THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about the Partial Share Exchange Offer, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **TIAN AN CHINA INVESTMENTS COMPANY LIMITED**, you should at once hand this Composite Document and the accompanying Form of Approval and Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產(香港)有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 56)

天安中國投資有限公司
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 28)

COMPOSITE DOCUMENT RELATING TO VOLUNTARY CONDITIONAL PARTIAL SHARE EXCHANGE OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF CHINA ELITE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF ALLIED PROPERTIES (H.K.) LIMITED TO ACQUIRE 103,180,000 TIAN AN OFFER SHARES IN THE ISSUED SHARE CAPITAL OF TIAN AN CHINA INVESTMENTS COMPANY LIMITED FROM INDEPENDENT TIAN AN SHAREHOLDERS

Financial adviser to the Offeror

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

Independent financial adviser to the Independent Board Committee of Tian An China Investments Company Limited

Huntington Asia
汉腾亚洲

Huntington Asia Limited

Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document.

A letter from the APL Board is set out on pages 8 to 15 of this Composite Document.

A letter from Yu Ming containing, among other things, details of the terms and conditions of the Partial Share Exchange Offer is set out on pages 16 to 25 of this Composite Document.

A letter from the Tian An Board is set out on pages 26 to 31 of this Composite Document.

A letter from the Tian An Independent Board Committee to the Independent Tian An Shareholders containing its recommendation in respect of the Partial Share Exchange Offer is set out on pages 32 and 33 of this Composite Document.

A letter from Huntington Asia containing its advice to the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer is set out on pages 34 to 55 of this Composite Document.

The procedures for acceptance and other related information in respect of the Partial Share Exchange Offer are set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance. Form(s) of Approval and Acceptance should be received by the Share Registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 4:00 p.m. on Friday, 9th December, 2011, being the First Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code).

Custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Approval and Acceptance to any jurisdiction outside Hong Kong should read carefully the paragraphs headed "Overseas Tian An Shareholders" in the letter from Yu Ming and in Appendix I to this Composite Document.

18th November, 2011

CONTENTS

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by APL and Tian An:

Partial Share Exchange Offer opens for approval and/or acceptance *(Note 1)* . . . . Friday, 18th November, 2011

Latest time and date for approval and/or acceptance of the Partial Share Exchange Offer on the First Closing Date *(Note 2)*. . . . . 4:00 p.m. on Friday, 9th December, 2011

First Closing Date *(Note 2)*. . . . . Friday, 9th December, 2011

Announcement of the results of the Partial Share Exchange Offer, as at the First Closing Date, to be posted on the websites of the Stock Exchange, APL and Tian An *(Note 3)*. . . . . .no later than 7:00 p.m. on Friday, 9th December, 2011

Latest time and date for approval and/or acceptance of the Partial Share Exchange Offer, assuming that the Partial Share Exchange Offer becomes or is declared unconditional as to acceptances on the First Closing Date *(Note 4)* . . . . 4:00 p.m. on Friday, 23rd December, 2011

Final Closing Date *(Note 4)* . . . . Friday, 23rd December, 2011

Announcement of the results of the Partial Share Exchange Offer, as at the Final Closing Date, to be posted on the websites of the Stock Exchange, APL and Tian An *(Note 3)*. . . . . .no later than 7:00 p.m. on Friday, 23rd December, 2011

Matching service for the Accepting Tian An Shareholders opens, assuming the Partial Share Exchange Offer becomes or is declared unconditional as to acceptances on the First Closing Date *(Note 5)* . . . . .Wednesday, 28th December, 2011

Latest date for posting of share certificates of APL to the Accepting Tian An Shareholders who have accepted the Partial Share Exchange Offer on or before the Final Closing Date, assuming that the Partial Share Exchange Offer becomes or is declared unconditional as to acceptances on the First Closing Date *(Note 6)* . . . . Tuesday, 3rd January, 2012

Latest time by which the Partial Share Exchange Offer can be declared unconditional as to acceptances *(Notes 7 and 8)* . . . . .7:00 p.m. on Tuesday, 17th January, 2012

Matching service for the Accepting Tian An Shareholders closes, assuming the Partial Share Exchange Offer becomes or is declared unconditional as to acceptances on the First Closing Date *(Note 5)* . . . . .Friday, 27th January, 2012

Notes:

1. The Partial Share Exchange Offer opens for approval and/or acceptance on and from 18th November, 2011, being the date of posting of this Composite Document.

2. In accordance with Rule 15.1 of the Takeovers Code, the Partial Share Exchange Offer must remain initially open for acceptance for at least 21 days following the date on which this Composite Document is posted.

   In order to approve and/or accept the Partial Share Exchange Offer, the Independent Tian An Shareholders are required to submit to the Share Registrar the duly completed and signed Forms of Approval and Acceptance at or before 4:00 p.m. on Friday, 9th December, 2011, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

   If on the First Closing Date, valid acceptance received exceed 103,180,000 Tian An Offer Shares and approval of the Partial Share Exchange Offer received from Independent Tian An Shareholders represent over 50% of the Tian An Shares not held by the Offeror and parties acting in concert with it, the Offeror must declare the Partial Share Exchange Offer unconditional as to acceptances and comply with Rule 15.3 of the Takeovers Code for the Partial Share Exchange Offer to remain open for acceptance for not less than 14 days thereafter. If the foregoing conditions are fulfilled prior to the First Closing Date, the Offeror may also declare the Partial Share Exchange Offer unconditional as to acceptances at such time prior to the First Closing Date, provided that the Offeror fully complies with Rules 15.1 and 15.3 of the Takeovers Code.

3. Pursuant to Rule 19.1 of the Takeovers Code, an announcement on the results of the Partial Share Exchange Offer must be made by the Offeror and posted on the Stock Exchange's website by no later than 7:00 p.m. on the First Closing Date stating whether the Partial Share Exchange Offer has become or been declared unconditional as to acceptances or in all respects or has been revised, or extended or expired. In any announcement of an extension of the Partial Share Exchange Offer, the next closing date must be stated. The announcement of result of the Partial Share Exchange Offer will comply with the disclosure requirement under Rule 19.1 and note 7 to Rule 19 of the Takeovers Code.

4. In accordance with Rule 15.3 of the Takeovers Code, where the Partial Share Exchange Offer is declared unconditional as to acceptances, it should remain open for acceptance for not less than 14 days thereafter. **The Offeror cannot extend the Final Closing Date to a day that is beyond the 14th day after the First Closing Date if the Offeror has declared the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date pursuant to Rule 28.4 of the Takeovers Code.** In such case, 14 days' notice by way of announcement on the First Closing Date will be given before the Partial Share Exchange Offer is closed to those Independent Tian An Shareholders who have not accepted the Partial Share Exchange Offer.

5. Details of the matching service to be provided by Sun Hung Kai Investment Services Limited to the Accepting Tian An Shareholders are set out in the "Letter from Yu Ming" of this Composite Document.

6. Share certificates of APL will be posted by ordinary post to the Accepting Tian An Shareholders at his/her/its own risks as soon as possible, but in any event within 10 days following the close of the Partial Share Exchange Offer. If it ends on a day which is not a Business Day, the period is extended until the next Business Day.

7. In accordance with Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the Partial Share Exchange Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date this Composite Document is posted. Accordingly, unless the Partial Share Exchange Offer has become or been declared unconditional as to acceptances, the Partial Share Exchange Offer will lapse at 7:00 p.m. on Tuesday, 17th January, 2012 unless extended with the consent of the Executive.

8. If the Partial Share Exchange Offer does not become or is not declared unconditional as to acceptances within the latest time permitted by the Takeovers Code, being 7:00 p.m. on Tuesday, 17th January, 2012, the Form(s) of Approval and Acceptance, the relevant certificate(s) of Tian An Share(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Offeror will be returned to the Accepting Tian An Shareholders by post or such documents will be made available by the Share Registrar for collection, as soon as possible but in any event within 10 days after the Partial Share Exchange Offer lapses. The Offeror will bear the relevant costs to be incurred for posting of such documents to such Accepting Tian An Shareholders.

