade with 2 levels of basement completed in 2000.</p> <p>The property has a gross floor area of approximately 132.39 sq.m. (1,425 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 6th January, 2009 to 5th January, 2011 at a monthly rental of HK\$65,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B54 Shop 3, G/F, Pacific Plaza, Nos. 410-424B Des Voeux Road West, Western, Hong Kong	<p>Pacific Plaza is a 26-storey commercial/office building with 3 levels of basement completed in 1992.</p> <p>The property comprises a shop unit on the ground floor of Pacific Plaza with a gross floor area of approximately 68.10 sq.m. (733 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 16th February, 2009 to 15th February, 2011 at a monthly rental of HK\$27,854, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B55 Unit No. 2001A, 2/F, United Centre, No. 95 Queensway, Admiralty, Hong Kong	<p>United Centre is a 35-storey commercial/office building erected over a 6-storey commercial podium completed in 1981.</p> <p>The property comprises a unit on the 2nd floor of United Centre with a gross floor area of approximately 118.91 sq.m. (1,280 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 24th November, 2008 to 23rd November, 2010 at a monthly rental of HK\$40,800 exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B56 2/F, Wincome Centre, No. 39 Des Voeux Road Central, Central, Hong Kong	<p>The property comprises the whole of 2nd floor of a 15-storey commercial building completed in 1992.</p> <p>The property has a gross floor area of approximately 248.98 sq.m. (2,680 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 26th September, 2007 to 25th September, 2009 at a monthly rental of HK\$77,720, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B57	Office B, 7/F, Full Win Commercial Centre, No. 573 Nathan Road, Mongkok, Kowloon	<p>Full Win Commercial Centre is a 24-storey commercial building with a basement completed in 1995.</p> <p>The property comprises an office unit on the 7th floor of Full Win Commercial Centre with a gross floor area of approximately 77.95 sq.m. (839 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 13th November, 2007 to 12th November, 2009 at a monthly rental of HK\$15,102 exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B58	Shop E4f, G/F, Tai Yau Building, Nos. 56-58 Ivy Street, Tai Kok Tsui, Kowloon	<p>The property comprises a shop unit on the ground floor of a 14-storey composite building completed in 1974.</p> <p>The property has a gross floor area of approximately 130.06 sq.m. (1,400 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 15th November, 2007 to 14th November, 2009 at a monthly rental of HK\$43,700, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B59	Shop 134A, 1/F, Kingswood Ginza, Phase 2, Tin Shui Wai, New Territories	<p>The property comprises a shop unit on the first floor of a 25-storey commercial/office building with 2 levels of basement completed in 1997.</p> <p>The property has a gross floor area of approximately 62.15 sq.m. (669 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 16th November, 2008 to 15th November, 2010 at a monthly rental of HK\$40,800, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B60	Shops G13-14, G/F, Kwun Tong Plaza, No. 68 Hoi Yuen Road, Kwun Tong, Kowloon	<p>Kwun Tong Plaza is a 14-storey (including mezzanine floor) commercial building with shopping arcade from 1/F to 3/F and car parking spaces from 5/F to 11/F completed in 1986.</p> <p>The property comprises a shop unit on the ground floor of Kwun Tong Plaza with a gross floor area of approximately 46.08 sq.m. (496 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 24th January, 2009 to 23rd January, 2011 at a monthly rental of HK\$112,700, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B61	Workshop No. 1A, G/F, International Plaza, No. 20 Sheung Yuet Road, Kowloon Bay, Kowloon	<p>The property comprises a workshop unit on the ground floor of a 12-storey industrial building with a basement completed in 1987.</p> <p>The property has a gross floor area of approximately 89.19 sq.m. (960 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st December, 2008 to 30th November, 2010 at a monthly rental of HK\$87,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B62	Offices B & C, 8/F, Causeway Bay Centre, Nos. 15-23 Sugar Street, Causeway Bay, Hong Kong	<p>Causeway Bay Centre is a 22-storey commercial/office building with a basement completed in 1983.</p> <p>The property comprises two office units on the 8th floor of Causeway Bay Centre with a gross floor area of approximately 219.62 sq.m. (2,364 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 20th November, 2008 to 19th November, 2010 at a monthly rental of HK\$53,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B63	Shops 15 & 16 of Retail Portions on the Ground Floor of Commercial Podium, Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon	<p>Mandarin Plaza comprises 2 blocks of commercial/office building (10 to 11 storeys) erected over a 4-storey commercial podium with a basement completed in 1982.</p> <p>The property comprises two shop units on the ground floor of Mandarin Plaza with a gross floor area of approximately 70.61 sq.m. (760 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 18th December, 2008 to 17th December, 2010 at a monthly rental of HK\$70,180, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B64	Shops 75 & 76, G/F, Block B, Walton Estate, Nos. 341-343 Chai Wan Road, Nos. 1-3 Yee Shun Street, Chai Wan, Hong Kong	<p>Walton Estate is a 25-storey composite building completed in 1981.</p> <p>The property comprises two shop units on the ground floor of Walton Estate with a gross floor area of approximately 74.32 sq.m. (800 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 29th January, 2007 to 28th January, 2010 at a monthly rental of HK\$78,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B65	G/F, No. 25 Luen Hing Street, Luen Wo Market, Fanling, New Territories	<p>The property comprises a shop unit on the ground floor of a 5-storey composite building completed in 1965.</p> <p>The property with a gross floor area of approximately 102.19 sq.m. (1,100 sq.ft.) is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st October, 2007 to 30th September, 2009 at a monthly rental of HK\$23,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B66	Shop 6, G/F, Grandeur Garden, Nos. 14-18 Chik Fai Street, Nos. 55-65 Tai Wai Road, Shatin, New Territories	<p>Grandeur Garden comprises 6 blocks of residential building erected over a 2-storey commercial podium completed in 1985.</p> <p>The property comprises a shop unit on the ground floor of Grandeur Garden with a gross floor area of approximately 55.74 sq.m. (600 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 2nd October, 2007 to 1st October, 2009 at a monthly rental of HK\$73,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B67	Shop B, G/F, Wing Kin Mansion, Nos. 83-89 Fung Tak Road, Wong Tai Sin, Kowloon	<p>Wing Kin Mansion is a 7-storey composite building completed in 1970.</p> <p>The property comprises a shop unit on ground floor of Wing Kin Mansion with a gross floor area of approximately 111.48 sq.m. (1,200 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st October, 2008 to 30th September, 2011 at a monthly rental of HK\$48,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B68	Room 801, 8/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises two office units on the 8th floor of Allied Kajima Building with a gross floor area of approximately 260.68 sq.m. (2,806 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 25th March, 2008 to 24th March, 2010 at a monthly rental of HK\$92,598, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B69	Room 802, 8/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises an office unit on the 8th floor of Allied Kajima Building with a gross floor area of approximately 130.99 sq.m. (1,410 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st June, 2008 to 31st May, 2010 at a monthly rental of HK\$53,298, exclusive of rates.</p>	No Commercial Value
B70	Rooms 1401-2, 14/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises two office units on the 14th floor of Allied Kajima Building with a gross floor area of approximately 348.01 sq.m. (3,746 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 16th April, 2009 to 15th April, 2011 at a monthly rental of HK\$93,650, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B71 20/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises the whole of 20th floor of Allied Kajima Building with a gross floor area of approximately 883.13 sq.m. (9,506 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st January, 2008 to 31st December, 2009 at a monthly rental of HK\$359,326.80, exclusive of rates but inclusive of management fees and other outgoings.</p>	No Commercial Value	
B72 21/F, Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/office building with 2 levels of basement completed in 1990.</p> <p>The property comprises the whole of 21st floor of Allied Kajima Building with a gross floor area of approximately 883.13 sq.m. (9,506 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st January, 2008 to 31st December, 2009 at a monthly rental of HK\$359,326.80, exclusive of rates but inclusive of management fees and other outgoings.</p>	No Commercial Value	
B73 Units 1605-09, 16/F, Tower I, Admiralty Centre No. 18 Harcourt Road, Admiralty, Hong Kong	<p>Admiralty Centre comprises two blocks of commercial/office building (28 and 23-storeys) erected over a 4-storey commercial podium completed in 1980.</p> <p>The property comprises five office units on the 16th floor of Tower I of Admiralty Centre with a gross floor area of approximately 882.48 sq.m. (9,499 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 5th June, 2009 to 4th June, 2012 at a monthly rental of HK\$261,222.50, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B74 Shop 71, 1/F, Tower II, Admiralty Centre No. 18 Harcourt Road, Admiralty, Hong Kong	<p>Admiralty Centre comprises two blocks of commercial/office building (28 and 23-storeys) erected over a 4-storey commercial podium completed in 1980.</p> <p>The property comprises a shop unit on the first floor of Tower II of Admiralty Centre with a gross floor area of approximately 97.83 sq.m. (1,053 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st November, 2007 to 31st October, 2010 at a monthly rental of HK\$60,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B75 Units 706-709, 7/F, Crawford House, No. 70 Queen's Road Central, Central, Hong Kong	<p>Crawford House is a 23-storey commercial/office building completed in 1977.</p> <p>The property comprises four office units on the 7th floor of Crawford House with a gross floor area of approximately 227.33 sq.m. (2,447 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 6 years from 16th November, 2007 to 15th November, 2013 at a monthly rental of HK\$84,421.50 from year 1 to 3 and at the then market rent from year 4 to 6, all exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B76 Units 710A-710B, 7/F, Crawford House, No. 70 Queen's Road Central, Central, Hong Kong	<p>Crawford House is a 23-storey commercial/office building completed in 1977.</p> <p>The property comprises two office units on the 7th floor of Crawford House with a gross floor area of approximately 68.65 sq.m. (739 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 6 years from 16th March, 2008 to 15th November, 2013 at a monthly rental of HK\$26,973.50 from year 1 to 3 and at the then market rental from year 4 to 6, all exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B77 1/F, 2/F, 3/F & 4/F of China Merchants Steam Navigation Building, Nos. 303-307 Des Voeux Road Central & Nos. 152-155 Connaught Road Sheung Wan, Central, Hong Kong	<p>China Merchants Steam Navigation Building is a 25-storey commercial/office building completed in 1979.</p> <p>The property comprises the whole of first to fourth floors of China Merchants Steam Navigation Building with a gross floor area of approximately 2,375.33 sq.m. (25,568 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 year from 1st January, 2009 to 31st December, 2010 at a monthly rental of HK\$460,224, inclusive of rates, management fees and other outgoing.</p>	No Commercial Value	
B78 Part of Room A on 1/F, Man Foong Industrial Building, 7 Cheung Lee Street, Chai Wan, Hong Kong	<p>Man Foong Building is a 25-storey industrial building completed in 1977.</p> <p>The property comprises a mini warehouse (B44) of Room A on 1/F. of the Building with a gross floor area of approximately 4.65 sq.m. (50 sq.ft.) and is currently occupied by the Group as storage use.</p> <p>The property is leased by the Group from 30th May 2009 to 30th November 2009 at a monthly licence fee of HK\$750, inclusive of rates, management fees and other outgoing.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B79	<p>Shop on G/F, China Merchants Steam Navigation Building, Nos. 303-307 Des Voeux Road Central & Nos. 152-155 Connaught Road Central, Sheung Wan, Hong Kong</p>	<p>China Merchants Steam Navigation Building is a 25-storey commercial/office building completed in 1979.</p> <p>The property comprises a shop unit on ground floor of China Merchants Steam Navigation Building with a gross floor area of approximately 57.88 sq.m. (623 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 2 years from 1st January, 2009 to 31st December, 2010 at a monthly rental of HK\$13,800, inclusive of rates, management fees and other outgoing.</p>	No Commercial Value
B80	<p>Units 01-04, 7/F, China Merchants Steam Navigation Building, Nos. 303-307 Des Voeux Road Central & Nos.152-155 Connaught Road Central, Sheung Wan, Hong Kong</p>	<p>China Merchants Steam Navigation Building is a 25-storey commercial/office building completed in 1979.</p> <p>The property comprises four office units on the 7th floor of China Merchants Steam Navigation Building with a gross floor area of approximately 264.68 sq.m. (2,849 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 18th April, 2009 to 31st December, 2010 at a monthly rental of HK\$39,886, inclusive of rates, management fees and other outgoing.</p>	No Commercial Value
B81	<p>Shop 108, Block B, Discovery Bay Plaza, Nos. 8-12 Plaza Lane, Discovery Bay, Lantau Island, New Territories</p>	<p>Discovery Bay Plaza is a 7-storey commercial/office building completed in 1992.</p> <p>The property comprises a shop unit of Discovery Bay Plaza with a gross floor area of approximately 252.69 sq.m. (2,720 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st May, 2008 to 30th April, 2010 at a monthly rental of HK\$134,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B82	<p>Flat B, 12/F, Glamour Court, No. 1 Discovery Bay Road, Discovery Bay, Lantau Island, New Territories</p>	<p>Glamour Court is a 21-storey residential building completed in 1988.</p> <p>The property comprises a domestic unit on the 12th floor of Glamour Court with a gross floor area of approximately 43.85 sq.m. (472 sq.ft.) and is currently occupied by the Group as staff quarter.</p> <p>The property is leased by the Group for a term of 2 years from 1st March, 2009 to 28th February, 2011 at a monthly rental of HK\$5,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B83 Unit 1301, 13/F, East Point Centre, No. 555 Hennessy Road, Causeway Bay, Hong Kong	<p>East Point Centre is a 22-storey commercial/office building with 2 levels of basement completed in 1993.</p> <p>The property comprises an office unit on the 13th floor of East Point Centre with a gross floor area of approximately 241.82 sq.m. (2,603 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 10th May, 2007 to 9th November, 2009 at a monthly rental of HK\$76,788.50 exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B84 Room 1002, 10/F, The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	<p>The Goldmark is a 20-storey commercial/office building completed in 1987.</p> <p>The property comprises an office unit on the 10th floor of The Goldmark with a gross floor area of approximately 70.61sq.m. (760 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 23rd June, 2008 to 22nd June, 2011 at a monthly rental of HK\$23,782.50 (Years 1 & 2) and HK\$24,160 (Year 3) respectively, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B85 Room 2017, 20/F, Hutchison House, No. 10 Harcourt Road, Central, Hong Kong	<p>Hutchison House is a 22-storey commercial/office building erected over a commercial podium completed in 1975.</p> <p>The property comprises an office unit on the 20th floor of Hutchison House with a gross floor area of approximately 52.95 sq.m. (570 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 15 May 2007 to 14 May 2010 at a monthly rental of HK\$32,863, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B86 Unit 1 on 25/F, Westley Square, No. 48 Hoi Yuen Road, Kwun Tong, Kowloon	<p>Westley Square is a 23-storey commercial/office building with car parking spaces on 1/F and 2/F completed in 1998.</p> <p>The property comprises an office unit on the 25th floor of Westley Square with a gross floor area of approximately 402.64 sq.m. (4,334 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 10th November, 2008 to 9th November, 2011 at a monthly rental of HK\$54,175, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	