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

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

"Accepting Tian An Shareholder(s)"	the Independent Tian An Shareholder(s) who has/have validly accepted the Partial Share Exchange Offer
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"AGL"	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 (Stock Code: 373)
"AGL Board"	the board of AGL Directors
"AGL Director(s)"	the director(s) of AGL
"AGL Group"	AGL and its subsidiaries
"AGL Share(s)"	ordinary share(s) of HK$2.00 each in the share capital of AGL
"AGL Shareholder(s)"	holder(s) of the AGL Share(s)
"APL"	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 56 and Warrant Code: 1183)
"APL Board"	the board of APL Directors
"APL Director(s)"	the director(s) of APL
"APL Exchange Shares"	412,720,000 APL Shares of HK$0.20 each in the share capital of APL to be allotted and issued as Consideration to Accepting Tian An Shareholder(s) under the Partial Share Exchange Offer
"APL Group"	APL and its subsidiaries
"APL Share(s)"	ordinary share(s) of HK$0.20 each in the share capital of APL
"APL Shareholder(s)"	holder(s) of the APL Share(s)
"APL Warrant(s)"	1,390,623,317 units of listed warrants issued by APL which carry rights to subscribe for up to an aggregate of 1,390,623,317 APL Shares, details of which were disclosed in APL's announcement dated 8th June, 2011 (Warrant Code: 1183)
"APL Warrant Holders"	holders of APL Warrant(s)
"associate(s)"	has the meaning ascribed to it under the Takeovers Code

"Business Day(s)"	a day (other than Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Completion"	completion of the Partial Share Exchange Offer effected by the posting of the relevant share certificates of APL Exchange Shares to the Accepting Tian An Shareholders pursuant to the Takeovers Code
"Composite Document"	the composite and response document in respect of the Partial Share Exchange Offer to be jointly issued by APL, on behalf of the Offeror, and Tian An to the Independent Tian An Shareholders in accordance with the Takeovers Code
"Consideration"	the aggregate consideration of 412,720,000 APL Exchange Shares to be allotted and issued to the Accepting Tian An Shareholders under the Partial Share Exchange Offer
"Excluded Tian An Shareholder(s)"	Overseas Tian An Shareholder(s), if any, whose address(es) as shown on the Register is/are outside Hong Kong and located in a jurisdiction the laws of which may prohibit the making of the Partial Share Exchange Offer to such Tian An Shareholder(s) or otherwise require the Offeror and Tian An to comply with additional requirements which are (subject to legal advice and the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Tian An Shareholders involved in that jurisdiction and their shareholdings in Tian An
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Final Closing Date"	23rd December, 2011, being (i) the 14th day after the date on which the Partial Share Exchange Offer is declared unconditional as to acceptances or the First Closing Date, whichever is earlier, and (ii) at least 21 days following the date on which the Composite Document is posted
"First Closing Date"	9th December, 2011, being the first closing day of the Partial Share Exchange Offer, which shall be at least 21 days following the date on which the Composite Document is posted, or such later date as may be extended by the Offeror in accordance with the Takeovers Code

"Form of Approval and Acceptance"	the form of approval and acceptance in respect of the Partial Share Exchange Offer accompanying this Composite Document
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Huntington Asia"	Huntington Asia Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being appointed as the independent financial adviser to the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer
"Independent Tian An Shareholder(s)"	holder(s) of the Tian An Share(s), other than the Offeror and parties acting in concert with it
"Joint Announcement"	the joint announcement of AGL, APL and Tian An dated 14th September, 2011 in relation to, among other things, the Partial Share Exchange Offer
"Last Trading Day"	7th September, 2011, being the last trading day prior to the suspension of trading in AGL Shares, Tian An Shares, APL Shares and APL Warrants on the Stock Exchange with effect from 9:00 a.m. on 8th September, 2011 pending the release of the Joint Announcement
"Latest Practicable Date"	15th November, 2011, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM Board of the Stock Exchange
"Norton Appraisals"	Norton Appraisals Limited, an independent valuer and member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors
"Offer Price"	the effective offer price ascribed to Tian An Offer Shares under the Partial Share Exchange Offer based on the offer structure of four APL Exchange Shares for every Tian An Offer Share tendered

"Offeror"	China Elite Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of APL
"Overseas Tian An Shareholder(s)"	Independent Tian An Shareholder(s) whose address(es) as stated in the Register is/are outside Hong Kong
"Partial Share Exchange Offer"	the voluntary conditional partial share exchange offer made by Yu Ming on behalf of the Offeror to acquire 103,180,000 Tian An Offer Shares from the Independent Tian An Shareholders on the basis of four APL Exchange Shares for every Tian An Offer Share tendered
"PRC"	the People's Republic of China, for the purpose of this Composite Document only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"Register"	the register of members of Tian An
"Relevant Period"	the period commencing on 15th March, 2011, being the date falling six months prior to 14th September, 2011, the commencement date of the offer period and up to the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share Registrar"	Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, being the receiving agent for receiving and processing the Form(s) of Approval and Acceptance, and the share registrar and transfer office of Tian An
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Tian An"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28)
"Tian An Board"	the board of Tian An Directors
"Tian An Director(s)"	the director(s) of Tian An

"Tian An Group"	Tian An and its subsidiaries
"Tian An Independent Board Committee"	the independent board committee of Tian An, comprising a non-executive Tian An Director and all the independent non-executive Tian An Directors, established for the purpose of advising the Independent Tian An Shareholders on the terms of the Partial Share Exchange Offer
"Tian An Offer Share(s)"	the 103,180,000 Tian An Share(s) which are the subject of the Partial Share Exchange Offer
"Tian An Share(s)"	ordinary share(s) of HK$0.20 each in the share capital of Tian An
"Tian An Shareholder(s)"	holder(s) of the Tian An Share(s)
"Yu Ming"	Yu Ming Investment Management Limited, a licensed corporation permitted to carry out Types 1 (securities trading), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
"%"	per cent.

ALLIED PROPERTIES (H.K.) LIMITED
（聯合地產（香港）有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

Executive Directors:
Lee Seng Hui (*Chief Executive*)
Li Chi Kong
Mark Wong Tai Chun

Non-Executive Director:
Arthur George Dew (*Chairman*)

Independent Non-Executive Directors:
Steven Samuel Zoellner
Alan Stephen Jones
David Craig Bartlett

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

18th November, 2011

To the Independent Tian An Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL PARTIAL SHARE EXCHANGE OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF CHINA ELITE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF ALLIED PROPERTIES (H.K.) LIMITED TO ACQUIRE 103,180,000 TIAN AN OFFER SHARES IN THE ISSUED SHARE CAPITAL OF TIAN AN CHINA INVESTMENTS COMPANY LIMITED FROM INDEPENDENT TIAN AN SHAREHOLDERS

INTRODUCTION

On 14th September, 2011, we jointly announced with AGL and Tian An that a voluntary conditional Partial Share Exchange Offer was intended to be made by Yu Ming, for and on behalf of the Offeror, to acquire from the Independent Tian An Shareholders 103,180,000 Tian An Offer Shares. A total of 412,720,000 APL Exchange Shares will be allotted and issued as Consideration for Partial Share Exchange Offer on the basis of four APL Exchange Shares for every Tian An Offer Share tendered for acceptance by the Independent Tian An Shareholders.

Details of the Partial Share Exchange Offer are set out in the "Letter from Yu Ming", Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

The purpose of this Composite Document is to provide you, among other things, (a) further details of the Partial Share Exchange Offer, (b) further details of the allotment and issuance of APL Exchange Shares, (c) a letter from Yu Ming containing details of the Partial Share Exchange Offer, (d) a letter from Tian An Independent Board Committee containing its recommendation and advice to the Independent Tian An Shareholders, (e) a letter of advice from Huntington Asia to the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer, and (f) financial information of the APL Group and the Tian An Group. We would like to take this opportunity to set out certain background information on the Offeror, APL and AGL, the reasons we make the Partial Share Exchange Offer and our intention in relation to Tian An.

INFORMATION ON THE OFFEROR, APL AND AGL

The Offeror is a company incorporated in the British Virgin Islands on 30th March, 2010 with limited liability and an indirect wholly-owned subsidiary of APL. The principal business activity of the Offeror is investment holding. As at the Latest Practicable Date, the board of directors of the Offeror comprises Messrs. Li Chi Kong and Mark Wong Tai Chun, both of them are also APL Directors.

APL is a company incorporated under the laws of Hong Kong on 18th July, 1960 with limited liability, the securities of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, APL is beneficially owned as to approximately 72.34% by AGL. The principal business activities of APL Group are property investment and development, hospitality related activities, the provision of financial services and the provision of elderly care services.

AGL is a company incorporated under the laws of Hong Kong on 15th December, 1972 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal business activities of AGL Group are property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care services, and investments in listed and unlisted securities.

BACKGROUND OF THE PARTIAL SHARE EXCHANGE OFFER

Yu Ming, on behalf of the Offeror, is making the Partial Share Exchange Offer to acquire 103,180,000 Tian An Offer Shares on the following basis:

For each Tian An Offer Share . . . . Four APL Exchange Shares

Based on the closing price of HK$1.29 per APL Share as quoted on the Stock Exchange on the Last Trading Day, the effective price for each Tian An Offer Share under the Partial Share Exchange Offer is valued at HK$5.16 per Tian An Offer Share. The 103,180,000 Tian An Offer Shares held by the Independent Tian An Shareholders, which are subject to be acquired under the Partial Share Exchange Offer, are valued at approximately HK$532.41 million on the Last Trading Day.

Further detailed terms and information in respect of the Partial Share Exchange Offer are set out in the "Letter from Yu Ming", Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

As at the Latest Practicable Date, APL through the Offeror owns 602,789,096 Tian An Shares, representing approximately 40.00% of the existing issued share capital of Tian An, and the total number of Tian An Shares held by the public represents approximately 31.83% of the existing issued share capital of Tian An. Penta Investment Advisers Limited ("Penta"), another substantial Tian An Shareholder not acting in concert with the Offeror, holds approximately 28.16% of the existing issued share capital of Tian An, which is not considered as part of the public float under the Listing Rules.

The number of the Tian An Offer Shares is determined by the Offeror on the basis that upon successful Completion, Tian An would still be able to maintain not less than 25% public float as required by the Listing Rules, whether or not any substantial Tian An Shareholders would accept the Partial Share Exchange Offer. It is noted that Penta has increased its shareholding in Tian An by 192,000 Tian An Shares, representing an increase from approximately 28.14% to approximately 28.16% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer upon the close of the Partial Share Exchange Offer, there may be insufficient public float held by public Tian An Shareholders. The Offeror and parties acting in concert with it will review the public float of Tian An upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of Tian An Shares to other investors who are independent and not connected persons of the Offeror and the parties acting in concert with it, after the close of the Partial Share Exchange Offer, to maintain the public float of Tian An to be at least 25% as required by the Listing Rules. As at the Latest Practicable Date, none of AGL Directors, APL Directors, Tian An Directors and the directors of the Offeror and parties acting in concert with it has any knowledge as to whether Penta will accept the Partial Share Exchange Offer.

Assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer, upon Completion, a total of 412,720,000 APL Exchange Shares will be allotted and issued, representing approximately 5.94% of the existing issued share capital of APL as at the Latest Practicable Date and approximately 5.60% of the enlarged issued share capital of APL immediately following the allotment and issuance of the APL Exchange Shares.

It is also noted that Penta has increased its shareholding in APL by 37,087,000 APL Shares, representing an increase from approximately 7.51% to approximately 8.04% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer, there may be insufficient public float held by public APL Shareholders as a result of the allotment and issuance of the APL Exchange Shares to the Accepting Tian An Shareholders under the circumstance that Penta accepts the Partial Share Exchange Offer. The Offeror and the parties acting in concert with it will review the public float of APL upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of APL Shares to other investors who are independent and not connected persons of APL and the parties acting in concert with it, to maintain the public float of APL to be at least 25% as required by the Listing Rules after the close of the Partial Share Exchange Offer but in any event on or before the Completion.

REASONS FOR THE PARTIAL SHARE EXCHANGE OFFER

The APL Board considers that Tian An Group's principal business activities in the development of high-end apartments, villas, office buildings and commercial properties, and property investment in the PRC, supplement APL Group's property development and investment business in Hong Kong.

The APL Board is of the view that the Partial Share Exchange Offer would enable the APL Group to enhance its shareholding in Tian An Group from approximately 40.00% to approximately 46.85% and allow better planning and implementation of overall business strategy of the APL Group in property development and investment market. This is also in line with APL's overall strategy to increase its holdings in Tian An disclosed by APL in the joint announcement issued with AGL, Sun Hung Kai & Co. Limited ("SHK") and Tian An dated 26th April, 2010 and the circular of APL dated 24th May, 2010 respectively.

APL will have approximately 46.85% equity interest in Tian An and Tian An will remain as an associated company of APL upon Completion.

SHAREHOLDING CHANGE UPON COMPLETION

Assuming no additional APL Shares will be issued or repurchased by APL from the Latest Practicable Date up to Completion, the table below illustrates the shareholding structure of APL (i) as at the Latest Practicable Date; (ii) immediately after Completion assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer in full; and (iii) immediately after Completion assuming all the Independent Tian An Shareholders except Penta, the substantial Tian An Shareholder, accept the Partial Share Exchange Offer in full:

Shareholders	**As at the Latest Practicable Date**		**Immediately after Completion assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer in full**		**Immediately after Completion assuming all the Independent Tian An Shareholders except Penta accept the Partial Share Exchange Offer in full[3]**	
	Number of APL Shares	*%*	*Number of APL Shares*	*%*	*Number of APL Shares*	*%*
AGL[1]	5,030,031,045	72.34	5,030,031,045	68.29	5,030,031,045	68.29
Public APL Shareholders						
Penta[2]	559,253,637	8.04	752,942,897	10.22	559,253,637	7.59
Others	1,363,833,686	19.62	1,582,864,426	21.49	1,776,553,686	24.12
Total	**6,953,118,368**	**100.00**	**7,365,838,368**	**100.00**	**7,365,838,368**	**100.00**

Notes:

1. As at the Latest Practicable Date, the interest includes the holding of: (i) an interest in 1,973,216,190 APL Shares held by Capscore Limited ("Capscore"); (ii) an interest in 45,903,120 APL Shares held by Citiwealth Investment Limited ("Citiwealth"); (iii) an interest in 2,042,556,855 APL Shares held by Sunhill Investments Limited ("Sunhill"); and (iv) an interest in 968,354,880 APL Shares held by AGL. In addition, a total of 1,006,006,209 units of APL Warrants were held by Capscore, Citiwealth, Sunhill and AGL giving rise to an interest in an aggregate of 1,006,006,209 underlying APL Shares. Capscore, Citiwealth, Sunhill are all wholly-owned subsidiaries of AGL. AGL was therefore deemed to have an interest in APL Shares and underlying APL Shares in which Capscore, Citiwealth and Sunhill were interested.

   Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. As at the Latest Practicable Date, they together, through Lee and Lee Trust, owned approximately 55.94% interest in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interest) and were therefore deemed to have an interest in the APL Shares and the underlying APL Shares in which AGL was interested.

2. Pursuant to the disclosure of interest forms and dealings disclosure forms filed by Penta displayed on the respective websites of the Stock Exchange and the SFC, as at the Latest Practicable Date, Penta has a long position interest in (i) 559,253,637 APL Shares; and (ii) 103,353,321 listed physically settled derivatives and 413,810,953 unlisted cash settled derivatives, equivalent to a total of 517,164,274 underlying APL Shares. The listed physically settled derivatives will lapse in June 2016, and APL Directors have no information on the convertibility, terms and conditions of the unlisted cash settled derivatives held by Penta as such unlisted cash settled derivatives were not issued by APL, thus no assumption was made in the situation where Penta converts the derivatives into APL Shares on or before Completion. Penta is an Independent Tian An Shareholder in respect of the Partial Share Exchange Offer but not regarded as part of the public float of Tian An.

3. This scenario is presented to reflect changes in APL shareholding structure as a result of the corresponding assumptions made to changes in Tian An shareholding structure under the Partial Share Exchange Offer for the purpose of calculation of the public float of Tian An upon Completion. It does not indicate and should not be taken as any indication of whether or not Penta intends to accept the Partial Share Exchange Offer, in respect of which none of the AGL Directors, APL Directors, Tian An Directors and directors of the Offeror and parties acting in concert with it have such information.

4. It is noted that there may be insufficient public float held by public APL Shareholders upon the close of the Partial Share Exchange Offer. Subject to the level of acceptance of the Partial Share Exchange Offer, the Offeror and parties acting in concert with it will review the public float of APL upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of APL Shares to other investors who are independent and not connected persons of APL and the parties acting in concert with it, to maintain the public float of APL to be at least 25% as required by the Listing Rules after the close of the Partial Share Exchange Offer but in any event on or before the Completion.

As at the Latest Practicable Date, save for the 6,953,118,368 APL Shares and 1,390,621,534 outstanding units of APL Warrants, giving rise to 1,390,621,534 underlying APL Shares, there are no other class of securities of APL issued and outstanding.

FINANCIAL INFORMATION AND TRADING PROSPECTS OF THE APL GROUP

The following is the financial information of the APL Group as extracted from its audited consolidated financial statements of APL for the two years ended 31st December, 2010 and unaudited consolidated financial statements of APL for the six months ended 30th June, 2011, which was prepared in accordance with Hong Kong Financial Reporting Standards:

HK$'000	**For the year ended 31st December, 2009** *(Audited)*	**For the year ended 31st December, 2010** *(Audited)*	**For the six months ended 30th June, 2011** *(Unaudited)*
Revenue	3,471,000	3,621,800	1,960,700
Net profits before taxation and extraordinary items	2,753,800	3,322,300	1,894,500
Net profits after taxation and extraordinary items	2,483,500	4,111,800	1,666,400
Net assets attributable to owners	12,641,300	17,359,500	18,648,700

The downgrade of US credit ratings and the concerns regarding the Euro Zone debt problems have brought uncertainty to the world and local economies. The APL Group will closely monitor stock market fluctuations and the impact on the APL Group's financial services business which is currently affected by the downtrend of the world and local financial and stock markets. Regarding elderly care services business, the division faced the impact of minimum wage legislation, cost increases in food and supplies and escalations in rent. The division will closely monitor the high cost structure.

In both Hong Kong and the PRC, the respective governments have implemented various measures to control increases in the residential property prices. Such measures have dampened sentiment in the short term but the APL Group remains confident of the long term prospects for the property markets in both Hong Kong and the PRC.

The APL Board is of the view that the Partial Share Exchange Offer would enable the APL Group to enhance its shareholding in Tian An Group from approximately 40.00% to approximately 46.85% and allow better planning and implementation of overall business strategy of the APL Group in property development and investment market.

The APL Board will continue to prudently implement its stated strategies for the benefit of the APL Group and APL Shareholders.

FINANCIAL EFFECTS OF THE PARTIAL SHARE EXCHANGE OFFER

The following sets out the financial effects on APL Group upon Completion of the Partial Share Exchange Offer. Upon Completion, APL Group will increase its shareholding in Tian An Group by approximately 6.85% from approximately 40.00% to approximately 46.85%.

Business

The Partial Share Exchange Offer would enable the APL Group to enhance its shareholding in Tian An Group from approximately 40.00% to approximately 46.85% and allow better planning and implementation of overall business strategy of the APL Group in property development and investment market.

Net asset value

Pursuant to the unaudited interim reports of APL Group and Tian An Group for the six months ended 30th June, 2011, the unaudited consolidated net asset value of APL Group and Tian An Group as at 30th June, 2011, were approximately HK$18,648.7 million and approximately HK$13,323.0 million respectively. The Partial Share Exchange Offer will have a positive effect to the consolidated net asset value of APL Group by the amount of additional share of approximately 6.85% net asset value of Tian An Group, which is approximately HK$912.6 million pursuant to the unaudited consolidated net asset value of Tian An as at 30th June, 2011, less relevant expenses of the Partial Share Exchange Offer.