B87	Shop J(B), Ground Floor, Mei Foo Sun Chuen, Stage V, No. 15 Nassau Street, Lai Chi Kok, Kowloon	<p>Mei Foo Sun Chuen is a large scale residential development erected over a commercial podium completed in 1973.</p> <p>The property comprises a shop unit on the ground floor of Mei Foo Sun Chuen with a gross floor area of approximately 65.03 sq.m. (700 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st February, 2009 to 31st January, 2011 at a monthly rental of HK\$38,000, inclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B88	8/F, Wai Fung Plaza, No. 664 Nathan Road, Mongkok, Kowloon	<p>Wai Fung Plaza is a 18-storey commercial/office building completed in 1984.</p> <p>The property comprises the whole of 8th floor of Wai Fung Plaza with a gross floor area of approximately 554.25 sq.m. (5,966 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 7th February, 2009 to 6th February, 2011 at a monthly rental of HK\$131,252, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B89	Rooms 401-403, 4/F, Wai Fung Plaza, No. 664 Nathan Road, Mongkok, Kowloon	<p>Wai Fung Plaza is a 18-storey commercial/office building completed in 1984.</p> <p>The property comprises 3 shop units on the 4th floor of Wai Fung Plaza with a gross floor area of approximately 179.77 sq.m. (1,935 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 17th March, 2009 to 16th March, 2011 at a monthly rental of HK\$42,570, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B90	Shop 210, Level 2, Ma On Shan Plaza, No. 608 Sai Sha Road, Ma On Shan, New Territories	<p>Ma On Shan Plaza is a 2-storey shopping arcade completed in 1994.</p> <p>The property comprises a shop unit on level 2 of Ma On Shan Plaza with a gross floor area of approximately 68.38 sq.m. (736 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st January, 2009 to 31st December, 2011 at a monthly rental of HK\$35,328 (Years 1 & 2) and HK\$39,008 (Year 3) exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B91 Shop 27D, G/F, State Theatre Building, Nos. 277-291 King's Road, North Point, Hong Kong	<p>State Theatre Building is a 11-storey composite building completed in 1959.</p> <p>The property comprises a shop unit on the ground floor of State Theatre Building with a net floor area of approximately 36.60 sq.m. (394 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 1 year from 19th April, 2009 to 18th April, 2010 at a monthly rental of HK\$26,400, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B92 Unit 703, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	<p>Nan Fung Centre is a 20-storey commercial/office building with a basement completed in 1983.</p> <p>The property comprises an office unit on the 7th floor of Nan Fung Centre with a gross floor area of approximately 61.41 sq.m. (661 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 21st July, 2007 to 31st July, 2010 at a monthly rental of HK\$14,542, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B93 Unit 704, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	<p>Nan Fung Centre is a 20-storey commercial/office building with a basement completed in 1983.</p> <p>The property comprises an office unit on the 7th floor of Nan Fung Centre with a gross floor area of approximately 61.41 sq.m. (661 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 5th December, 2008 to 4th December, 2011 at a monthly rental of HK\$17,847, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B94 Suite 304, 3/F., Oxford House, Taikoo Place, No. 979 King's Road, Quarry Bay, Hong Kong	<p>Oxford House is a 42-storey office/commercial building with 3 levels of basement completed in 1999.</p> <p>The property comprises an office unit of Oxford House with a gross floor area of approximately 283.17 sq.m. (3,048 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st January, 2008 to 31st December, 2011 at a monthly rental of HK\$99,060, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B95	<p>Rooms 501-507, 530-532, 5/F Prince's Building, No. 10 Chater Road, Central, Hong Kong</p> <p>Prince's Building is a 26-storey commercial/office building with a basement completed in 1965.</p> <p>The property comprises ten office units on the 5th floor of Prince's Building with a lettable area of approximately 565.59 sq.m. (6,088 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 6 years from 1st March, 2004 to 28th February, 2010 at a monthly rental of HK\$438,336, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B96	<p>Rooms 606-607, 6/F, HK Pacific Centre, No. 28 Hankow Road, Tsimshatsui, Kowloon</p> <p>HK Pacific Centre is a 18-storey commercial/office building with a basement completed in 1991.</p> <p>The property comprises two office units on the 6th floor of HK Pacific Centre with a gross floor area of approximately 141.95 sq.m. (1,528 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st February, 2007 to 31st December, 2011 at a monthly rental of HK\$42,784, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B97	<p>Rooms 608-613, 6/F, HK Pacific Centre, No. 28 Hankow Road, Tsimshatsui, Kowloon</p> <p>HK Pacific Centre is a 18-storey commercial/office building with a basement completed in 1991.</p> <p>The property comprises six office units on the 6th floor of HK Pacific Centre with a gross floor area of approximately 513.84 sq.m. (5,531 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st February, 2009 to 31st December, 2011 at a monthly rental of HK\$154,868, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B98	<p>Shop 2, G/F & Mezzanine Floor, Eastway Towers, Nos. 59-99 Shau Kei Wan Main Street East, Shaukeiwan, Hong Kong</p> <p>Eastway Towers is a 27-storey composite building with a basement and car parking spaces from 1/F to 3/F completed in 1976.</p> <p>The property comprises a shop unit on the ground floor and mezzanine floor of Eastway Towers with a gross floor area of approximately 185.80 sq.m. (2,000 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st July, 2007 to 30th June, 2010 at a monthly rental of HK\$58,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B99	Rooms 712, 905-907, New Town Tower, Nos. 10-18 Pak Hok Ting Street, Shatin, New Territories	<p>New Town Tower is a 14-storey commercial/office building completed in 1988.</p> <p>The property comprises four office units on 7th floor and 9th floor of New Town Tower with a total gross floor area of approximately 289.20 sq.m. (3,113 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st September, 2007 to 31st August, 2010 at a monthly rental of HK\$136,972, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B100	Rooms 1005-6, 10/F, New Town Tower, Nos. 10-18 Pak Hok Ting Street, Shatin, New Territories	<p>New Town Tower is a 14-storey commercial/office building completed in 1988.</p> <p>The property comprises two office units on 10th floor of New Town Tower with a gross floor area of approximately 147.99 sq.m. (1,593 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st July, 2009 to 30th June, 2012 at a monthly rental of HK\$71,685, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B101	Shop 404A, Level 4, Shopping Centre, Stanley Plaza, Stanley, Hong Kong	<p>Stanley Plaza is a 6-storey shopping arcade completed in 2000.</p> <p>The property comprises a shop unit on the level 4 of shopping centre of Stanley Plaza with a gross floor area of approximately 57.97 sq.m. (624 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 1 year from 16th February, 2009 to 15th February, 2010 at a monthly rental of HK\$38,500 exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B102	Shop 18, G/F, Tung Chung Crescent, No. 1 Hing Tung Street, Tung Chung, Lantau Island, New Territories	<p>The property comprises a shop unit on the ground floor of Tung Chung Crescent with a gross floor area of approximately 186.73 sq.m. (2,010 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 5 years from 15th September, 2006 to 14th November, 2011 at progressive monthly rental of HK\$115,600 (Year 1), HK\$125,700 (Year 2), HK\$135,700 (Year 3) and HK\$138,690 (Year 4 and 5) exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B103 Shop Unit P1A, Podium Level, Telford Plaza I, Kowloon Bay, Kowloon	<p>Telford Plaza I is a 2-storey shopping arcade completed in 1980.</p> <p>The property comprises a shop unit on podium level of Telford Plaza I, with a lettable area of approximately 240.99 sq.m. (2,594 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 27th March, 2007 to 26th March, 2010 at progressive monthly rental of HK\$300,000 (Year 1), HK\$ 310,000 (Year 2) and HK\$ 320,000 (Year 3), exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B104 Store room with toilet next to Shop Unit P1A, Podium Level, Telford Plaza I, Kowloon Bay, Kowloon	<p>Telford Plaza I is a 2-storey shopping arcade completed in 1980.</p> <p>The property comprises a storeroom on the podium level of Telford Plaza I, with a lettable area of approximately 18.58 sq.m. (200 sq.ft.) and is currently occupied by the Group as storeroom use.</p> <p>The property is leased by the Group for a term of 3 years from 27th March, 2007 to 26th March, 2010 at progressive monthly licence fee of HK\$11,500 (Year 1), HK\$12,000 (Year 2) and HK\$12,500 (Year 3), exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B105 Shops 234-236, Level 2, Metro City Plaza, Phase I, Tseung Kwan O, New Territories	<p>Metro City Plaza is a 5-storey commercial podium with 2 levels of basement completed in 1990.</p> <p>The property comprises three shop units on level 2 of Metro City Plaza Phase I with a gross floor area of approximately 240.90 sq.m. (2,593 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 29th June, 2009 to 28th June, 2012 at progressive monthly income of HK\$100,000 (Year 1), HK\$110,000 (Year 2) and HK\$127,500 (Year 3), exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B106 G/F, Fook On Building, No. 43 Heung Sze Wui Street, Tai Po, New Territories	<p>Fook On Building is a 14-storey composite building completed in 1974.</p> <p>The property comprises a shop unit on the ground floor of Fook On Building with a net floor area of approximately 48.50 sq.m. (522 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st March, 2009 to 31st May, 2010 at a monthly rental of HK\$44,500, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B107 Shop 28, G/F, Grandway Garden, No. 16 Mei Tin Road, Shatin, New Territories	<p>Grandway Garden comprises 3 blocks of 24-storey residential/commercial complex erected over a 6-storey car parking podium completed in 1989.</p> <p>The property comprises a shop unit on the ground floor of Grandway Garden with a net floor area of approximately 27.13 sq.m. (292 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st November, 2008 to 31st July, 2010 at a monthly rental of HK\$79,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B108 Shop 308D, 3/F, Maritime Square, No. 33 Tsing King Road, Tsing Yi, New Territories	<p>Maritime Square is a 4-storey shopping arcade completed in 1998.</p> <p>The property comprises a shop unit on the 3rd floor of Maritime Square with a lettable area of approximately 260.31 sq.m. (2,802 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 16th April, 2007 to 15th April, 2010 at progressive monthly rental of HK\$252,180 (Year 1), HK\$266,190 (Year 2) and HK\$280,200 (Year 3), exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B109 Shop TSY 47, G/F MTR Tsing Yi Station, Tsing Yi, New Territories	<p>Tsing Yi Station is a 6-storey MTR Tung Chung Line/ Airport Express interchange station accommodate with carparking and retails.</p> <p>The property comprises a shop unit on the ground floor of Tsing Yi Station with a gross floor area of approximately 87.24 sq.m. (939 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 5th March, 2007 to 4th March, 2010 at progressive monthly rental of HK\$58,610 (Year 1), HK\$61,274 (Year 2) and HK\$63,938 (Year 3), exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B110 24/F, Glassview Commercial Building, No. 65 Castle Peak Road, Yuen Long, New Territories	<p>Glassview Commercial Building is a 23-storey commercial/office building erected over a 3-storey shopping arcade completed in 2002.</p> <p>The property comprises an office unit on the 24th floor of Glassview Commercial Building with a gross floor area of approximately 120.77sq.m. (1,300 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of one year from 15th March, 2009 to 14th March, 2010 at a monthly rental of HK\$11,902.50, inclusive of rates, management fees and other outgoings.</p>		No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B111 Unit 1704-6, 17/F, Wai Fung Plaza, No. 664 Nathan Road, Mongkok, Kowloon	<p>Wai Fung Plaza is a 18-storey commercial/office building completed in 1984.</p> <p>The property comprises three office units on the 17th floor of Wai Fung Plaza with a gross floor area of approximately 279.64 sq.m. (3,010 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 17th October, 2008 to 16th October, 2011 at a monthly rental of HK\$72,240, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B112 Unit 2407, 24/F World Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong	<p>World Wide House is a 27-storey commercial/office building erected over a 4-storey commercial podium completed in 1980.</p> <p>The property comprises an office unit on the 24th floor of World Wide House with a gross floor area of approximately 320.88 sq.m. (3,454 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st February, 2008 to 31st January, 2011 at progressive monthly rental of HK\$124,344 (Year 1 & 2) and HK\$134,706 (Year 3), exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B113 Room 311, 3/F, No. 156 Wai Yip Street, Kwun Tong, Kowloon	<p>The property is a 9-storey godown building with car parking spaces on G/F completed in 1967.</p> <p>The property comprises a unit on the 3rd floor with a gross floor area of approximately 46.27 sq.m. (498 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st January, 2002 with no expiry date until written termination notice at a monthly rental of HK\$2,490, exclusive of rates.</p>	No Commercial Value	
B114 Room 402, 4/F, No. 156 Wai Yip Street, Kwun Tong, Kowloon	<p>The property is a 9-storey godown building with car parking spaces on G/F completed in 1967.</p> <p>The property comprises a unit on the 4th floor with a gross floor area of approximately 46.27 sq.m. (498 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st March, 2002 with no expiry date until written termination notice at a monthly rental of HK\$2,490, exclusive of rates.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B115 Room 504, 5/F No. 156 Wai Yip Street, Kwun Tong, Kowloon	<p>The property is a 9-storey for godown building with car parking spaces on G/F completed in 1967.</p> <p>The property comprises a unit on the 5th floor with a gross floor area of approximately 62.99 sq.m. (678 sq.ft.) and is currently occupied by the Group as storage use.</p> <p>The property is leased by the Group from 1st January, 2002 with no expiry date until written termination notice at a monthly rental of HK\$3,390, exclusive of rates.</p>		No Commercial Value