Liabilities

As at 30th June, 2011, the APL Group's unaudited total liabilities were HK$11,359.4 million (comprising unaudited current liabilities of HK$6,209.4 million and unaudited non-current liabilities of HK$5,150.0 million). The Partial Share Exchange Offer will have no effect on the total liabilities of the APL Group.

Profit after taxation

The Partial Share Exchange Offer will have a positive effect to the financial performance of APL Group, as it allows the APL Group to better plan and implement its overall business strategy in the property development and investment market.

INTENTION OF THE OFFEROR

The Offeror intends to continue the existing businesses of Tian An and does not intend to introduce any changes to the existing business strategies and operations of Tian An, including the redeployment of fixed assets of Tian An and continued employment of the employees of the Tian An Group.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition.

MAINTAINING THE LISTING STATUS OF TIAN AN

The Offeror intends to maintain the listing status of Tian An on the Stock Exchange upon Completion. As at the Latest Practicable Date, approximately 31.83% of Tian An Shares were held by the public. Assuming full acceptance of the Partial Share Exchange Offer by all the Independent Tian An Shareholders, Tian An will maintain a public float of approximately 28.20% upon Completion.

The Stock Exchange has stated that, upon closing of the Partial Share Exchange Offer, if less than the minimum prescribed percentage applicable to Tian An, being 25% of the total issued Tian An 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 Tian An Shares; or (ii) there are insufficient Tian An Shares in the public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Tian An Shares.

It is noted that Penta has increased its shareholding in Tian An by 192,000 Tian An Shares, representing an increase from approximately 28.14% to approximately 28.16% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer upon the close of the Partial Share Exchange Offer, there may be insufficient public float held by public Tian An Shareholders. The Offeror and parties acting in concert with it will review the public float of Tian An upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of Tian An Shares to other investors who are independent and not connected persons of the Offeror and the parties acting in concert with it, after the close of the Partial Share Exchange Offer, to maintain the public float of Tian An to be at least 25% as required by the Listing Rules.

ADDITIONAL INFORMATION

The APL Exchange Shares to be allotted and issued under the Partial Share Exchange Offer shall rank *pari passu* with all other APL Shares in issue as at the date of allotment. An application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the APL Exchange Shares to be allotted and issued under the Partial Share Exchange Offer.

Your attention is drawn to the information set out in the "Letter from Yu Ming", which immediately follows this letter, as well as the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of the APL Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

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

18th November, 2011

To the Independent Tian An Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL PARTIAL SHARE EXCHANGE OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF CHINA ELITE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF ALLIED PROPERTIES (H.K.) LIMITED TO ACQUIRE 103,180,000 TIAN AN OFFER SHARES IN THE ISSUED SHARE CAPITAL OF TIAN AN CHINA INVESTMENTS COMPANY LIMITED FROM INDEPENDENT TIAN AN SHAREHOLDERS

INTRODUCTION

On 14th September, 2011, AGL, APL and Tian An jointly announced the Offeror's firm intention to make a voluntary conditional Partial Share Exchange Offer through Yu Ming, to acquire from the Independent Tian An Shareholders 103,180,000 Tian An Offer Shares, representing approximately 6.85% of the existing issued share capital of Tian An as at the Latest Practicable Date.

As at the Latest Practicable Date, the Offeror owns 602,789,096 Tian An Shares, representing approximately 40.00% of the existing issued share capital of Tian An.

If the Partial Share Exchange Offer becomes unconditional in all respects, upon Completion, APL will beneficially own, through the Offeror, 705,969,096 Tian An Shares, representing approximately 46.85% of the existing issued share capital of Tian An.

Neither the Offeror nor parties acting in concert with it has acquired any voting rights in Tian An during the Relevant Period.

The purpose of this letter is to provide you with, among other things, the terms of the Partial Share Exchange Offer. Further details of the terms and information in respect of the Partial Share Exchange Offer are set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

THE CONDITIONAL PARTIAL SHARE EXCHANGE OFFER

(a) Terms of the Partial Share Exchange Offer

We are making the Partial Share Exchange Offer on behalf of the Offeror to acquire 103,180,000 Tian An Offer Shares on the following basis:

For each Tian An Offer Share . . . . Four APL Exchange Shares

As at the Latest Practicable Date, there are no outstanding options, derivatives, warrants or convertible securities which are convertible or exchangeable into Tian An Shares.

(b) Consideration of the Partial Share Exchange Offer

On the basis of four APL Exchange Shares to be alloted and issued for every Tian An Offer Share tendered under the Partial Share Exchange Offer, and the closing price of HK$1.29 per APL Share as quoted on the Stock Exchange on the Last Trading Day, each Tian An Offer Share is valued at HK$5.16 and the entire Tian An Offer Shares held by the Independent Tian An Shareholders are valued at approximately HK$532.41 million.

Based on 103,180,000 Tian An Offer Shares under the Partial Share Exchange Offer, a total of 412,720,000 APL Exchange Shares will be allotted and issued as Consideration, representing approximately 5.94% of the existing issued share capital of APL as at the Latest Practicable Date and approximately 5.60% of the enlarged issued share capital of APL immediately following the allotment and issuance of the APL Exchange Shares.

The basis of four APL Exchange Shares for every Tian An Offer Share tendered under the Partial Share Exchange Offer was determined with reference to the published financial information of Tian An and the closing prices on the Last Trading Day of APL Shares at HK$1.29 per APL Share and Tian An Shares at HK$4.27 per Tian An Share.

(c) Conditions of the Partial Share Exchange Offer

Pursuant to Rule 28.5 of the Takeovers Code, the Partial Share Exchange Offer will be conditional upon:

(i) consent from the Executive in respect of the Partial Share Exchange Offer;

(ii) valid acceptances of the Partial Share Exchange Offer being received in respect of a minimum of 103,180,000 Tian An Offer Shares by 4:00 p.m. on or prior to the First Closing Date (or such later time and/or date as the Offeror may decide with the approval of the Executive);

(iii) approval of the Partial Share Exchange Offer by the Independent Tian An Shareholders, signified by means of a separate box on the Form of Approval and Acceptance specifying the number of the Tian An Offer Shares in respect of which the Partial Share Exchange Offer is approved, being given by the Independent Tian An Shareholders holding over 50% of the voting rights in the Register as at the First Closing Date or, if the Partial Share Exchange Offer has not become unconditional as to acceptances on the First Closing Date, then the Final Closing Date; and

(iv) the Stock Exchange granting the listing of, and permission to deal in, the APL Exchange Shares to be allotted and issued to the Accepting Tian An Shareholders in connection with the Partial Share Exchange Offer under the general mandate obtained by the APL Board at the annual general meeting of APL held on 1st June, 2011.

None of the above conditions of the Partial Share Exchange Offer can be waived.

Pursuant to Rule 28.1 of the Takeovers Code, the Executive has granted consent to the Partial Share Exchange Offer on 15th September, 2011. As at the Latest Practicable Date, condition (i) has been satisfied.

In the event that aggregate valid acceptances are received for less than 103,180,000 Tian An Offer Shares on the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Share Exchange Offer will not proceed and will immediately lapse.

In the event that (i) valid acceptances are received for not less than 103,180,000 Tian An Offer Shares on or prior to the First Closing Date; and (ii) approval is obtained from Independent Tian An Shareholders holding over 50% of the voting rights of Tian An as at the First Closing Date, the Offeror will declare the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date.

Pursuant to Rule 15.3 of the Takeovers Code, the Final Closing Date would be the 14th day after the First Closing Date or the date on which the Partial Share Exchange Offer is declared unconditional as to acceptances, whichever is earlier. **The Offeror cannot extend the Final Closing Date to a day that is beyond the 14th day after the First Closing Date if the Offeror has declared the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date pursuant to Rule 28.4 of the Takeovers Code.**

Warning: The Partial Share Exchange Offer is subject to the number of acceptances and approvals by the Independent Tian An Shareholders received by the Offeror and therefore may or may not become unconditional and Completion may or may not take place. Shareholders and potential investors of APL and Tian An and APL Warrant Holders are advised to exercise extreme caution when dealing in the securities of APL and Tian An, and if they are in any doubt about their position, they should consult their professional advisers.

(d) Pro rata entitlement of Independent Tian An Shareholders under the Partial Share Exchange Offer

Independent Tian An Shareholders may accept the Partial Share Exchange Offer in respect of some or all of the Tian An Offer Shares held by them. If total valid acceptances are received for 103,180,000 Tian An Offer Shares, all Tian An Offer Shares validly accepted will be taken up. If valid acceptances are received for more than 103,180,000 Tian An Offer Shares, the number of Tian An Offer Shares to be taken up by the Offeror from each Accepting Tian An Shareholder will be prorated according to the total number of Tian An Offer Shares tendered for acceptance in accordance using the following formula:

$$\frac{A}{B} \times C$$

A: 103,180,000 Tian An Offer Shares (being the total number of Tian An Offer Shares for which the Partial Share Exchange Offer is made)

B: the total number of Tian An Offer Shares tendered under the Partial Share Exchange Offer

C: the number of Tian An Offer Shares tendered by relevant individual Accepting Tian An Shareholder under the Partial Share Exchange Offer

As a result, it is possible that if an Independent Tian An Shareholder tenders all his/her/its Tian An Offer Shares to the Offeror under the Partial Share Exchange Offer, not all of such Tian An Offer Shares will be taken up.