B116 Room 1301, 13/F, Champion Building, Nos. 301-309 Nathan Road, Jordan, Kowloon	<p>Champion Building is a 16-storey composite building with a basement completed in 1977.</p> <p>The property comprises an office unit on the 13th floor of Champion Building with a gross floor area of approximately 73.95 sq.m. (796 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st July, 2008 to 30th June, 2011 at a monthly rental of HK\$19,104, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B117 Unit 128, 1/F Richland Gardens, (Commercial and Garage Block), No. 80 Wang Kwong Road, Kowloon Bay, Kowloon	<p>Richland Gardens comprises 23 blocks of 10 to 33-storey residential/commercial complex completed in 1985.</p> <p>The property comprises a unit on the 1st floor of Richland Gardens with a gross floor area of approximately 102.19 sq.m. (1,100 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st July, 2008 to 30th June, 2011 at a monthly rental of HK\$34,500, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B118 Flat C on 7/F, Yue Man Mansion, Nos. 15-17 Hong Ning Road, Nos. 304-308 Ngan Tau Kok Road, Kwun Tong, Kowloon	<p>Yue Man Mansion is a 15-storey composite building completed in 1966.</p> <p>The property comprises a unit on the 7th floor of Yue Man Mansion with a gross floor area of approximately 55.74 sq.m. (600 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st January, 2008 to 31st December, 2010 at a monthly rental of HK\$15,000 (Years 1 & 2) and HK\$16,000 (Year 3), exclusive of rates, management fees and other outgoings.</p>		No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B119 Room 906, 9/F, Sino Centre, No. 582 Nathan Road, Mongkok, Kowloon	<p>Sino Centre is a 22-storey commercial/office building erected over a 3-storey shopping podium and a basement completed in 1979.</p> <p>The property comprises an office unit on the 9th floor of Sino Centre with a gross floor area of approximately 64.10 sq.m. (690 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st July, 2008 to 30th June, 2010 at a monthly rental of HK\$13,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B120 Room 907, 9/F, Sino Centre, No. 582 Nathan Road, Mongkok, Kowloon	<p>Sino Centre is a 22-storey commercial/office building erected over a 3-storey shopping podium with a basement completed in 1979.</p> <p>The property comprises an office unit on the 9th floor of Sino Centre with a gross floor area of approximately 58.34 sq.m. (628 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st July, 2008 to 30th June, 2010 at a monthly rental of HK\$12,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B121 Units 713-4, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	<p>Nan Fung Centre is a 20-storey commercial/office building erected over a 2-storey shopping podium with a basement completed in 1983.</p> <p>The property comprises two office units on the 7th floor of Nan Fung Centre with a gross floor area of approximately 93.83 sq.m. (1,010 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st March, 2007 to 28th February, 2010 at a monthly rental of HK\$23,230, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B122 Unit 722, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	<p>Nan Fung Centre is a 20-storey commercial/office building erected over a 2-storey shopping podium with a basement completed in 1983.</p> <p>The property comprises an office unit on the 7th floor of Nan Fung Centre with a gross floor area of approximately 46.92 sq.m. (505 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st March, 2007 to 28th February, 2010 at a monthly rental of HK\$13,600, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B123 Unit 723, 7/F, Nan Fung Centre, Nos. 264-298 Castle Peak Road, Tsuen Wan, New Territories	<p>Nan Fung Centre is a 20-storey commercial/office building erected over a 2-storey shopping podium with a basement completed in 1983.</p> <p>The property comprises an office unit on the 7th floor of Nan Fung Centre with a gross floor area of approximately 95.78 sq.m. (1,031 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st March, 2007 to 28th February, 2010 at a monthly rental of HK\$24,744, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B124 Shop, F10, 1/F, Kingswood Richly Plaza, Kingswood Villas Locwood Court, No. 1 Tin Wu Road, Tin Shui Wai, Yuen Long, New Territories	<p>Kingswood Richly Plaza is a 4-storey shopping arcade completed in 1991.</p> <p>The property comprises a shop unit on the 1st floor of Kingswood Richly Plaza with a gross floor area of approximately 65.68 sq.m. (707 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st July, 2008 to 30th June, 2011 at a monthly rental of HK\$54,340, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B125 Shop 52, G/F, Richland Garden Shopping Arcade, No. 138 Wu Chui Road, Tuen Mun, New Territories	<p>Richland Garden comprises four blocks of 28-storey residential/commercial building erected over a 3-storey shopping podium completed in 1992.</p> <p>The property comprises a shop unit on the ground floor of Richland Garden with a gross floor area of approximately 51.00 sq.m. (549 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 4 years from 15th November, 2006 to 14th November, 2010 at a monthly rental of HK\$30,000 (Year 1 and 2) and HK\$32,500 (Year 3 and 4), exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B126 Shops 18C-18D, Upper Ground Floor, Blocks 18-19, Tsuen Wan Centre Shopping Arcade Phase 2, Nos. 100-102, Tsuen King Circuit, Tsuen Wan, New Territories	<p>Tsuen Wan Centre Shopping Arcade Phase 2 is a 6-storey shopping arcade with car parking spaces on G/F and Mezzanine Floor completed in 1980.</p> <p>The property comprises two shop units on the upper ground floor of Tsuen Wan Centre Shopping Arcade Phase 2 with a total gross floor area of approximately 39.58 sq.m. (426 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st July, 2008 to 30th June, 2011 at a monthly rental of HK\$30,767, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B127 Shop 17, Upper Ground Floor, Blocks 18-19, Tsuen Wan Centre Shopping Arcade Phase II, Nos. 100-102, Tsuen King Circuit, Tsuen Wan, New Territories	<p>Tsuen Wan Centre New Shopping Arcade Phase 2 is a 6-storey shopping arcade with car parking spaces on ground and Mezzanine floors completed in 1980.</p> <p>The property comprises a shop unit on the upper ground floor of Tsuen Wan Centre New Shopping Arcade with a gross floor area of approximately 18.58 sq.m. (200 sq.ft.) and is currently occupied by the Group as storage use.</p> <p>The property is leased by the Group for a term of 2 years from 10th March, 2008 to 9th March, 2010 at a monthly rental of HK\$2,700, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B128 Portion of Shop 1, G/F Sino Cheer Plaza, No. 23 Jordan Road, Jordan, Kowloon	<p>Sino Cheer Plaza is a 22-storey commercial/office building completed in 2003.</p> <p>The property comprises a shop unit on ground floor of Sino Cheer Plaza with a saleable area of approximately 23.23 sq.m. (250 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 21st July, 2009 to 20th June, 2011 at a monthly rental of HK\$36,000, inclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B129 G/F, 1/F,& 2/F, Ocean Court, Nos. 27-41 Ka Shin Street, Nos. 2H, 2J-2L Kok Cheung Street, Nos. 28-44 Pok Man Street, Tai Kok Tsui Kowloon	<p>Ocean Court comprises three blocks of 12-storey residential/commercial building erected over a 3-storey shopping podium completed in 1973.</p> <p>The property comprises the whole of ground floor, first floor and second floor of Ocean Court with a total gross floor area of approximately 3,534.93 sq.m. (38,050 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 1st August, 2008 to 31st July, 2011 at a monthly rental of HK\$600,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B130 2/F, Man Kee Mansion, No. 86 Waterloo Road, Kowloon	<p>Man Kee Mansion is a 26-storey composite building completed in 1966.</p> <p>The property comprises the whole of second floor of Man Kee Mansion with a gross floor area of approximately 2,587.33 sq.m. (27,850 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 1st December, 2007 to 30th November, 2010 at a monthly rental of HK\$390,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B131	G/F, 1/F & 2/F, Winfield Building, Nos. 847-865 Canton Road, Yau Ma Tei, Kowloon	<p>Winfield Building is a 21-storey composite building completed in 1984.</p> <p>The property comprises the whole of ground floor, first floor and second floor of Winfield Building with a total gross floor area of approximately 1,443.24 sq.m. (15,535 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 1st October, 2006 to 30th September, 2009 at a monthly rental of HK\$247,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B132	G/F, 1/F & 2/F, Hang Ying House, Nos. 318-328 King's Road, North Point, Hong Kong	<p>Hang Ying House is a 20-storey composite building completed in 1975.</p> <p>The property comprises the whole of ground floor, first floor and second floor of Hang Ying House with a total gross floor area of approximately 2,294.31 sq.m. (24,696 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 19th October, 2006 to 18th October, 2009 at a monthly rental of HK\$495,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B133	G/F-4/F, Tai Wah House, Nos. 90, 92 & 94 Prince Edward Road West, Mongkok, Kowloon	<p>Tai Wah House is a 14-storey composite building completed in 1967.</p> <p>The property comprises the whole of ground floor, first floor, second floor, third floor and fourth floor of Tai Wah House with a gross floor area of approximately 2,140.47 sq.m. (23,040 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 20th November, 2006 to 19th November, 2009 at a monthly rental of HK\$330,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B134	G/F, 1/F & 2/F, Kwai Sing Centre, No. 412 Castle Peak Road, Kwai Chung, New Territories	<p>Kwai Sing Centre comprises two blocks of 24-storey residential/commercial building erected over a 5-storey shopping podium completed in 1981.</p> <p>The property comprises the whole of ground floor, first floor and second floor of Kwai Sing Centre with a total gross floor area of approximately 1,768.86 sq.m. (19,040 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 1st May, 2008 to 30th April, 2011 at a monthly rental of HK\$290,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B135	<p>Portion of Shop 9 on G/F, 1/F, 2/F & 3/F, Tuen Mun Centre, No. 27 Yan Ching Street, Tuen Mun, New Territories</p> <p>Tuen Mun Centre is a 16-storey composite building completed in 1977.</p> <p>The property comprises portion of shop 9, the whole of first floor, second floor and third floor of Tuen Mun Centre with a total gross floor area of approximately 3,404.87 sq.m. (36,650 sq.ft.) and is currently occupied by the Group as elderly home.</p> <p>The property is leased by the Group for a term of 3 years from 8th January, 2009 to 7th January, 2012 at a monthly rental of HK\$460,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B136	<p>6/F, China Merchants Steam Navigation Building, Nos. 303-307 Des Vouex Road Central & Nos. 152-155 Connaught Road Central, Sheung Wan, Hong Kong</p> <p>China Merchants Steam Navigation Building is a 25-storey composite building completed in 1977.</p> <p>The property comprises the whole of the sixth floor of China Merchants Stream Navigation Building with a gross floor area of approximately 429.48 sq.m. (4,623 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 1st January, 2009 to 31st December, 2010 at a monthly rental of HK\$83,214, inclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B137	<p>Suite 10 on Levels 5 & 6 and One Covered Car Parking Space No. 3, Elite Villas, No. 22 Shouson Hill Road, Deep Water Bay, Hong Kong</p> <p>Elite Villas is a 9-storey residential building completed in 1993.</p> <p>The property comprises a residential unit on levels 5 & 6 and a covered carpark of Elite Villas with a gross floor area of approximately 225.29 sq.m. (2,425 sq.ft.) and is currently occupied by the Group as residential premises.</p> <p>The property is leased by the Group for a term of 2 years from 1st August, 2008 to 31st July, 2010 at a monthly rental of HK\$82,792, inclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B138	<p>Units 01 & 02, 23/F, No. 38 Russell Street, Causeway Bay, Hong Kong</p> <p>No. 38 Russell Street is a 37-storey composite building completed in 1996.</p> <p>The property comprises two units on the 23rd floor of No. 38 Russell Street with a gross floor area of approximately 283.44 sq.m. (3,051sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 15th May, 2008 to 14th May, 2010 at a monthly rental of HK\$106,785, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B139 Shop A1, Ground Floor, Sands House, No. 39 Belcher's Street, Western District, Hong Kong	<p>Sands House is a 17-storey composite building completed in 1974.</p> <p>The property comprises a shop unit on the ground floor of Sands House with a net floor area of approximately 24.15 sq.m. (260 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st April, 2009 to 31st March, 2011 at a monthly rental of HK\$16,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B140 Shop 11, G/F, Foon Tak Building, Nos. 38-44 Shing Fong Street, Kwai Chung, New Territories	<p>Foon Tak Building is a 22-storey composite building completed in 1977.</p> <p>The property comprises a shop unit on the ground floor of Foon Tak Building with a net floor area of approximately 35.95 sq.m. (387 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st May 2008 to 30th April 2011 at a monthly rental of HK\$23,000, inclusive of rates and government rent.</p>		No Commercial Value
B141 Shop H, G/F, Yenfu Mansion, Nos. 121-125, 129-135, 139 & 141 Hip Wo Street, Nos. 92-112 Shui Wo Street, Kwung Tong, Kowloon	<p>Yenfu Mansion is a 23-storey composite building completed in 1967.</p> <p>The property comprises a shop unit on the ground floor of Yenfu Mansion with a net floor area of approximately 49.52 sq.m. (533 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 1st October, 2008 to 30th September, 2010 at a monthly rental of HK\$65,500, inclusive of rates and government rent.</p>		No Commercial Value
B142 G/F, Hip Wo House, No. 149 Hip Wo Street, Kwun Tong, Kowloon	<p>Hip Wo House is a 21-storey composite building completed in 1966.</p> <p>The property comprises a shop unit on the ground floor of Hip Wo House with a net floor area of approximately 40.04 sq.m. (431 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group from 1st August, 2007 to 31st August, 2009 at a monthly rental of HK\$54,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B143	Shop 9, G/F, Kai Tin Tower Arcade, No. 49 Kai Tin Road, Lam Tin, Kowloon	<p>Kai Tin Tower Arcade is a composite building completed in 1980.</p> <p>The property comprises a shop unit on the ground floor of Kai Tin Tower Arcade with a net floor area of approximately 17.93 sq.m. (193 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 4 years from 1st July, 2007 to 30th June, 2011 at a monthly rental of HK\$70,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B144	Shops 874 & 897, G/F, Rhythm Garden, No. 242 Choi Hung Road, San Po Kong, Kowloon	<p>Rhythm Garden is residential/commercial building erected over a 8-storey car parking podium completed in 2000.</p> <p>The property comprises two shop units on ground floor of Rhythm Garden with a net floor area of approximately 16.72 sq.m. (180 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st October, 2008 to 30th September, 2011 at a monthly rental of HK\$17,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B145	Shop B, G/F, No. 82 Un Chau Street, Sham Shui Po, Kowloon	<p>No. 82 Un Chau Street is a 12-storey composite building completed in 1980.</p> <p>The property comprises a shop unit on the ground floor of No. 82 Un Chau Street with a net floor area of approximately 19.51 sq.m. (210 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 15th October, 2007 to 14th October, 2009 at a monthly rental of HK\$31,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B146	Shops 6 & 7, MTR Sha Tin Wai Station, Ma On Shan Rail, Ma On Shan, New Territories	<p>The property comprises two shop units on the ground floor of MTR Sha Tin Wai Station with a total net floor area of approximately 35.95 sq.m. (387 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 11th January, 2008 to 10th January, 2011 at a base monthly rental of HK\$31,920 or 8% of the gross sales receipts, whichever is the higher, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B147 Shops G14 & G15, G/F, Metro City, Phase II, Tseung Kwan O, New Territories	<p>Metro City is a 3-storey commercial arcade with a basement completed in 1999.</p> <p>The property comprises two shop units on the ground floor of Metro City with a total gross floor area of approximately 189.99 sq.m. (2,045 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 18th April, 2008 to 17th April, 2010 at a monthly rental of HK\$59,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B148 Shop N, G/F, Tuen Mun Fa Yuen, No. 6 Tsing Hoi Circuit, Tuen Mun, New Territories	<p>Tuen Mun Fa Yuen is a 20-storey residential/commercial building completed in 1981.</p> <p>The property comprises a shop unit on the ground floor of Tuen Mun Fa Yuen with a net floor area of approximately 47.66 sq.m. (513 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 1 year from 20th June, 2009 to 19th June, 2010 at a monthly rental of HK\$45,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B149 Shop 4A, 1/F, Fou Wah Centre, No. 210 Castle Peak Road, Tsuen Wan, New Territories	<p>Fou Wah Centre is a 23-storey residential/composite building completed in 1981.</p> <p>The property comprises a shop unit on the first floor of Fou Wah Centre with a net floor area of approximately 19.32 sq.m. (208 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 2 years from 21st August, 2008 to 20th August, 2010 at a monthly rental of HK\$72,000, exclusive of rates, management fees and other outgoings.</p>		No Commercial Value
B150 Shop 8, G/F, Fortune Mansion, Nos. 10-18 Tsuen Hing Path, Tsuen Wan, New Territories	<p>Fortune Mansion is a 20-storey composite building completed in 1975.</p> <p>The property comprises a shop unit on the ground floor of Fortune Mansion with a net floor area of approximately 36.79 sq.m. (396 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 1st June, 2009 to 31st May, 2012 at a monthly rental of HK\$45,000, inclusive of rates, management fees and other outgoings.</p>		No Commercial Value

		Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	
B151 Shop D7, G/F, Lok Sing Building, Nos. 8-16 Kau Yuk Road, Yuen Long, New Territories	<p>Lok Sing Building is a 12-storey composite building completed in 1981.</p> <p>The property comprises a shop unit on the ground floor of Lok Sing Building with a net floor area of approximately 32.52 sq.m. (350 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 3 years from 11th January, 2008 to 10th January, 2011 at a monthly rental of HK\$50,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

Group VIII – Property rented by the Group in the PRC

Property	Description and Tenure	
B152 Room 1901, 19/F, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Cyber Times Buildings is a 26-storey commercial/office building completed in 2003.</p> <p>The property comprises an office unit on the 19th floor of Cyber Times Buildings with a gross floor area of approximately 233.93 sq.m. (2,518 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 16th June, 2008 to 15th June, 2011 at a monthly rental of RMB30,428, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B153 Room 1902, 19/F, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Cyber Times Buildings is a 26-storey commercial/office building completed in 2003.</p> <p>The property comprises an office unit on the 19th floor of Cyber Times Buildings with a gross floor area of approximately 130.90 sq.m. (1,409 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 16th June, 2008 to 15th June, 2011 at a monthly rental of RMB17,022, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	
B154	Room 2601, 26/F, Metro Plaza, No. 183 Tianhebei Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	<p>Metro Plaza is a 48-storey commercial/office building erected over a 5-storey commercial podium completed in 1997.</p> <p>The property comprises an office unit on the 26th floor of Metro Plaza with a gross floor area of approximately 125.98 sq.m. (1,356 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 21st December, 2008 to 20th December, 2011 at a monthly rental of RMB16,300, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B155	Room 2616, 26/F, Metro Plaza, No. 183 Tianhebei Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	<p>Metro Plaza is a 48-storey commercial/office building erected over a 5-storey commercial podium completed in 1997.</p> <p>The property comprises three office units on the 26th floor of Metro Plaza with a total gross floor area of approximately 64.66 sq.m. (696 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 1 year from 21st May, 2009 to 20th May, 2010 at a monthly rental of RMB10,500, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B156	Room 1205, 12/F, Tian An International Building, No. 98 Zhongshan South Road, Baixia District, Nanjing City, Jiangsu Province, the PRC	<p>Tian An International Building is a 47-storey residential/commercial building with 2 levels of basement completed in 2003.</p> <p>The property comprises an office unit on the 12th floor of Tian An International Building with a gross floor area of approximately 144.00 sq.m. (1,550 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 1 year from 1st May, 2009 to 30th April, 2010 at a monthly rental of RMB12,487, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B157	Room 1206C, Level 12, Excel Centre, No. 6, Wudinghou Street, Xicheng District, Beijing, the PRC	<p>Excel Centre is a 20-storey commercial/office building with 3 levels of basement completed in 2007.</p> <p>The property comprises an office unit on 12th floor of Excel Centre with a gross floor area of approximately 9 sq.m. (97 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 1 year from 1st May, 2009 to 30th April, 2010 at a monthly rental of RMB8,750, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B158	Room 1213, 12/F, Shun Hing Square, No. 5002 Shennanzhong Road, Luohu District, Shenzhen, the PRC	<p>Shun Hing Square is a 69-storey commercial/office building completed in 1996.</p> <p>The property comprises an office unit on the 12th floor of Shun Hing Square with a gross floor area of approximately 131.64 sq.m. (1,417 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 18th December, 2006 to 3rd January, 2010 at a monthly rental of RMB15,797, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B159	Room 2601-A, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Cyber Times Buildings is a 26-storey commercial/office building erected over a 3-storey shopping arcade completed in 2003.</p> <p>The property comprises an office unit on the 26th floor of Cyber Times Buildings with a gross floor area of approximately 366 sq.m. (3,940 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 1st November, 2007 to 31st August, 2010 at a monthly rental of RMB47,580, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B160	Room 2601-B, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Cyber Times Buildings is a 26-storey commercial/office building erected over a 3-storey shopping arcade completed in 2003.</p> <p>The property comprises an office unit on the 26th floor of Cyber Times Buildings with a gross floor area of approximately 220 sq.m. (2,368 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 1st September, 2007 to 31st August, 2010 at a monthly rental of RMB28,600, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B161	Room 2601-C, Cyber Times Buildings, Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Cyber Times Buildings is a 26-storey commercial/office building erected over a 3-storey shopping arcade completed in 2003.</p> <p>The property comprises an office unit on the 26th floor of Cyber Times Buildings with a gross floor area of approximately 147 sq.m. (1,582 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 1st September, 2007 to 31st August, 2010 at a monthly rental of RMB19,110, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
	Property	Description and Tenure	
B162	Shop 1085, level 1, CEPA Shangbu Industrial Park, No. 3003 Huaqiangbei Road, Futian District, Shenzhen, the PRC	<p>CEPA Shangbu Industrial Park is a 5-storey shopping arcade completed in 2004.</p> <p>The property comprises a shop unit on level 1 of CEPA Shangbu Industrial Park with a gross floor area of approximately 114 sq.m. (1,227 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group from 1st June, 2007 to 31st December, 2009 at a monthly rental of RMB82,080, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B163	Shop A1-2, level 1, Xinludao Building, No. 1175 Nanshan Main Road, Nanshan District, Shenzhen, the PRC	<p>Xinludao Building is a 20-storey commercial/office building completed in 1998.</p> <p>The property comprises a shop unit on level 1 of Xinludao Building with a gross floor area of approximately 162 sq.m. (1,744 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st August, 2007 to 31st July, 2010 at a monthly rental of RMB26,730, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B164	Shop 143, level 1, Longyingtai Commercial Center, Shen Hui Road, Longgang Town, Shenzhen, the PRC	<p>Longyingtai Commercial Center is a 3-storey shopping arcade completed in 2004.</p> <p>The property comprises a shop unit on the ground floor of Longyingtai Commercial Center with a gross floor area of approximately 61.89 sq.m. (666 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 18th October, 2007 to 17th October, 2010 at a monthly rental of RMB8,800, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B165	Shop A1, level 1, Underground Mall, Block 1 Jincheng Building, No. 3001 Shennan East Road, Luohu District, Shenzhen, the PRC	<p>Underground Mall is a high-rise commercial/residential building erected over a 2-storey shopping podium completed in 1984.</p> <p>The property comprises a shop unit on level 1 of Underground Mall with a gross floor area of approximately 100 sq.m. (1,076 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 18th October, 2007 to 17th October, 2010 at a monthly rental of RMB70,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

			Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure		
B166 Shops 103B & C, level 1, Xinjielkou Building, No. 201 Nanhai Main Road, Nanshan District, Shenzhen, the PRC	<p>Xinjielkou Building is a 13-storey commercial/residential building erected over a 3-storey shopping podium completed in 2005.</p> <p>The property comprises a shop unit on level 1 of Xinjielkou Building with a gross floor area of approximately 98.12 sq.m. (1,056 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 28th January, 2008 to 27th January, 2011 at a monthly rental of RMB44,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B167 Shops S31 & S32, level 1, Southern Pearl Commercial Center, Donghuan Yi Road, Longhua Town, Baoan District, Shenzhen, the PRC	<p>Southern Pearl Commercial Center is a 6-storey commercial/office building.</p> <p>The property comprises two shop units on level 1 of Southern Pearl Commercial Center with a total gross floor area of approximately 160 sq.m. (1,722 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group from 8th February, 2008 to 31st January, 2011 at a monthly rental of RMB24,604, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B168 Shop 110, level 1, Sub-building, Buji Center Square, No. 69 Jihua Road, Longgang District, Shenzhen, the PRC	<p>Buji Center Square comprises 2 blocks of 22-storey residential building erected over a 5-storey shopping podium with a basement for car parking completed in 2001.</p> <p>The property comprises a shop unit on level 1 of Buji Center Square with a gross floor area of approximately 85.60 sq.m. (921 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 10th April, 2008 to 9th April, 2011 at a monthly rental of RMB17,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	
B169 Shop C, level 1, Skirt Building, Dushi Yangguang Building, No. 6017 Shennan Main Road, Futian District, Shenzhen, the PRC	<p>Skirt Building is a residential/commercial building with a basement carport completed in 2003.</p> <p>The property comprises a shop unit on level 1 of Skirt Building with a gross floor area of approximately 70.13 sq.m. (755 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st May, 2008 to 30th April, 2011 at a monthly rental of RMB42,078, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value	

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B170	Shop 104, level 1, South China Power Building, No. 2050 Shennan Road Central, Futian District, Shenzhen, the PRC	<p>South China Power Building is a 13-storey commercial/office building.</p> <p>The property comprises a shop unit on level 1 of South China Power Building with a gross floor area of approximately 100 sq.m. (1,076 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 3 years from 16th July, 2008 to 15th July, 2011 at a monthly rental of RMB38,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B171	Shop 106, level 1, Xinhua Insurance Tower, No. 171 Mintian Road, Futian District, Shenzhen, the PRC	<p>Xinhua Insurance Tower is a 26-storey commercial/office building with a basement carport completed in 2004.</p> <p>The property comprises a shop unit on level 1 of Xinhua Insurance Tower with a gross floor area of approximately 91.91 sq.m. (989 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st August, 2008 to 31st July, 2011 at a monthly rental of RMB39,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B172	Shop A-3, level 1, Taihua Commercial Center, Baocheng Zone 10, No. 211 Qianjin Road, Baoan District, Shenzhen, the PRC	<p>Taihua Commercial Center is a residential/commercial building completed in 2000.</p> <p>The property comprises a shop unit on level 1 of Taihua Commercial Center with a gross floor area of approximately 127 sq.m. (1,367 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 26th September, 2008 to 25th September, 2011 at a monthly rental of RMB28,295, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B173	Shop G08A1, level 1, Fumin Jiayuan, No. 9 Fumin Road, Futian District, Shenzhen, the PRC	<p>Fumin Jiayuan is a 31-storey residential/commercial building completed in 2004.</p> <p>The property comprises a shop unit on level 1 of Fumin Jiayuan with a gross floor area of approximately 127 sq.m. (1,367 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term from 19th November, 2008 to 31st October, 2011 at a monthly rental of RMB38,354, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B174	Shop 105, level 1, Kaiyuehuating, No. 2047 Chunfeng Road, Luohu District, Shenzhen, the PRC	<p>Kaiyuenhuating is a 29-storey residential/commercial building erected over a 4-storey shopping podium with a basement carport completed in 2002.</p> <p>The property comprises a shop unit on level 1 of Kaiyuenhuating with a gross floor area of approximately 121.60 sq.m. (1,309 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 16th March, 2009 to 15th March, 2012 at a monthly rental of RMB67,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B175	Shop 102A, level 1, Window Of Bin Hai, Haide San Road, Nanshan District, Shenzhen, the PRC	<p>Window Of Bin Hai comprises 12 blocks of residential buildings erected over a 2-storey shopping podium completed in 2004.</p> <p>The property comprises a shop unit on level 1 of Window Of Bin Hai with a gross floor area of approximately 250 sq.m. (2,691 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st April, 2009 to 31st March, 2012 at a monthly rental of RMB40,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B176	Shops 102-104, level 1, Cyber Times Buildings, Tianan Cyber Park, Futian District, Shenzhen, the PRC	<p>Cyber Times Buildings is a 26-storey commercial/office complex erected over a 3-storey shopping arcade completed in 2003.</p> <p>The property comprises three shop units on level 1 of Cyber Times Buildings with a gross floor area of approximately 121 sq.m. (1,302 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 1st June, 2009 to 31st May, 2012 at a monthly rental of RMB21,780, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B177	Shop 1A024-1A025, level 1, Zhijian Times Square, Henggang Town, No. 1 Mao Cheng Road, Longgang District, Shenzhen, the PRC	<p>Zhijian Times Square comprises 3 blocks of residential buildings erected over a 5-storey shopping podium completed in 2007.</p> <p>The property comprises two shop units on level 1 of Zhijian Times with a total gross floor area of approximately 168.16 sq.m. (1,810 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 1 year from 15th June, 2009 to 14th June, 2010 at a monthly rental of RMB16,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

		Capital value in Existing state as at 31st August, 2009
Property	Description and Tenure	
B178 Shop 105, Baolilai International Hotel, Fuyong Main Road, Baoan District, Shenzhen, the PRC	<p>Baolilai International Hotel is a 17-storey hotel with a basement completed in 2002.</p> <p>The property comprises a shop unit on level 1 of the building with a gross floor area of approximately 161 sq.m. (1,733 sq.ft.) and is currently occupied by the Group as shop use.</p> <p>The property is leased by the Group for a term of 3 years from 21st July, 2009 to 20th July, 2012 at a monthly rental of RMB36,762, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

Group IX – Property rented by the Group in Macau

Property	Description and Tenure	
B179 Em Macau, Avenida Da Praia Grande No. 619 Certro Com. Si Toi I 8, Macau	<p>The property comprises a unit on the 8th floor of a 19-storey office building completed in 1983.</p> <p>The property has a gross floor area of approximately 40.97 sq.m. (441 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group for a term of 2 years from 10th August, 2007 to 9th August, 2009 at a monthly rental of HK\$5,800, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B180 Em Macau, Avenida Sir Anders Ljungstedt Nos. 160-206 Jardim Brilhantismo D14, Macau	<p>Jardim Brilhantismo is a 21-storey commercial/office building completed in 1995.</p> <p>The property comprises an office unit on 14th floor of Jardim Brilhantismo with a gross floor area of approximately 60.67 sq.m. (653 sq.ft.) and is currently occupied by the Group as clinic use.</p> <p>The property is leased by the Group for a term of 1 year from 11th May, 2009 to 10th May, 2010 at a monthly rental of HK\$5,800, inclusive of rates, management fees and other outgoings.</p>	No Commercial Value

Group X – Property rented by the Group in overseas

	Property	Description and Tenure	Capital value in Existing state as at 31st August, 2009
B181	16F, No. 89 Songren Road, Sinyi District, Taipei City, 110, Taiwan	<p>The property comprises an office unit on 16/F floor of a 16-storey commercial building completed in 1999.</p> <p>The property has a gross floor area of approximately 31.03 sq.m. (334 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 1st September, 2009 to 28th February, 2010 at a monthly rental of TWD62,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B182	Level 18, Republic Plaza II, 9 Raffles Place, Singapore	<p>Republic Plaza II is a 66-storey commercial building completed in 1995.</p> <p>The property has a gross floor area of approximately 7.43 sq.m. (80 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from 10th June, 2009 to 31st December, 2009 at a monthly rental of SGD1,350, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value
B183	Room 815, Peninsula Court Building, 8735 Paseo de Roxas Makati City, Philippines	<p>The property comprises an office unit on the 8th floor of a building completed in 2001.</p> <p>The property has a gross floor area of approximately 65 sq.m. (700 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by the Group from July 2009 to February 2010 at a monthly rent of PHP26,000, exclusive of rates, management fees and other outgoings.</p>	No Commercial Value

The following is the text of a letter and valuation certificates received from Jack L. Hughey & Associates, an independent property valuer, in connection with their valuation as at 31st August, 2009 of the property interests of the Group in the United States of America for the purpose of inclusion in this Offer Document.

The property is owned by Lakewood Development Corporation, which was 74.37% beneficially owned by the Company at 31st August, 2009. The property value is stated in US dollars. In the event that the property is sold at the amount of the valuation, the tax liability arising from disposal of property will include federal tax and franchise tax applicable in the United States of America. The potential tax payable by Lakewood Development Corporation for the disposal of the property as at the date of valuation is estimated to be HK\$24,844,000. The property is held for sale by the Group. Depending on the then sales status, there is likelihood of the potential tax liabilities to be crystallised in the near future.

Appraisal

of

3,432.03± Acres
Newport Subdivision
(Undeveloped acres)

Located

Near FM 2100 Road and
Diamond Head Boulevard
Harris County, Texas 77532

As of

August 31, 2009

Prepared

For

Ms. Joyce Young
Lakewood Development Corporation
9201 Clarewood Drive, Suite 260
Houston, Texas 77036

Prepared By

Jack L. Hughey & Associates
2825 Wilcrest Street, Suite 553
Houston, Texas 77042



JACK L. HUGHEY, MAI

JACK L. HUGHEY & ASSOCIATES

REAL ESTATE APPRAISERS—CONSULTANTS

2825 WILCREST
SUITE 553
HOUSTON, TEXAS 77042
713/780-4021
FAX 713/780-4538

September 21, 2009

Ms. Joyce Young
Lakewood Development
9201 Clarewood Drive
Houston, Texas 77036

Re: A Restricted Use Appraisal Report of the 3,432.03 acres of land located west of Diamondhead Boulevard and FM 2100 Road, Harris County, Texas 77532.

Dear Ms. Young:

In accordance with your request and authorization, I have made a cursory inspection of the above referenced property and reviewed the information provided to my office for the purpose of providing you with a Restricted Use Appraisal Report as of August 31, 2009. As such, this report will not contain a detailed discussion of the Area, Neighborhood, Site Description, Description of the Improvements, the Cost Approach, the Income Approach, the Sales Comparison Approach, or the Highest and Best Use of the property. The Restricted Use Appraisal Report will contain an abbreviated description of some of the above items.

Furthermore, this Restricted Use Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2C of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, as such, it presents minimal discussion regarding the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client only and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report. Also, in accordance with prior agreement between the client and the appraiser, this report is the result of a limited appraisal process, in that certain allowable departures from specific guidelines of USPAP were invoked. The intended user of this report is warned that the reliability of the value conclusion provided may be impacted to the degree there is departure from specific guidelines of USPAP. The subject property consists of a 3,432.03 acre tract of land. The legal description for this tract of land is as follows:

Tract I being 1,995.0 acres, minus a 53.17 acre tract of that was sold out of this tract of land on September 29, 2000.

Tract II being 992.8 acres.

Tract III being 497.4 acres of land out of the William Wilson Survey, A-838 and the Humphrey Jackson Survey, A-37, Harris County, Texas.

A complete metes and bound legal description is included in the Addenda of this Restricted Use Appraisal Report.

A survey was not available.

As previously reported in prior appraisals on the subject property, Century Surveying Company mailed a letter to me, dated April 11, 1997, outlining the estimated acres located in the flood plain, flood way and wet lands, but did not indicate how many acres are affected by the various easements (utilities, pipeline, flood control, railroad, streets, and cemetery. I spoke with the surveyor and asked him about the easements and he said, "That his assignment was to provide a boundary line survey only and that he could not answer my questions about net usable acres." In his letter dated April 11, 1997, he gave an estimate of flood plain and flood way acres, which are as follows: approximately 557.48 acres are located in the flood plain and 390.79 acres are located in the flood way. The flood plain acres can be used for construction purposes by raising the elevation out of the flood plain. The flood way acres can be used only as green belts, parks, a golf course, parking areas, etc. However, the easements create a different situation. Not knowing where and what the easements are, the appraiser decided to make the appraisal based on gross acres, with the understanding that the market value could change when the appraiser is supplied with a survey identifying the various easements and locating the flood way and flood plain acres. Without a survey that shows this information, an accurate amount of net acreage cannot be determined. As in the past, this Restricted Use Appraisal Report is based on gross acres and the market value as shown could change when a new survey is provided to the appraiser indicating the net usable acres.

MARKET VALUE

"Market Value": The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what they consider their own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Fee Simple Estate: An absolute fee; a fee without limitations to any particular loss of heirs or restrictions, but subject to the limitation of eminent domain, escheat, police power and taxation. It is an inheritable estate.

DATE OF VALUE

The subject property was inspected by Jack L. Hughey, MAI. The effective date of this appraisal is August 31, 2009.

DATE OF REPORT

This report was prepared September 21, 2009.

RIGHTS APPRAISED

The property rights appraised are those encompassed in the Fee Simple Estate.

SCOPE

The scope of activities undertaken by this appraiser to complete this report includes a physical inspection of the subject property and the subject's neighborhood. The market data utilized in this report has been derived from our search of the deed records for relevant transactions in the area of the subject property, conversations with local appraisers and brokers, as well as others familiar with and involved in the market of the subject property. The opinions and conclusions expressed herein are those of this appraiser only, and have not been unduly influenced by others. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

PURPOSE OF THE APPRAISAL

The purpose of this report is to set forth an opinion of the current Market Value of the Fee Simple Estate for the subject parcel of land only. In addition to the market value the appraiser is to render an opinion of marketing time for the subject property.

FUNCTION OF APPRAISAL

This appraisal report will be utilized by client to establish a current opinion of Market Value for the subject property.

¹ "Market Value," as referenced in the Federal Register/Vol. 55, No. 165/Friday, August 24, 1990/Rules and Regulations, Part 34 – Real Estate Lending and Appraisals, Sub-part C Appraisals, 34.44f Definitions.

PERSONAL PROPERTY

As with most improvements, there are typically items which can be construed as personal property. These items are generally not permanently affixed to the subject and typically the intention of the parties is that these items will not pass with the real estate, but be removed. In the case of the subject property, there is no personal property being valued in this report.

Soils & Subsoils:	A soils report for the subject property was not furnished to the appraiser. However, it would appear that most any type of development could be constructed on the subject tracts of land.
Flood:	Reportedly, the subject property is partially located in a flood hazard area.
Topography & Drainage:	The subject tract of land is at grade level and appears to have adequate drainage
Flood Map:	48201C0540 J Dated November 6, 1996
Zoning:	Not Zoned
Faults:	At inspection, no evidence of surface faults was observed.
Easements:	A survey of the subject property was not provided to this appraiser; however a visual inspection of the subject property did not indicate any easements that would have a martial effect on the subject property. The appraiser recommends a survey of the property should be made to locate all easements.
Utilities:	Reportedly, water and sewer is available from Newport MUD and all other utilities are available to the subject property.
Owner of Record:	According to HCAD's records Lakewood Development has owned subject property since 1996.

This appraiser has not been provided with an Environmental Study for the subject property. The value estimates within this appraisal are contingent upon the subject property, as well as the adjoining property, being free and clear of any toxic or hazardous waste materials. Legal precedent has shown that a potential purchaser of a property with hazardous waste or dangerous materials may assume financial liability for removal of such materials. Again, this report assumes that there are no toxic or hazardous waste materials affecting the subject tract of land.

The subject acres are heavily wooded and have approximately two and one-half miles fronting on Lake Houston. According to the City of Houston Water Division, Lake Houston is a 12,336± acre reservoir that provides the City of Houston's water treatment plants, with fresh water to be treated for consumption by the citizens of Houston. The lake also provides recreation such as; boating, water skiing and fishing.