EFFECT OF ACCEPTING THE PARTIAL SHARE EXCHANGE OFFER

By validly accepting the Partial Share Exchange Offer, the Accepting Tian An Shareholders will sell to the Offeror their tendered Tian An Offer Shares which will be finally taken up by the Offeror in accordance with the above formula free from all encumbrances and together with all rights and benefits at any time accruing thereto including all rights to any dividends or other distributions declared, made or paid on or after the date of the Joint Announcement. Any dividends or other distributions declared, made or paid before the date of the Joint Announcement will be paid by Tian An to the Tian An Shareholders who are qualified for such dividends or distributions.

COMPARISON OF VALUE OF THE PARTIAL SHARE EXCHANGE OFFER

The market capitalisation of Tian An was approximately HK$6,433.91 million as at the Last Trading Day.

The highest and lowest closing prices of Tian An Shares as quoted on the Stock Exchange during the Relevant Period were HK$5.19 per Tian An Share on 28th April, 2011 and HK$3.45 per Tian An Share on 4th October, 2011.

Based on the closing price of HK$1.29 per APL Share as quoted on the Stock Exchange on the Last Trading Day, the ascribed value of HK$5.16 per Tian An Share under the Partial Share Exchange Offer represents:

(a) a premium of approximately 20.84% over the closing price of HK$4.27 per Tian An Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of approximately 20.56% over the average closing price of approximately HK$4.28 per Tian An Share for the last 5 consecutive trading days up to and including the Last Trading Day;

(c) a premium of approximately 21.70% over the average closing price of approximately HK$4.24 per Tian An Share for the last 10 consecutive trading days up to and including the Last Trading Day;

(d) a premium of approximately 16.74% over the average closing price of approximately HK$4.42 per Tian An Share for the last 30 consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 41.63% to the unaudited consolidated net asset value of the Tian An Group attributable to the Tian An Shareholders of approximately HK$8.84 per Tian An Share as at 30th June, 2011; and

(f) a premium of approximately 23.15% over the closing price of HK$ 4.19 per Tian An Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the closing price of HK$4.27 per Tian An Share as quoted on the Stock Exchange on the Last Trading Day, the ascribed value of HK$1.0675 per APL Share under the Partial Share Exchange Offer represents:

(a) a discount of approximately 17.25% to the closing price of HK$1.29 per APL Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 17.88% to the average closing price of approximately HK$1.30 per APL Share for the last 5 consecutive trading days up to and including the Last Trading Day;

(c) a discount of approximately 17.88% to the average closing price of approximately HK$1.30 per APL Share for the last 10 consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 21.51% to the average closing price of approximately HK$1.36 per APL Share for the last 30 consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 60.17% to the unaudited consolidated net asset value of the APL Group attributable to the APL Shareholders of approximately HK$2.68 per APL Share as at 30th June, 2011; and

(f) a premium of approximately 4.66% over the closing price of HK$ 1.02 per APL Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the share exchange ratio of 4:1 APL Exchange Shares to Tian An Offer Share under the Partial Share Exchange Offer and the unaudited consolidated net asset value per APL Share of approximately HK$2.68 as at 30th June, 2011, the net asset value ascribed to each Tian An Offer Share is approximately HK$10.72, representing a premium of approximately 21.27% over the unaudited consolidated net asset value per Tian An Share of approximately HK$8.84 as at 30th June, 2011.

PROCEDURES OF APPROVAL AND ACCEPTANCE

Whether or not the Independent Tian An Shareholders accept the Partial Share Exchange Offer, they may approve the Partial Share Exchange Offer AND specify the number of Tian An Shares in respect of which they approve the Partial Share Exchange Offer by completing Box A in the accompanying Form of Approval and Acceptance. Each Tian An Share shall be entitled to ONE vote only. Multiple votes in respect of the same Tian An Share will not be taken into account in counting the approval and acceptance of the Partial Share Exchange Offer.

In order to accept and/or approve the Partial Share Exchange Offer, Independent Tian An Shareholders should complete and return the accompanying Form of Approval and Acceptance to the Share Registrar in accordance with the instructions printed in this Composite Document and on the Form of Approval and Acceptance. The instructions in this Composite Document should be read together with the instructions on the Form of Approval and Acceptance (which instructions form part of the terms of the Partial Share Exchange Offer).

Independent Tian An Shareholders are required to submit the duly completed Form of Approval and Acceptance, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the exact number of Tian An Shares in respect of which the relevant Independent Tian An Shareholder wishes to accept the Partial Share Exchange Offer, by post or by hand to the Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, in an envelope marked "**Tian An China Investments Company Limited — Partial Share Exchange Offer**" as soon as possible after receipt of the Form of Approval and Acceptance but in any event so as to reach the Share Registrar by no later than 4:00 p.m. on Friday, 9th December, 2011, being the First Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code).

If the Partial Share Exchange Offer is declared unconditional as to acceptances, the Partial Share Exchange Offer will be open for 14 days thereafter in accordance with Rules 15.1 and 15.3 of the Takeovers Code, and in any event the Final Closing Date will be at least 21 days from the date of this

Composite Document. **The Offeror cannot extend the Final Closing Date to a day that is beyond the 14th day after the First Closing Date if the Offeror has declared the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date pursuant to Rule 28.4 of the Takeovers Code.**

No acknowledgement of receipt of any Form(s) of Approval and Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) will be given. Tenders duly received will become irrevocable and cannot be withdrawn after the Partial Share Exchange Offer has been declared unconditional as to acceptances.

If an Independent Tian An Shareholder has put a tick "✓" to indicate his/her/its approval of the Partial Share Exchange Offer on the Form of Approval and Acceptance but no number of Tian An Shares in respect of such approval is specified or any other information in the Form of Approval and Acceptance is missing, incomplete or erroneous, the approval and the acceptance of the Partial Share Exchange Offer by such Independent Tian An Shareholder will not be considered as valid until such missing, incomplete or erroneous information has been completed and rectified in such Form of Approval and Acceptance.

Independent Tian An Shareholders may vote in respect of the total number of Tian An Shares held by him/her/it even though he/she/it does not intend to accept the Partial Share Exchange Offer and the number of Tian An Shares voted may be more than the number of Tian An Shares tendered for acceptance.

NOMINEE HOLDINGS

To ensure equality of treatment of all Independent Tian An Shareholders, those Independent Tian An Shareholders who hold the Tian An Offer 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 the beneficial owners of the Tian An Shares whose investments are registered in nominee names to (including those whose interests in the Tian An Shares are held through CCASS) approve and/or accept the Partial Share Exchange Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Partial Share Exchange Offer. Additional details on processing nominee holdings are set out in Appendix I to this Composite Document.

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Form of Approval and Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities required in respect thereof) to be delivered or sent by, to or from any Tian An Shareholder will be delivered or sent by, to and from them, or their designated agents, at the risk of Tian An Shareholders and none of APL, Tian An, Yu Ming, the Share Registrar or any of their respective directors or any other person involved in the Partial Share Exchange Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

OVERSEAS TIAN AN SHAREHOLDERS

This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

Based on the Register as at the Latest Practicable Date, there are 55 Overseas Tian An Shareholders holding 36,278 Tian An Shares with registered addresses in Canada, Denmark, England and Wales, Germany, Japan, Macau, Malaysia, the Philippines, Singapore and the State of New York and State of California of the United States of America.

It is the intention of the Offeror for the Partial Share Exchange Offer to be extended to all Independent Tian An Shareholders. However, the making of the Partial Share Exchange Offer to Overseas Tian An Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. After considering the legal advice obtained by the Offeror and Tian An on the regulatory and documentation requirements of sending the Composite Document to each such overseas addresses, the Offeror and Tian An may have to comply with unduly onerous or burdensome regulatory and documentary requirements in order to send the Composite Document to the overseas addresses of Overseas Tian An Shareholders (the Excluded Tian An Shareholders) in Malaysia and the State of California of the United States of America, due to the legal requirements of those jurisdictions.

The Offeror has applied to the Executive for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code, and the consent has been granted by the Executive that the Composite Document will not be sent to the overseas addresses of the Excluded Tian An Shareholders in Malaysia and the State of California of the United States of America.

Whether or not the Composite Document is sent to the Excluded Tian An Shareholders, the Composite Document will be published on the websites of APL, Tian An and the Stock Exchange, and will be available for collection in the office of the Share Registrar. The acceptance of the Partial Share Exchange Offer by the Overseas Tian An Shareholders may be subject to the laws of the relevant jurisdictions and may or may not be prohibited. It is the sole responsibility of each relevant Excluded Tian An Shareholder who wishes to accept the Partial Share Exchange Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required in compliance with all necessary formalities or legal requirements and the payment of any transfer or other taxes due in such relevant jurisdictions. Whether or not the Excluded Tian An Shareholders accept the Partial Share Exchange Offer, they are entitled to vote on the Partial Share Exchange Offer by way of returning a signed copy of the Form of Approval and Acceptance to the Share Registrar. Detailed voting procedures are set out in this Composite Document.

Any acceptance by any Independent Tian An Shareholder will be deemed to constitute a representation and warranty from such Independent Tian An Shareholder to APL or Tian An that the local laws and requirements have been complied with. Independent Tian An Shareholders should consult their professional advisers if in doubt.

STAMP DUTY

The Offeror will pay both the buyer's and the seller's ad valorem stamp duty each at a rate of HK$1.00 for every HK$1,000.00 or a part thereof of the consideration arising from the acceptance of the Partial Share Exchange Offer.