The real estate market in Metropolitan Houston area, which includes the following Counties: Harris, Fort Bend, Galveston, Chambers, Waller, Brazoria and Montgomery, is being affected by what is happening in the single family residence market nation wide. Houston's real estate market losses do not appear to be as severe as the other parts of United States. So far, all predictions for Houston's real estate market appear to be moderately strong. And undeveloped land, such as the subject property, while effected by the collapse of the sub prime residential market does not appear, as of the date of this appraisal, to have caused any losses in the market value for undeveloped land. However, land values for undeveloped land appear to have stabilized. For these reasons the opinion of market value for the subject property as of August 31, 2009 is unchanged from the previous year's value.

It is important for the appraiser to bring to the reader's attention that the current economic conditions, should they continue to weaken, could have an impact on the opinion of Market Value for the subject property. The economic conditions in the United States and other parts of the world are experiencing unusual pressure on Real Estate Values. Some parts of the United States are experiencing more foreclosures than what is happening in the Houston Metroplex. As of the date of this appraisal, Houston has not had a significant down turn in the real estate values and most local economist are predicting that the recession that is effecting much of the United States will not be as severe in Houston. Housing starts and resale are off somewhat and the entry level housing has been affected the most. Strip Centers and Shopping Malls are feeling the recession, but Office Buildings, Office/Warehouses/Apartments and Medical related buildings have not been affected. Land values have, for the time being, stabilized. Financing is available for most types of real estate except lenders are requiring that the borrower (s) have 20% to 25% cash invested in their projects. In addition to the cash equity the borrower (s) must have good credit and a good track record in real estate development. A typical land loan is 50.0% to 60.0% of value. Investors are buying land with the intention of holding the land for at least five years or until the market turns around.

Recent land sales, particularly large tracts of land are difficult to find in Harris County as large tracts of vacant land are becoming scarce. This current economic condition has some impact on market conditions for vacant land. This is mostly due to lenders not wanting to make land loans, that is not to say that land loans are not being made, they are, but the terms are not as favorable as they have been in the past.

For the above reasons the subject property has not increased in value and as of the date of this appraisal it has not lost value. It is this appraiser's opinion that the subject's market value will remain stable for the rest of this year and perhaps the first two quarters of next year. Of course, should the World economics and more particularly the United States economics continue to decline, than this could have an effect on the subject's Market Value.

This appraiser recently appraised a 450.0± tract of land located on Foley Road, which is close to the subject property; the appraisal was done in June of this year for a bank that was providing a development loan for a large single family subdivision to be built on this tract of land. The loan has closed and the infrastructure is currently being put into place, the reason for this comment is to inform the reader that current development is taking place in their immediate area.

The appraiser researched the general area of the subject property and found only a limited number of large tracts of land that have recently been sold in this section of Harris County and adjacent Counties. The five sales and three listings are close to the subject property. While the number of sales is limited, the five sales and three listings are current and are in the subject's neighborhood.

Therefore, it is this appraiser's opinion that these sales and listings are sufficient to arrive at an opinion of market value for the subject property. After the various adjustments were made for location, size and water front, an adjusted value of \$5,800 per acre was established. An Opinion of Market Value for the subject's 3,432.03 ± gross acres of land as of August 31, 2009 was established to be:

3,432.03± X \$5,800 per acre = \$19,905,774.00 Say \$20,000,000.00 (US Dollars)

TWENTY MILLION DOLLARS

(\$20,000,000.00 US Dollars)

This appraisal report is a Restricted Use Appraisal Report and a Summary Appraisal Report will not be prepared. The opinion of market value in the Summary Report, should it be prepared, will not be less than the opinion of market value as indicated in this Restricted Use Appraisal Report.

To the best of my knowledge, in the valuation, I have complied with the requirements set out in the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I certify that I have no present or contemplated interest in the property and the opinion of value expressed was in no way conditioned upon the fee charged or received. Any assumptions and limiting conditions are so stated in that portion of the following report.

Respectfully submitted,

Jack L. Hughey & Associates

Jack L. Hughey, MAI
JLH/bmh
92031 LL

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this report:

1. The appraiser has no present or contemplated future interest in the property appraised; neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property. The appraised value is not based on a requested minimum valuation, a specific valuation or the approval of a loan.
2. The appraiser has no personal interest or bias with respect to the subject matter of the appraisal report or the participants to the sale. The “Opinion of Market Value” in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the property in the vicinity of the property appraised.
3. The Appraiser made an inspection of the property, and has made an exterior inspection of all comparable sales listed in the report. To the best of the Appraiser’s knowledge and belief, all statements and information in this report are true and correct, and the Appraiser has not knowingly withheld any significant information.
4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analysis, opinions and conclusions contained in this report).
5. This report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraiser is affiliated.
6. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as “Review Appraiser”. No change of any item in the appraisal report will be made by anyone other than the Appraiser, and the Appraiser will have no responsibility for any such unauthorised change.
7. I have made a personal inspection of the property that is the subject of the report.
8. No one provided significant professional assistance to the person signing this report.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorised representatives.
10. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
11. This appraisal was made in conformity with the Competency Provision of USPAP.

Jack L. Hughey, MAI

ADDENDA

**STATEMENT
OF
ASSUMPTIONS AND LIMITING CONDITIONS**

1. No investigations of legal title have been made, and no opinion is rendered as to ownership of the property and the condition of the title.
2. It is assumed that title to the subject property is merchantable.
3. For purposes of a fee simple valuation, it is assumed that the property is free and clear of all liens and encumbrances.
4. The property does not exist in violation of any applicable codes, ordinances, statutes or other government regulations.
5. It is assumed that the legal description in the Deed as recorded is correct.
6. It is assumed that the current survey is dimensionally correct.
7. The sketches and maps in this report are for aiding the reader in visualizing the properties and are based on field surveys prepared by the appraiser. Dimensions and descriptions are based on public records and information furnished by others and are not meant to be used as reference in matters of survey.
8. All information used in preparing this appraisal report was obtained from sources considered to be knowledgeable and reliable. Sales information and data considered reliable is reviewed and checked, but cannot be guaranteed for absolute accuracy.
9. It was assumed that there are no hidden unexpected conditions of the property which would adversely affect the value.
10. No responsibility is assumed for matters of a legal nature.
11. The distribution of value between land and improvements applies only under the stated program of utilization. The separate values for land and improvements may not be used in conjunction with any other appraisal and are invalid if so used.
12. All opinions of market value are presented as the appraiser's considered opinion based on the facts and data appearing in this report. The appraiser assumes no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.
13. Copies of the original report, as rendered, may not be reproduced without permission of the appraiser.
14. It is assumed that test boring conclusions, if necessary, will support the proposed structure.
15. It is assumed that all Ingress and Egress Permits, Sewer Easements, Flood Insurance applications, Building Permits, and Utility Contracts will be met as scheduled.

16. The appraiser is not required to appear or testify in any court or before any commission in regard to the material covered in this report unless a prior special agreement has been made covering such appearance.
17. Disclosure of the contents of this report is covered by the By-laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising relations media, news media, sales media, or any other public means of communications with out the prior written consent and approval of the author.
18. Mr. Jack L. Hughey, MAI, is currently certified under the Appraisal Institute voluntary continuing education program, and is licensed in the State of Texas as a “General Real Estate Appraiser”.
19. Special Report Conditions, Appraisers’ Liability Limitations, and Client Agreements: The acceptance of this report and its use by the client, in any manner whatsoever, or for any purpose, is acknowledgment by him, that this report is a satisfactory, professional product and that he has personally read the report and specifically agrees that the data herein is accurate to the best of the Appraiser’s ability. The report remains the personal property of the signer and may not be transmitted to a third party without the signer’s written permission (Permission is granted to transmit to third party mortgages). Jack L. Hughey and Associates, Inc., or the Appraiser’s personal responsibility does not extend to a third party under any circumstances, whatsoever. As part of the Appraiser-Client employment agreement, the client agrees to notify the Appraiser of any error, omission, or invalid data herein with in 15 days of receipt and return the report along with all copies to the Appraiser for correction prior to any use whatsoever. Under no circumstances shall the company’s or appraiser’s liability exceed the fee actually collected for this report, and then, only in the case of a gross error which would have materially affected the appraiser’s value opinion as of the date of valuation.

Thus, by acceptance of this report, you acknowledge that a value opinion is the product of a professionally trained mind, but nevertheless is an opinion only and not a provable fact. As a personal opinion, valuation may vary between appraisers based on the same facts.

Thus the appraisers warrant only that the value conclusion is their best opinion of value as of the exact day of valuation.

20. This appraisal is written to conform with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to the Uniform Standards of Professional Appraisal Practice (“USPAP”) adopted by the Appraisal Standards Board of the Appraisal Foundation. To the best of our knowledge and belief, we hereby certify the following:
 - A. The statements of fact contained in this report are true and correct.

- B. The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
 - C. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
 - D. Our compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
 - E. The appraisal assignment was not based on a requested minimum valuation, a specified valuation, or upon the approval of a loan.
 - F. Our analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
 - G. We have made a personal inspection of the property that is the subject of this report.
 - H. No one provided significant professional assistance to the persons signing this report.
 - I. No information has knowingly been withheld.
21. FIRREA: The Appraiser certifies that the compensation for this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the Client, amount of the value estimate, attainment of a stipulated result or any subsequent Environmental Impact Studies research or investigation. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property nor is the appraiser qualified to detect such substances. The presence of substances, such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous material, may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions of any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
22. Opinions of value contained herein are opinions. This is the definition of an appraisal. There is no guarantee, written or implied, that the Subject Property will sell for such amounts.
23. It is assumed that all applicable zoning, use regulations, and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this report.
24. This appraisal has been made in compliance with the rules of the Texas Real Estate Commission, and in accordance with the rules and professional ethics of the Appraisal Foundation.

25. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Foundation.

Neither all nor any part of the contents of this report shall be conveyed to the public through prospectus for securities, advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser or appraisal firm represented, or any reference to an appraisal organization appraisal designation. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without prior written consent of the appraiser or the applicant, and only then with proper qualification and only in its entirety.

26. The distribution of the total valuation of this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for the land and building must not be used in conjunction with any other appraisal and are invalid if so used.

Thus, by acceptance of this report, you acknowledge that a value of opinion is the product of a professionally trained mind, but nevertheless is an opinion only and not a provable fact. Thus the appraisers warrant only that the value conclusion is their best opinion of value as of the exact day of valuation.

Date of Appraisal

August 31, 2009

Property Identification

3,432.03 acres of land located near
FM 2100 and Diamondhead Boulevard
Crosby, Harris County, Texas

LAND COMPARABLES**Sale Number One**

33.08 acres located on the E/S Lake Houston & west end of Cry Baby Lane, Houston Texas approximately three miles northwest of the subject property, this tract of land has 2,857 feet frontage on Lake Houston and approximately 10.0% of the property is located in the flood plain. The property sold for \$260,000 or \$7,859.62 per acres in July 20, 2009.

Sale Number two

80.0 acres located at 5930 FM 2100, Crosby, Texas approximately one mile east of the subject property and this tract of land does not have any utilities and is not located in the flood plain or flood way. This tract of land sold in July, 2009 for \$680,000 or \$8,500 per acre.

Sale Number Three

288 acres located at San Jacinto River at Old Highway 290 approximately 3 miles west of Crosby, Texas. At the time of sale, this property did not have utilities; it does have 3,000 feet fronting San Jacinto River. This property sold for \$700,000 or \$2,430± per acre on May 30, 2008. The subject property is superior to this parcel of land.

Sale Number Four

201 acres located on the east side of FM 2100 Road at Stroker Lane and FM 2100, one mile± north of the subject property. This tract of land is located in Harris County. At the time of purchase no utilities were available. The Sales price was \$6,865 per acre; the closing date was January 3, 2006.

Sale Number Five

420 acres located on the east side of FM 2100 Road approximately one half mile north of Sale Comparable #4 the sale price was reported to be \$5,000 per acre.

Sale Number Six

1,123 acres located on the west side of FM 1010 Road (Plum Grove Road), one mile± south of Plum, Texas and north of the subject property. This tract of land is located in Harris County. There are no utilities at this time. The sales price was reported to be \$4,500 per acre.

Sale Number Seven

7,544 acres located on the east side of FM 1010 (Plum Road) and across FM 1010 from Sale Comparable Number Six. There are no utilities on the subject property. The sales price was reported to be \$4,500 per acre.

Sale Number Eight

1,400 acres located in back of Sale Number Four, this tract of land does not have frontage on FM 2100 and does not have utilities. The asking price is \$8,000 per acre.

Sale Number Nine

1,122.98 acres located on Plum Road and fronts on East Fork of the San Jacinto River and Huffman – Cleveland Road approximately seven miles northeast of the subject property. The asking price was \$5,000 per acre and sold in October 2006 for \$3,000 per acre.

Sale Number Ten

87.18 Acres located 1200 feet south of Stroker Road and the east side FM 2100, approximately two miles north east of the subject property. The asking price is \$11,975 per acre.

Sale Number Eleven

99 Acres located Indian Shores Subdivision which approximately 2.5 miles north west of the subject property. The asking price is \$8,009 per acre.

Sale Number Twelve

145.31 acres located on the south side of South Diamondhead and is in Newport Subdivision the same subdivision as the subject property. All utilities are to the property line and the property does not front Lake Houston. A portion of the property is located in the flood plain. The asking price is \$12,500 per acre.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Offer will be as follows:

<i>Authorised</i>		<i>HK\$</i>
<u>650,000,000</u>	Shares as at the Latest Practicable Date	<u>1,300,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>		
243,922,423	Shares as at the Latest Practicable Date	487,844,846
<u>(36,588,363)</u>	Shares proposed to be cancelled under the Offer	<u>(73,176,726)</u>
<u>207,334,060</u>	Shares upon the proposed Offer	<u>414,668,120</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for 243,922,423 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

During the two-year period immediately preceding the date of this Offer Document, the Company paid dividends as follows:

Date of payment	Period	Amount (HK cents per Share)
6th July, 2009	Final	30
7th November, 2008	Interim	15
11th August, 2008	Final	60
2nd November, 2007	Interim	15

In addition, the Company declared an interim dividend of HK15 cents per Share on 7th September, 2009 which is expected to be paid on 6th November, 2009. Depending on the future results and financial position of the Group, the Board may declare dividends as and when they consider appropriate. The Board does not expect the Offer to have any adverse effect on the ability of the Company to pay dividends or on the dividend policy of the Company.

3. SHARE REPURCHASES

- a. During the 12-month period immediately preceding the date of this Offer Document, the Company repurchased 188,000 Shares with details as follows:

Date of repurchase	Number of Shares repurchased	Repurchase consideration paid per Share		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	
23/10/2008	16,000	9.32	8.98	144,560
24/10/2008	16,000	9.55	9.02	149,940
29/10/2008	14,000	9.36	9.00	127,440
30/10/2008	6,000	9.45	9.45	56,700
31/10/2008	10,000	9.20	9.00	90,800
11/11/2008	8,000	9.00	8.80	71,200
12/11/2008	2,000	9.00	9.00	18,000
20/2/2009	4,000	12.50	12.50	50,000
25/2/2009	66,000	12.50	12.30	816,200
26/2/2009	20,000	12.36	12.34	246,880
27/2/2009	26,000	12.34	12.20	319,360
Total	188,000			2,091,080

Average repurchase price per Share: HK\$11.12

- b. The following table sets out share repurchases made by the Company since 31st December, 2008 up to the Latest Practicable Date:

Date of repurchase	Number of Shares repurchased	Repurchase consideration per Share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
20/2/2009	4,000	12.50	12.50	50,000
25/2/2009	66,000	12.50	12.30	816,200
26/2/2009	20,000	12.36	12.34	246,880
27/2/2009	26,000	12.34	12.20	319,360
Total	116,000			1,432,440

Average repurchase price per Share: HK\$12.35

Save as disclosed above, since 31st December, 2008, being the end of the last financial year of the Company, no Shares had been issued or repurchased.

Save for disclosed in this section headed “3. Share Repurchases” relating to share repurchases of the Company and the Offer, there was no re-organization of capital of the Company, and no Shares were issued during the two financial years immediately preceding the date of the Announcement.

4. MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) 11th September, 2009, being the last trading day for the Shares before the Announcement; and (iii) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing Price per Share HK\$
31st March, 2009	12.16
30th April, 2009	14.40
29th May, 2009	17.98
30th June, 2009	18.24
31st July, 2009	18.60
31st August, 2009	16.50
11th September, 2009	18.90
30th September, 2009	18.16
20th October, 2009, being the Latest Practicable Date	18.32

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK\$19.40 per Share on 2nd June, 2009, 3rd June, 2009 and 4th June, 2009 and HK\$12.00 per Share on 16th March, 2009 respectively.

5. DISCLOSURE OF INTERESTS AND DEALINGS

a. Directors' interests and short positions in the shares and the underlying shares of the Company and its associated companies

As at the Latest Practicable Date, the Directors and chief executive of the Company or persons acting in concert with any of them had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated companies which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, or were required to be disclosed by the Takeovers Code:

(1) *Interest and short position in the shares and the underlying shares of the Company*

Name of Directors	Number of Shares held	Approximate % of the relevant issued share capital	Nature of interests
Lee Seng Hui	108,649,413	44.54%	Personal interests (held as beneficial owner) in 22,921 Shares and other interests in 108,626,492 Shares (<i>Note 1</i>)
Lee Su Hwei	108,626,492	44.53%	Other interests (<i>Note 1</i>)

Notes:

1. Mr. Lee Seng Hui and Ms. Lee Su Hwei are the Trustees for Lee and Lee Trust, being a discretionary trust which indirectly held 108,626,492 shares of the Company.
2. All interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or persons acting in concert with any of them had any interests or short positions in any shares, underlying shares or debentures of the Company as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules or were required to be disclosed under the Takeovers Code.

(2) *Interests and short positions in the shares and the underlying shares of the Company's associated corporations*

Name of Directors	Name of company	Number of shares and underlying shares held	Approximate % of the relevant issued share capital	Nature of interests
Lee Seng Hui	Allied Properties (H.K.) Limited ("APL") (Note 2)	4,528,120,310	74.36%	Other interests (Note 1)
Lee Su Hwei	APL (Note 2)	4,528,120,310	74.36%	Other interests (Note 1)
Lee Seng Hui	SHK Hong Kong Industries Limited ("SHK HK Ind") (Note 3)	2,463,841,348	65.90%	Other interests (Note 1)
Lee Su Hwei	SHK HK Ind (Note 3)	2,463,841,348	65.90%	Other interests (Note 1)
Lee Seng Hui	Sun Hung Kai & Co. Limited ("SHK") (Note 4)	1,091,885,163	62.32%	Other interests (Note 1)
Lee Su Hwei	SHK (Note 4)	1,091,885,163	62.32%	Other interests (Note 1)
Lee Seng Hui	Quality HealthCare Asia Limited ("QHA") (Note 5)	144,385,776	63.79%	Other interests (Note 1)
Lee Su Hwei	QHA (Note 5)	144,385,776	63.79%	Other interests (Note 1)
Lee Seng Hui	Tian An China Investments Company Limited ("TACI") (Note 6)	652,736,215	43.32%	Other interests (Note 1)
Lee Su Hwei	TACI (Note 6)	652,736,215	43.32%	Other interests (Note 1)
Mak Pak Hung	SHK (Note 4)	15,000	0.00%	Personal interest (5,000 shares held as beneficial owner and 10,000 shares held as beneficiary of trust) (Note 7)

Notes:

1. Mr. Lee Seng Hui and Ms. Lee Su Hwei are the Trustees of Lee and Lee Trust, being a discretionary trust which indirectly held 4,528,120,310 shares of APL, 2,155,593,774 shares and 308,247,574 units of warrants of SHK HK Ind, 1,091,885,163 shares of SHK, 144,385,776 shares of QHA and 563,327,096 shares and 89,409,119 units of warrants of TACI.
2. APL is a non wholly-owned subsidiary of the Company. Therefore, APL is an associated corporation of the Company within the meaning of Part XV of the SFO.
3. SHK HK Ind is an indirect non wholly-owned subsidiary of the Company. Therefore, SHK HK Ind is an associated corporation of the Company within the meaning of Part XV of the SFO.
4. SHK is an indirect non wholly-owned subsidiary of APL which in turn is a non wholly-owned subsidiary of the Company. Therefore, SHK is an associated corporation of the Company within the meaning of Part XV of the SFO.
5. QHA is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company. Therefore, QHA is an associated corporation of the Company within the meaning of Part XV of the SFO.
6. TACI is owned as to 37.38% by SHK, which in turn is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company. Therefore, TACI is an associated corporation of the Company within the meaning of Part XV of the SFO.
7. This represents the deemed interest in 15,000 shares of SHK ("Awarded Shares") duly granted to Mr. Mak Pak Hung on 28th April, 2008 under the SHK Employee Ownership Scheme. The Awarded Shares are subject to a vesting scale in tranches whereby one-third of the Awarded Shares thereof were vested and became unrestricted from 16th April, 2009; another one-third thereof shall be vested and become unrestricted from 16th April, 2010; and the remaining one-third thereof shall be vested and become unrestricted from 16th April, 2011.
8. All interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or persons acting in concert with any of them had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules or were required to be disclosed under the Takeovers Code.

b. Substantial Shareholders' interests in the Company

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by, the Directors, the following parties (other than the Directors or the chief executive of the Company) held 10% or more of the voting rights of the Company:

Name of Shareholders	Number of Shares held	Approximate % of the relevant issued share capital	Notes
Cashplus Management Limited ("Cashplus")	32,781,800	13.44%	1
Zealous Developments Limited ("Zealous")	32,781,800	13.44%	1, 2, 3
Minty Hongkong Limited ("Minty")	75,844,692	31.09%	–
Lee and Lee Trust	108,626,492	44.53%	4, 5

Notes:

1. The holding percentages according to the register and public disclosure of the Company, including its 2008 annual report and 2009 interim report were 13.43%, which was a result of rounding down of decimal points.
2. This represents the same interest of Cashplus in 32,781,800 Shares.
3. Cashplus is a wholly-owned subsidiary of Zealous. Zealous was therefore deemed to have an interest in the Shares in which Cashplus was interested.
4. Minty and Zealous are wholly-owned by the Trustees for Lee and Lee Trust, being a discretionary trust.
5. Mr. Lee Seng Hui and Ms. Lee Su Hwei, both Directors, together with Mr. Lee Seng Huang are the Trustees for Lee and Lee Trust, being a discretionary trust, and were therefore deemed to have an interest in the Shares in which Minty and Zealous were interested.
6. None of the above Shareholders had dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or the chief executive of the Company) who held 10% or more of the voting rights of the Company or were required to be disclosed by the Takeovers Code.

6. OTHER INTERESTS AND DEALINGS IN THE SHARES

- a. Prior to the posting of this Offer Document, save for irrevocable undertaking from the Trustees for Lee and Lee Trust and Mr. Lee Seng Hui not to accept the Offer, neither the Company nor parties acting in concert with it has received any irrevocable commitment from any persons to irrevocably accept or reject the Offer.
- b. The Company has not conducted any on-market share repurchase following the date of the Announcement up to the Latest Practicable Date, and will not conduct any on-market share repurchase from the Latest Practicable Date up to and including the date the Offer closes, lapses or is withdrawn (as the case may be).
- c. The Company will not announce or engage in distribution of Shares following the date of the Announcement and ending on the 31st day immediately following the completion or withdrawal of the Offer.
- d. The Directors had confirmed that there has been no dealings in the Shares by them and parties acting in concert with any of them during the Relevant Period.
- e. As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person who owned or controlled any shareholding in the Company with the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them. As such, there has been no dealings during the Relevant Period in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company by any person who owned or controlled any shareholding in the Company with whom the Trustees for Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.
- f. As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person who owned or controlled any shareholding in the Company with the Company or any person who is an associate (as defined in the Takeovers Code) of the Company by virtue of classes (1) (2), (3) and (4) of the definition of associate (as defined in the Takeovers Code).
- g. As at the Latest Practicable Date, none of the Company, the Directors, Lee and Lee Trust, Mr. Lee Seng Hui or parties acting in concert with any of them had borrowed or lent any Shares.
- h. As at the Latest Practicable Date, none of the subsidiaries of the Company, nor pension funds of the Company or any of the Company's subsidiaries, nor any advisers to the Company as specified in class (2) of the definition of associate (as defined in the Takeovers Code) but excluding exempt principal traders had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. As such, there has been no dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company by any of the subsidiaries of the Company, or pension funds of the Company or any of the Company's

subsidiaries, or any advisers to the Company as specified in class (2) of the definition of associate (as defined in the Takeovers Code) but excluding exempt principal traders during the Relevant Period.

- i. As at the Latest Practicable Date, no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company. As such, there has been no dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company by any fund manager (other than exempt fund managers) connected with the Company who manages the shareholding in the Company on a discretionary basis during the Relevant Period.
- j. No securities acquired in pursuance of the Offer will be transferred, charged or pledged to any other persons and no such agreement, arrangement or understanding relating to transfer, charge or pledge of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company have been entered into by the Company as at the Latest Practicable Date.

7. ARRANGEMENTS AFFECTING DIRECTORS

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) that existed between the Company or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

As at the Latest Practicable Date, there was no material contract entered into by the Company in which any Director has a material personal interest.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts in force with the Company, its subsidiaries or associated companies which (i) had been entered into or amended within six months before the commencement of the Offer Period (including both continuous and fixed term contracts); (ii) or are continuous contracts with a notice period of twelve months or more; or (iii) are fixed term contracts with more than twelve months to run irrespective of the notice period.