ODD LOTS

Tian An Shares are currently traded in board lot of 1,000 shares each. APL Shares are currently traded in board lot of 2,000 shares each. Such board lot size of APL or Tian An will not be changed as a result of implementing the Partial Share Exchange Offer. Accepting Tian An Shareholders may, as a result of accepting the Partial Share Exchange Offer, hold odd lots of Tian An Shares and APL Shares.

In order to facilitate Accepting Tian An Shareholders to match up their holding of odd lots of Tian An Shares and APL Shares after accepting of the Partial Share Exchange Offer, Sun Hung Kai Investment Services Limited, whose address is at 42nd Floor, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong (contact person: Mr. Cheung Chun Wai Andy; telephone number: (852) 3920 2782) has been appointed by the Offeror and Tian An as the designated broker to match sales and purchases of odd lot holdings of Tian An Shares and APL Shares in the market for a period of 30 days, assuming the Partial Share Exchange Offer becomes or is declared unconditional as to acceptances on the First Closing Date. This odd lot arrangement would enable odd lot holders of Tian An Shares and APL Shares to dispose of their odd lots or to top up their odd lots to whole board lot of 1,000 Tian An Shares and whole board lot of 2,000 APL Exchange Shares. Accepting Tian An Shareholders should note that the matching of odd lots is not guaranteed.

SETTLEMENT

The share certificates of APL Exchange Shares will be despatched to the Accepting Tian An Shareholders as soon as possible but in any event within 10 days following the close of the Partial Share Exchange Offer, provided that the Partial Share Exchange Offer becomes unconditional in all respects and a duly completed Form of Approval and Acceptance, accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) are received by the Share Registrar by no later than 4:00 p.m. on Friday, 23rd December, 2011, being the Final Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code).

If the Partial Share Exchange Offer does not become unconditional in all respects, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) (as the case may be) will be returned and/or sent to each Accepting Tian An Shareholder (by ordinary post, at that Accepting Tian An Shareholder's own risk) as soon as possible but in any event within 10 days following the lapse of the Partial Share Exchange Offer. Where such Accepting Tian An 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 Accepting Tian An Shareholder's behalf in respect thereof, that Accepting Tian An Shareholder will be sent (by ordinary post, at that Accepting Tian An Shareholder's own risk) such share certificate(s) in lieu of the transfer receipt(s).

If the Tian An Offer Shares tendered by an Accepting Tian An Shareholder have not been taken up by the Offeror in full, the share certificate(s) or transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities in respect thereof) (as the case may be) in respect of the balance of such Tian An Shares or a replaced certificate therefore will be returned or sent to him/her/it by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days following the Final Closing Date.

If the posting period ends on a day which is not a Business Day, the period is extended until the next Business Day.

TAX IMPLICATIONS

Independent Tian An Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Partial Share Exchange Offer. It is emphasised that none of APL, the Offeror or Tian An, and their ultimate beneficial owners and parties acting in concert with any of them, Yu Ming, Huntington Asia, the Share Registrar or any of their respective directors or any persons involved in the Partial Share Exchange Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Partial Share Exchange Offer.

GENERAL

Further details of the terms and conditions of the Partial Share Exchange Offer, including, among other things, procedures for acceptance and settlement and the acceptance period, are set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

Independent Tian An Shareholders are strongly advised to consider carefully the information as contained in the "Letter from the APL Board", the "Letter from the Tian An Board", the "Letter from the Tian An Independent Board Committee" and the "Letter from Huntington Asia" in this Composite Document, and to consult their professional advisers as they see fit.

Independent Tian An Shareholders are also recommended to read the information as set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of
Yu Ming Investment Management Limited
Warren Lee
Managing Director

天安中國投資有限公司
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 28)

Executive Directors:
Hu Aimin *(Deputy Chairman)*
Song Zengbin *(Deputy Chairman)*
Patrick Lee Seng Wei *(Managing Director)*
Ng Qing Hai *(Deputy Managing Director)*
Ma Sun *(Deputy Managing Director)*
Edwin Lo King Yau
Tao Tsan Sang

Non-Executive Directors:
Lee Seng Hui *(Chairman)*
Moses Cheng Mo Chi
Lee Shu Yin

Independent Non-Executive Directors:
Francis J. Chang Chu Fai
Jin Hui Zhi
Ngai Wah Sang
Lisa Yang Lai Sum

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

18th November, 2011

To the Independent Tian An Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL PARTIAL SHARE EXCHANGE OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF CHINA ELITE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF ALLIED PROPERTIES (H.K.) LIMITED TO ACQUIRE 103,180,000 TIAN AN OFFER SHARES IN THE ISSUED SHARE CAPITAL OF TIAN AN CHINA INVESTMENTS COMPANY LIMITED FROM INDEPENDENT TIAN AN SHAREHOLDERS

INTRODUCTION

On 14th September, 2011, we jointly announced with AGL and APL that a voluntary conditional Partial Share Exchange Offer was intended to be made by Yu Ming, for and on behalf of the Offeror, to acquire from the Independent Tian An Shareholders 103,180,000 Tian An Offer Shares. A total of 412,720,000 APL Exchange Shares will be allotted and issued as Consideration for Partial Share Exchange Offer on the basis of four APL Exchange Shares for every Tian An Offer Share tendered for acceptance by the Independent Tian An Shareholders.

The Tian An Independent Board Committee comprising a non-executive Tian An Director, namely Mr. Lee Shu Yin, and all the independent non-executive Tian An Directors, namely Messrs. Francis J. Chang Chu Fai, Jin Hui Zhi and Ngai Wah Sang and Ms. Lisa Yang Lai Sum, has been established by Tian An to advise the Independent Tian An Shareholders in respect of the Partial Share Exchange Offer.

As Mr. Lee Seng Hui, being the chairman and a non-executive Tian An Director, is also the chief executive and an executive APL Director as well as the chief executive and an executive AGL Director, Mr. Lee Seng Hui will not be a member of the Tian An Independent Board Committee and abstained from voting at the board meeting of APL and abstained from voting on the written board resolutions (but signed the relevant written resolutions as a matter of formality) of both AGL and Tian An in respect of the Partial Share Exchange Offer. Dr. Moses Cheng Mo Chi, a non-executive Tian An Director, is also one of the partners of the legal adviser of the Offeror. Although Dr. Moses Cheng Mo Chi is not involved in provision of legal advice to the Offeror in respect of the Partial Share Exchange Offer, to avoid any possible conflict of interest, he will not be a member of the Tian An Independent Board Committee and abstained from voting on the written board resolutions (but signed the relevant written resolutions as a matter of formality) of Tian An in respect of the Partial Share Exchange Offer. As Mr. Edwin Lo King Yau, an executive Tian An Director, is also an executive AGL Director, Mr. Edwin Lo King Yau abstained from voting on the written board resolutions (but signed the relevant written resolutions as a matter of formality) of both Tian An and AGL in respect of the Partial Share Exchange Offer to avoid any possible conflict of interest.

Huntington Asia has been appointed as the independent financial adviser to advise the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer.

INFORMATION ON TIAN AN

Tian An is a company incorporated under the laws of Hong Kong on 24th October, 1986 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activities of the Tian An Group are development of high-end apartments, villas, office buildings and commercial properties, property investment and property management, as well as the manufacture, sale and trading of cement and clinker in the PRC.

TERMS OF THE PARTIAL SHARE EXCHANGE OFFER

Yu Ming, on behalf of the Offeror, is making the Partial Share Exchange Offer to acquire 103,180,000 Tian An Offer Shares on the following basis:

For each Tian An Offer Share . . . . Four APL Exchange Shares

Consideration of the Partial Share Exchange Offer

On the basis of four APL Exchange Shares to be alloted and issued for every Tian An Offer Share tendered under the Partial Share Exchange Offer, and the closing price of HK$1.29 per APL Share as quoted on the Stock Exchange on the Last Trading Day, each Tian An Offer Share is valued at HK$5.16 and the entire Tian An Offer Shares held by the Independent Tian An Shareholders are valued at approximately HK$532.41 million.

Based on 103,180,000 Tian An Offer Shares under the Partial Share Exchange Offer, a total of 412,720,000 APL Exchange Shares will be allotted and issued as Consideration, representing approximately 5.94% of the existing issued share capital of APL as at the Latest Practicable Date and approximately 5.60% of the enlarged issued share capital of APL immediately following the allotment and issuance of the APL Exchange Shares.

The basis of four APL Exchange Shares for every Tian An Offer Share tendered under the Partial Share Exchange Offer was determined by the Offeror with reference to the published financial information of Tian An and the closing prices on the Last Trading Day of APL Shares at HK$1.29 per APL Share and Tian An Shares at HK$4.27 per Tian An Share.

Further detailed terms and information in respect of the Partial Share Exchange Offer are set out in the "Letter from Yu Ming", Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

EFFECT OF ACCEPTING THE PARTIAL SHARE EXCHANGE OFFER

By validly accepting the Partial Share Exchange Offer, the Accepting Tian An Shareholders will sell to the Offeror their tendered Tian An Offer Shares which will be finally taken up by the Offeror in accordance with the formula as set out in the section headed "The Conditional Partial Share Exchange Offer" in the "Letter from Yu Ming", free from all encumbrances and together with all rights and benefits at any time accruing thereto including all rights to any dividends or other distributions declared, made or paid on or after the date of the Joint Announcement. Any dividends or other distributions declared, made or paid before the date of the Joint Announcement will be paid by Tian An to the Tian An Shareholders who are qualified for such dividends or distributions.

As at the Latest Practicable Date, the total number of Tian An Shares held by the public represents approximately 31.83% of the existing issued share capital of Tian An, and the Offeror owns 602,789,096 Tian An Shares, representing approximately 40.00% of the existing issued share capital of Tian An. Penta, another substantial Tian An Shareholder not acting in concert with the Offeror, holds approximately 28.16% of the existing issued share capital of Tian An.

If the Partial Share Exchange Offer becomes unconditional in all respects, upon Completion, APL will beneficially own, through the Offeror, 705,969,096 Tian An Shares, representing approximately 46.85% of the existing issued share capital of Tian An and at least 25% of the existing issued share capital of Tian An will be held by the public.

SHAREHOLDING CHANGE UPON COMPLETION

Assuming no additional Tian An Shares will be issued or repurchased by Tian An from the Latest Practicable Date up to Completion, the table below illustrates the shareholding structure of Tian An (i) as at the Latest Practicable Date; (ii) immediately after Completion assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer (including any Tian An Director) in full; and (iii) immediately after Completion assuming all the Independent Tian An Shareholders (including any Tian An Director) except Penta, the substantial Tian An Shareholder, accept the Partial Share Exchange Offer in full:

Shareholders	As at the Latest Practicable Date		Immediately after Completion assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer in full		Immediately after Completion assuming all the Independent Tian An Shareholders except Penta accept the Partial Share Exchange Offer in full[4]	
	Number of Tian An Shares	*%*	*Number of Tian An Shares*	*%*	*Number of Tian An Shares*	*%*
The Offeror and parties acting in concert with it[1]	602,789,096	40.00	705,969,096	46.85	705,969,096	46.85
Penta[2]	424,237,476	28.16	375,815,161	24.94	424,237,476	28.16
Mr. Ma Sun[3]	62,550	0.01	55,411	0.01	49,097	0.01
Public Tian An Shareholders	479,680,369	31.83	424,929,823	28.20	376,513,822	24.98
Total	**1,506,769,491**	**100.00**	**1,506,769,491**	**100.00**	**1,506,769,491**	**100.00**

Notes:

1. As at the Latest Practicable Date, the Offeror is an indirect wholly-owned subsidiary of APL, which was owned as to approximately 72.34% by AGL, which in turn was owned as to approximately 55.93% by Lee and Lee Trust.

2. Pursuant to the disclosure of interest forms and dealings disclosure forms filed by Penta displayed on the respective website of the Stock Exchange and the SFC, as at the Latest Practicable Date, Penta has a long position interest in (i) 424,237,476 Tian An Shares; and (ii) unlisted cash settled derivatives equivalent to 24,365,000 underlying Tian An Shares. However such derivatives were not issued by Tian An and none of Tian An Directors or APL Directors have any information on the convertibility of such derivatives into Tian An Shares or any terms and conditions thereof. As such, no assumption was made to the conversion of such derivatives into Tian An Shares in the above shareholding structure after the Completion. Penta is an Independent Tian An Shareholder in respect of the Partial Share Exchange Offer but not regarded as part of the public float of Tian An.

3. Mr. Ma Sun is an executive Tian An Director. Mr. Ma Sun is an Independent Tian An Shareholder in respect of the Partial Share Exchange Offer but not regarded as part of the public float of Tian An.

4. This scenario is presented for the purpose of calculation of minimum public float of Tian An upon Completion in order to meet the public float requirement of 25% under the Listing Rules. It does not indicate and should not be taken as any indication of whether or not Penta intends to accept the Partial Share Exchange Offer, in respect of which none of the AGL Directors, APL Directors, Tian An Directors and directors of the Offeror and parties acting in concert with it have such information.

5. It is noted that Penta has increased its shareholding in Tian An by 192,000 Tian An Shares, representing an increase from approximately 28.14% to approximately 28.16% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer upon the close of the Partial Share Exchange Offer, the Offeror and parties acting in concert with it will review the public float of Tian An upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of Tian An Shares to other investors who are independent and not connected persons of the Offeror and the parties acting in concert with it, after the close of the Partial Share Exchange Offer, to maintain the public float of Tian An to be at least 25% as required by the Listing Rules.

FINANCIAL INFORMATION OF THE TIAN AN GROUP

The following is the financial information of the Tian An Group as extracted from its audited consolidated financial statements of Tian An for the two years ended 31st December, 2010 and unaudited consolidated financial statements of Tian An for the six months ended 30th June, 2011, which was prepared in accordance with Hong Kong Financial Reporting Standards:

HK$'000	**For the year ended 31st December, 2009** *(Audited)*	**For the year ended 31st December, 2010** *(Audited)*	**For the six months ended 30th June, 2011** *(Unaudited)*
Revenue	1,083,528	1,411,986	812,659
Net profits before taxation and extraordinary items	1,367,830	1,932,144	738,920
Net profits after taxation and extraordinary items	1,082,993	1,621,721	570,204
Net assets attributable to owners	10,884,316	12,592,589	13,323,045

INTENTION OF THE OFFEROR

The Tian An Board understands that neither the Offeror nor APL intends to introduce any changes to the existing business strategies and operations of Tian An including the redeployment of fixed assets of Tian An or the board composition of Tian An and does not expect the employment of any employees of Tian An Group will be terminated or otherwise discontinued by the Offeror or APL.

The Tian An Board also understands that the Offeror intends to maintain the listing status of Tian An on the Stock Exchange upon Completion.

The Tian An Board is of the view that Tian An will continue its existing business strategies and operations upon Completion.

RECOMMENDATION OF THE TIAN AN BOARD

Having taken into account the terms of the Partial Share Exchange Offer and the advice of Huntington Asia, the Tian An Independent Board Committee considers that the terms of the Partial Share Exchange Offer are fair and reasonable so far as the Independent Tian An Shareholders are concerned.

Your attention is drawn to the "Letter from the Tian An Independent Board Committee" as set out on pages 32 and 33 of this Composite Document containing its recommendation to the Independent Tian An Shareholders in respect of the Partial Share Exchange Offer, and the "Letter from Huntington Asia" as set out on pages 34 to 55 of this Composite Document containing its advice to the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer.

Independent Tian An Shareholders are urged to read these letters carefully before taking any action in respect of the Partial Share Exchange Offer.

You should also read carefully the terms and conditions of the Partial Share Exchange Offer as set out in the "Letter from Yu Ming", Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

Yours faithfully,
For and on behalf of the Tian An Board
Tian An China Investments Company Limited
Tao Tsan Sang
Executive Director

天安中國投資有限公司
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 28)

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

18th November, 2011

To the Independent Tian An Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL PARTIAL SHARE EXCHANGE OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF CHINA ELITE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF ALLIED PROPERTIES (H.K.) LIMITED TO ACQUIRE 103,180,000 TIAN AN OFFER SHARES IN THE ISSUED SHARE CAPITAL OF TIAN AN CHINA INVESTMENTS COMPANY LIMITED FROM INDEPENDENT TIAN AN SHAREHOLDERS

We refer to the Composite Document dated 18th November, 2011 jointly issued by the Offeror and Tian An (the "Composite Document") of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Composite Document unless the context requires otherwise. We have been appointed to form the Tian An Independent Board Committee to advise you as to (i) whether, in our opinion, the terms of the Partial Share Exchange Offer are fair and reasonable so far as the Independent Tian An Shareholders are concerned; and (ii) approval and acceptance of the Partial Share Exchange Offer, after taking into account the advice from Huntington Asia, the independent financial adviser to the Tian An Independent Board Committee.

Details of the advice and principal factors taken into consideration in arriving at its recommendations are set out in the "Letter from Huntington Asia" on pages 34 to 55 of the Composite Document. Details of the Partial Share Exchange Offer are set out in the "Letter from APL Board", the "Letter from Yu Ming", Appendix I contained in the Composite Document and the accompanying Form of Approval and Acceptance.

Having taken into account the advice and recommendations of Huntington Asia and the principal factors taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Partial Share Exchange Offer are fair and reasonable so far as the Independent Tian An Shareholders are concerned. Accordingly, we recommend that you should approve and accept the Partial Share Exchange Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Tian An China Investments Company Limited
Lee Shu Yin, Francis J. Chang Chu Fai,
Jin Hui Zhi, Ngai Wah Sang and Lisa Yang Lai Sum

The following is the full text of the letter of advice from Huntington Asia to the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer, which has been prepared for the purpose of inclusion in this Composite Document.