9. MATERIAL CONTRACTS

Save as disclosed below, none of the members of the Group entered into any material contracts, not being contracts entered into in the ordinary course of business, after the date two years before the date of the Announcement and up to the Latest Practicable Date:

- a. On 23rd April, 2009, a warrant instrument by way of deed poll was executed by SHK HK Ind. Accordingly, relevant shareholders who had subscribed for rights shares (“Rights Shares”) of SHK HK Ind received bonus warrants (i.e. 2011 Warrants) on the basis of one bonus warrant for every five Rights Shares subscribed. On the basis of 1,869,172,517 Rights Shares in issue, 373,834,503 2011 Warrants were issued to the relevant shareholders of SHK HK Ind on 23rd April, 2009. Further details were disclosed in the announcements of SHK HK Ind dated 20th April, 2009 and 22nd April, 2009 respectively.
- b. On 13th February, 2009, the Company and Bright Clear Limited (“Bright Clear”), an indirect wholly-owned subsidiary of the Company, had executed a subscription undertaking (“Subscription Undertaking”) to undertake the subscription of such amount of Rights Shares of SHK HK Ind under the rights issue (“Rights Issue”) of Yu Ming Investments Limited (SHK HK Ind was formerly known as Yu Ming Investments Limited prior to 2nd July, 2009 and became an indirect non wholly-owned subsidiary of the Company following completion of the Rights Issue on 17th April, 2009). On 15th April, 2009, Bright Clear was provisionally allotted 504,371,800 Rights Shares pursuant to the Subscription Undertaking and submitted excess Right Shares application to SHK HK Ind. Bright Clear was allotted 1,036,766,074 excess Rights Shares pursuant to the excess Rights Shares application. All Rights Shares were allotted to Bright Clear at the subscription price of HK\$0.10 per Rights Share. Further details were disclosed in the announcement of the Company dated 20th April, 2009.
- c. On 13th February, 2009, an underwriting agreement was entered into between SHK HK Ind and Get Nice Securities Limited (being the underwriter) in relation to the Rights Issue of SHK HK Ind. The commission paid to Get Nice Securities Limited was approximately HK\$3.4 million, on the basis of 2.5% of an aggregate amount underwritten. The underwriting agreement became unconditional on 17th April, 2009. Further details were disclosed in the announcement of SHK HK Ind dated 14th February, 2009 and the prospectus of SHK HK Ind dated 26th March, 2009.
- d. On 24th December, 2008, Sun Hung Kai Strategic Capital Limited (“SHKSC”) and Itso Limited, both being indirect non wholly-owned subsidiaries of the Company, as vendors, entered into a sale and purchase agreement with Winning Beauty Limited as purchaser; and SHKSC as vendor, entered into two sets of the sale and purchase agreements with each of Kindstart Limited and Shiny Gloss Limited as purchasers, for the sale of an aggregate of 598,532,893 shares of HK\$0.10 each in the capital of APAC Resources Limited (“APAC”), being an aggregate of approximately 12.66% of the issued share capital of APAC for an aggregate consideration of HK\$371,090,393.66. Pursuant to the sale and purchase agreements, each of the purchasers had agreed to provide a share charge in favour of the relevant vendors as security for the payment of the relevant purchase price. The terms of each of the sale and purchase agreements and the share charges were substantially the same. Further details were disclosed in the joint announcement of the Company, APL and SHK on 31st December, 2008 and the circular of each of the Company, APL and SHK dated 20th January, 2009.

- e. On 8th October, 2008, TCM Products Limited as purchaser and Quality HealthCare Medical Holdings Limited as purchaser's guarantor, both being indirect non wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement with Dr. Kong Ching Boon, Mr. Lau Ling Tak and Mr. Cheung Chor Hung, collectively as the vendors, pursuant to which the purchaser had agreed to acquire from the vendors 10,000 shares of GHC Holdings Limited ("GHC"), representing the entire issued share capital of GHC for the consideration of HK\$29,600,000. Pursuant to the sale and purchase agreement, the purchaser's guarantor had agreed to provide the guarantee for the payment obligation of the purchaser. Further details were disclosed in the announcement of QHA dated 9th October, 2008 and the circular of QHA dated 30th October, 2008.
- f. On 23rd May, 2008, a warrant instrument by way of deed poll was executed by SHK HK Ind. Accordingly, relevant shareholders whose names appear on the register of members of SHK HK Ind on 23rd May, 2008 received bonus warrants ("2009 Warrants") on the basis of one 2009 Warrant for every five existing SHK HK Ind shares held. On the basis of 1,869,171,989 SHK HK Ind shares, 373,834,397 2009 Warrants were issued to the relevant shareholders on 29th May, 2008. Further details were disclosed in the letter to shareholders of SHK HK Ind dated 29th May, 2008.
- g. On 7th May, 2008, SHK as the vendor, Famestep Investments Limited ("Famestep") as the purchaser, and APL as the purchaser's guarantor (all being indirect non wholly-owned subsidiaries of the Company) entered into a sale and purchase agreement, pursuant to which (i) SHK had conditionally agreed to sell 2,675,400 shares of Wah Cheong Development (B.V.I.) Limited ("Wah Cheong") representing the entire issued share capital of Wah Cheong, which held approximately 51.15% of the issued share capital of QHA and assign the shareholder's loan in the amount of HK\$271,391,445 due by Wah Cheong to Famestep; and (ii) Famestep had conditionally agreed to purchase the Wah Cheong shares and accept the assignment of the shareholder's loan at an aggregate consideration of HK\$470,690,000. Further details were disclosed in the joint announcement of the Company, APL and SHK dated 14th May, 2008 and the circular of each of the Company, APL and SHK dated 4th June, 2008.
- h. On 31st October, 2007, SHK, AP Emerald Limited ("AP Emerald") as the vendor, both being indirect non wholly-owned subsidiaries of the Company, and Dubai Ventures LLC as the placee, entered into a placing and subscription agreement, pursuant to which the vendor had agreed to place the placing shares, being 166,000,000 shares of SHK, to the placee at a placing price of HK\$11.50 per placing share and had conditionally agreed to subscribe for the subscription shares, being an aggregate of 166,000,000 new shares of SHK at the subscription price of HK\$11.50 per subscription share. Further details were disclosed in the joint announcement of the Company, APL and SHK dated 31st October, 2007.

10. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, none of the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors which is pending or threatened against any member of the Group.

- a. Following litigation that concluded in 2006, Sun Hung Kai Securities Limited (“SHKS”), a wholly-owned subsidiary of SHK, which is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company, holds a 12.5% interest in a 50/50 joint venture between New World Development Company Limited (“NWDC”) and IGB Corporation Berhad in Kuala Lumpur, Malaysia (“Joint Venture”). SHKS is presently seeking the assistance of NWDC and Stapleton Developments Limited (“Stapleton”) to ensure that the legal interest of the issued shares of the Joint Venture company, being Great Union Properties Sdn. Bhd. (“GUP”), which Stapleton holds on trust for SHKS be transferred to SHKS, and that GUP acknowledges and records in its accounts in the name of SHKS the amount of shareholders’ loans made on behalf of SHKS to it.
- b. On 25th February, 2009, the Market Misconduct Tribunal (“MMT”) made findings and orders following the conduct of proceedings relating to dealing in May and June 2003 in the securities of QPL International Holdings Limited. The MMT’s determinations of misconduct against two employees within SHK’s group resulted also in adverse determinations against SHK’s indirect wholly-owned subsidiaries, Sun Hung Kai Investment Services Limited (“SHKIS”) and Cheeroll Limited (“Cheeroll”) (now known as Sun Hung Kai Strategic Capital Limited). The MMT ordered that the companies not again perpetrate any form of market misconduct, that they pay the Government’s and the SFC’s costs, and recommended that the SFC take disciplinary action against SHKIS. Following an agreement reached between SHKIS and the SFC, on 12th October, 2009, the SFC reprimanded SHKIS and fined it HK\$4,000,000. SHKIS and Cheeroll are presently appealing aspects of the MMT’s findings and orders (not including the recommendation that the SFC take disciplinary action).
- c. On 14th October, 2008, a writ of summons was issued by SHKIS in the High Court of Hong Kong against Quality Prince Limited, Allglobe Holdings Limited, the Personal Representative of the Estate of Lam Sai Wing, Chan Yam Fai Jane (“Ms. Chan”) and Ng Yee Mei (“Ms. Ng”), seeking recovery of (a) the sum of HK\$50,932,876.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Having sold collateral for the partial recovery of amounts owing, SHKIS filed a Statement of Claim in the High Court of Hong Kong on 24th October, 2008 claiming (a) the sum of HK\$36,030,376.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Summary judgment against all the defendants was granted by Master C Chan on 25th May, 2009, but judgment with respect to Ms. Chan and Ms. Ng only was overturned on appeal by the judgment of Suffiad J dated 7th August, 2009. SHKIS has sought leave to appeal that judgment to the Court of Appeal.

- d. In 2001, an order was made by the Hubei Province Higher People's Court in China ("2001 Order") enforcing a CIETAC award of 19th July, 2000 ("Award") by which SHKS was required to pay US\$3 million to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to SHK's listed associate, TACI, in 1998 and disposed of any and all interest it might hold in the registered capital of the JV ("Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JV in the amount of US\$3 million was frozen further to the 2001 Order. SHKS is party to the following litigation relating to the JV:
- (i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("Walton") ("2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ, (a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation; (b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October, 2001; and (c) Walton claims against SHKS for the sum of US\$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. While a provision has been made for legal costs, SHK does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.
- (ii) On 20th December, 2007, a writ ("Mainland Writ") was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against TACI and SHKS and was accepted by a mainland PRC court, 湖北省武漢市中級人民法院 ((2008) 武民商外初字第8號), claiming the transfer of a 28% shareholding in the JV, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end of 2007 together with related costs and expenses. Judgment was awarded by the mainland PRC court in favour of TACI and SHKS on 27th July, 2009. The judgment is currently being appealed by Ms. Cheung. While a provision has been made for legal costs, SHK does not consider it presently appropriate to make any other provision with respect to this writ.

- (iii) On 4th June, 2008, a writ of summons was issued by TACI and SHKS in the High Court of Hong Kong against Ms. Cheung (“HK Writ”), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JV from TACI and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung’s entitlement to any shareholding in the JV; (d) further and alternatively, that Ms. Cheung’s claim against TACI and SHKS in respect of her entitlement to the shareholding in the JV is scandalous, vexatious and/or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). The HK Writ was not served on Ms. Cheung and lapsed on 3rd June, 2009. A further writ of summons was issued by TACI and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2009 seeking the same relief as the HK Writ. SHK does not consider it presently appropriate to make any provision with respect to this action.

11. CONSENTS

The following are the qualifications of the experts who have given opinions in this Offer Document:

Name	Qualification
Yu Ming	a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
Pelican Securities	a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance)
Deloitte Touche Tohmatsu	Certified Public Accountants
Norton Appraisals Limited	Registered Professional Surveyors, Valuers and Property Advisers
Jack L. Hughey & Associates	Appraisal Service and Real Estate Consultants

Yu Ming, Pelican Securities, Deloitte Touche Tohmatsu, Norton Appraisals Limited and Jack L. Hughey & Associates have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their opinions and/or letters, and references to their names, opinion or letters in the form and context in which they respectively appear.

12. GENERAL

- a. The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- b. The registered office of Yu Ming is Room 1901B, 19th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- c. The registered office of Pelican Securities is Unit 1502, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong.
- d. The principal members of the concert group of Lee and Lee Trust includes Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang. Their address is 24th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- e. The English text of this Offer Document, the form of proxy for the EGM and the Acceptance Form shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (public holidays excepted) (i) at the registered office of the Company at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong; (ii) on the website of the Securities and Futures Commission of Hong Kong at www.sfc.hk; and (iii) on the website of the Company at www.alliedgroup.com.hk, from the date of this Offer Document for so long as the Offer remains open for acceptance:

- a. the memorandum and articles of association of the Company;
- b. the letter from the Board, the text of which is set out on pages 6 to 16 of this Offer Document;
- c. the letter from Yu Ming, the text of which is set out on pages 17 to 26 of this Offer Document;
- d. the letter from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this Offer Document;
- e. the letter from Pelican Securities, the text of which is set out on pages 29 to 49 of this Offer Document;
- f. the comfort letter issued by Deloitte Touche Tohmatsu, the text of which is set out on pages III-1 to III-2 of this Offer Document;
- g. the valuation certificates and reports issued by Norton Appraisals Limited and Jack L. Hughey & Associates, the text of which are set out on pages IV-1 to IV-115 of this Offer Document;
- h. the annual reports of the Company for the two years ended 31st December, 2008;

- i. the interim report of the Company for the six months ended 30th June, 2009;
- j. the letters of consent referred to in paragraph 11 “Consents” in this appendix; and
- k. the material contracts referred to in paragraph 9 “Material Contracts” in this appendix.

NOTICE OF EGM



ALLIED GROUP LIMITED **(聯合集團有限公司)**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Allied Group Limited (聯合集團有限公司) (“Company”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 13th November, 2009 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional cash offer (“Offer”) by Yu Ming Investment Management Limited on behalf of the Company to repurchase for cancellation up to 36,588,363 shares of nominal value of HK\$2.00 each in the issued share capital of the Company (“Shares”) held by the shareholders of the Company (“Shareholders”) at a price of HK\$18.50 per Share in cash and subject to the terms and conditions set out in the offer document (a copy of which marked “A” has been produced to the EGM and initialled by the chairman of the EGM for the purpose of identification) together with the accompanying acceptance form despatched to the Shareholders and dated 23rd October, 2009 be approved, without prejudice to the existing authority of the Company under the general mandate to repurchase Shares granted by the Shareholders at the annual general meeting of the Company on 15th June, 2009, and that any one of the directors of the Company be and is hereby authorised to execute all such documents with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Offer including without limitation, completion of the Offer; and
- (b) the waiver (“Whitewash Waiver”) in respect of any obligation under the Hong Kong Code on Takeovers and Mergers (“Takeovers Code”) and the Hong Kong Code on Share Repurchases of Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang (being the trustees for Lee and Lee Trust, a substantial shareholder of the Company) and parties acting in concert (such term as defined in the Takeovers Code) with any of them to make a mandatory general offer for all the issued Shares other than those held by them which may, but for such Whitewash Waiver, arise upon completion of the Offer be and is hereby approved, and that any one of the directors of the Company be and is hereby authorised to execute all such documents with or without amendments

NOTICE OF EGM

and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Whitewash Waiver.”

By Order of the Board
Allied Group Limited
Winnie Lui Mei Yan
Company Secretary

Hong Kong, 23rd October, 2009

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM will be entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company.
2. A form of proxy in respect of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish. In the event that you attend the EGM after having lodged the form of proxy, it will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the EGM or any adjourned meeting thereof (as the case may be). Such prescribed form of proxy for use at the EGM is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.alliedgroup.com.hk.
4. Where there are joint holders of any Shares, any one of such joint holders may vote at the EGM either personally or by proxy in respect of such Shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such Shares.