Huntington Asia 汉腾亚洲

Suite 1905, 19/F
COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

18th November, 2011

To the Tian An Independent Board Committee

Dear Sirs,

**VOLUNTARY CONDITIONAL PARTIAL SHARE EXCHANGE OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
CHINA ELITE HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF
ALLIED PROPERTIES (H.K.) LIMITED
TO ACQUIRE 103,180,000 TIAN AN OFFER SHARES
IN THE ISSUED SHARE CAPITAL OF
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
FROM INDEPENDENT TIAN AN SHAREHOLDERS**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Tian An Independent Board Committee in respect of the fairness and reasonableness of the terms of the Partial Share Exchange Offer and the acceptance or rejection and approval of the Partial Share Exchange Offer. Details of the Partial Share Exchange Offer are set out in the "Letter from the Tian An Board" and the "Letter from Yu Ming" contained in the Composite Document dated 18th November, 2011 to the Independent Tian An Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

The Tian An Independent Board Committee comprising a non-executive Tian An Director, namely Mr. Lee Shu Yin, and all independent non-executive Tian An Directors, namely Messrs. Francis J. Chang Chu Fai, Jin Hui Zhi, Ngai Wah Sang and Ms. Lisa Yang Lai Sum, has been established by Tian An to advise the Independent Tian An Shareholders in respect of the Partial Share Exchange Offer. As Mr. Lee Seng Hui, being the chairman and a non-executive Tian An Director, is also the chief executive and an executive APL Director as well as the chief executive and an executive AGL Director, Mr. Lee Seng Hui will not be a member of the Tian An Independent Board Committee and abstained from voting at the board meeting of APL and abstained from voting on the written board resolutions (but signed the relevant written resolutions as a matter of formality) of both AGL and Tian An in respect of the Partial Share Exchange Offer. Dr. Moses Cheng Mo Chi, a non-executive Tian An Director, is also one of the partners of the legal adviser of the Offeror. Although Dr. Moses Cheng Mo Chi is not involved in provision of legal advice to the Offeror in respect of the Partial Share Exchange Offer, to avoid any possible conflict of interest, he will not be a member of the Tian An Independent Board Committee and abstained from voting on the written board resolutions (but signed the relevant written resolutions as a matter of formality) of Tian An in respect of the Partial Share Exchange Offer. As Mr. Edwin Lo King Yau, an executive Tian An Director, is also an executive AGL Director, Mr. Edwin Lo King Yau abstained from voting on the written board resolutions (but signed the relevant written resolutions as a matter of formality) of both Tian An and AGL in respect of the Partial Share Exchange Offer to avoid any possible conflict of interest. We have been appointed as the independent financial adviser to advise the Tian An Independent Board Committee in respect of the Partial Share Exchange Offer and such appointment has been approved by the Tian An Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Composite Document and provided to us by Tian An, the Tian An Directors and the management of Tian An. We have assumed that all information, opinions and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continued to be true and accurate as at the date of the Composite Document and during the period up to the close of the Partial Share Exchange Offer (and should there be any material changes thereto, Tian An Shareholders would be notified as soon as possible). We have also assumed that all statements of belief, opinion and intention made by the Tian An Directors, the Offeror and APL in the Composite Document were reasonably made after due enquiries and considerations. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document to provide a reasonable basis for our opinions and recommendations. The Tian An Directors have confirmed that having made all reasonable enquiries, to the best of their knowledge, there are no other facts or representations the omission of which would make any statement in the Composite Document, including this letter, misleading. We have also reviewed the opinion and valuation relevant to Tian An and APL provided by Norton Appraisals, an independent property valuer, including reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitation on the scope of work which might adversely impact on the degree of assurance given by the expert's report, opinion or statement for Tian An).

We have not, however, carried out any independent verification of the information provided by Tian An, the Tian An Directors and the management of Tian An, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of Tian An Group, the Offeror and/or APL Group. In formulating our opinion, we have not considered the taxation implications on the Independent Tian An Shareholders arising from acceptances or non-acceptances of the Partial Share Exchange Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his/her/its acceptance or non-acceptance of the Partial Share Exchange Offer. In particular, the Independent Tian An Shareholders who are overseas residents or citizens or are subject to overseas taxation or Hong Kong taxation on shares dealings should consult their own taxation positions, and if in any doubt, should consult their own professional advisers.

BACKGROUND TO AND TERMS OF THE PARTIAL SHARE EXCHANGE OFFER

1. Background of the Partial Share Exchange Offer

On 7th September, 2011, the Offeror informed the Tian An Board its firm intention to make a voluntary conditional Partial Share Exchange Offer to acquire from the Independent Tian An Shareholders 103,180,000 Tian An Offer Shares, representing approximately 6.85% of the issued Tian An Shares as at the date of the Joint Announcement and the Latest Practicable Date.

As at the Latest Practicable Date, the Offeror owns 602,789,096 Tian An Shares, representing approximately 40.00% of the entire issued share capital of Tian An. Penta, another substantial Tian An Shareholder not acting in concert with the Offeror, holds approximately 28.16% of the existing issued share capital of Tian An, which is not considered as part of the public float under the Listing Rules. The total number of Tian An Shares held by the public represents approximately 31.83% of the existing issued share capital of Tian An. As at the Latest Practicable Date, none of AGL Directors, APL Directors, Tian An Directors and the directors of the Offeror and parties acting in concert with it, AGL, APL or Tian An has any knowledge as to whether Penta will accept the Partial Share Exchange Offer.

If the Partial Share Exchange Offer becomes unconditional in all respects, upon Completion, APL will beneficially own, through the Offeror, 705,969,096 Tian An Shares, representing approximately 46.85% of the entire issued share capital of Tian An.

2. Principal terms of the Partial Share Exchange Offer

Yu Ming, on behalf of the Offeror, is making the Partial Share Exchange Offer to acquire 103,180,000 Tian An Offer Shares on the following basis:

For each Tian An Offer Share . . . . Four APL Exchange Shares

As at the Latest Practicable Date, there are no outstanding options, derivatives, warrants or convertible securities which are convertible or exchangeable into Tian An Shares.

On the basis of four APL Exchange Shares to be issued for every Tian An Offer Share tendered under the Partial Share Exchange Offer, and the closing price of HK$1.29 per APL Share as quoted on the Stock Exchange on the Last Trading Day, each Tian An Offer Share is valued at HK$5.16 and the entire Tian An Offer Shares held by the Independent Tian An Shareholders are valued at approximately HK$532.41 million.

The number of the Tian An Offer Shares is determined by the Offeror on the basis that upon successful Completion, Tian An would still be able to maintain not less than 25% public float as required by the Listing Rules, whether or not any substantial Tian An Shareholder would accept the Partial Share Exchange Offer. It is noted that Penta has increased its shareholding in Tian An by 192,000 Tian An Shares, representing an increase from approximately 28.14% to approximately 28.16% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer upon the close of the Partial Share Exchange Offer, there may be insufficient public float held by public Tian An Shareholders. The Offeror and parties acting in concert with it will review the public float of Tian An upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of Tian An Shares to other investors who are independent and not connected persons of the Offeror and the parties acting in concert with it, after the close of the Partial Share Exchange Offer, to maintain the public float of Tian An to be at least 25% as required by the Listing Rules after the close of the Partial Share Exchange Offer.

The basis of four APL Exchange Shares for every Tian An Offer Share tendered under the Partial Share Exchange Offer was determined by the Offeror with reference to the published financial information of Tian An and the closing prices of APL Shares at HK$1.29 per APL Share and Tian An Shares at HK$4.27 per Tian An Share on the Last Trading Day.

Based on 103,180,000 Tian An Offer Shares under the Partial Share Exchange Offer, a total of 412,720,000 APL Exchange Shares will be allotted and issued as Consideration, representing approximately 5.94% of the existing issued share capital of APL as at the date of the Joint Announcement and the Latest Practicable Date and approximately 5.60% of the enlarged issued share capital of APL immediately following the allotment and issuance of the APL Exchange Shares.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion to Tian An Independent Board Committee in respect of the Partial Share Exchange Offer, we have taken into consideration the following principal factors and reasons:

1. Reasons for the Partial Share Exchange Offer

The APL Board considers that Tian An Group's principal business activities in the development of high-end apartments, villas, office buildings and commercial properties, and property investment in the PRC, supplement APL Group's property development and investment business in Hong Kong.

The APL Board is of the view that the Partial Share Exchange Offer would enable the APL Group to enhance its shareholding in Tian An Group from approximately 40.00% to approximately 46.85% and allow better planning and implementation of overall business strategy of the APL Group in property development and investment market. This is also in line with APL's overall strategy to increase its holdings in Tian An as disclosed by APL in the joint announcement issued with AGL, SHK and Tian An dated 26th April, 2010 and the circular of APL dated 24th May, 2010 respectively.

The number of the Tian An Offer Shares is determined by the Offeror on the basis that upon successful Completion, Tian An would still be able to maintain not less than 25% public float as required by the Listing Rules, whether or not any substantial Tian An Shareholder would accept the Partial Share Exchange Offer. For the maintenance of public float of Tian An, please refer to the "2. Principal terms of the Partial Share Exchange Offer" under the section headed "Background to and terms of the Partial Share Exchange Offer" above.

APL will have approximately 46.85% equity interest in Tian An and Tian An will remain as an associated company of APL upon Completion.

The Partial Share Exchange Offer is made on an arm's length basis and the APL Directors (including the independent non-executive APL Directors) believe that the terms of the Partial Share Exchange Offer are fair and reasonable and in the interests of APL and the APL Shareholders as a whole.

2. Net asset value

Tian An

According to the 2010 Tian An annual report, Tian An Group recorded a net asset value of approximately HK$12,592.6 million (2009: HK$10,884.3 million) and net asset value per Tian An Share of approximately HK$8.36 per share (2009: HK$7.22 per share). It is stated in the "Letter from the Tian An Board" that Tian An Group recorded an unaudited net asset value of approximately HK$13,323.0 million and net asset value per Tian An Share of approximately HK$8.84 per share based on 1,506,769,491 Tian An Shares as at 30th June, 2011. The increase in net asset value from 31st December, 2010 to 30th June, 2011 was mainly as a result of the profit of approximately HK$564.6 million primarily from (i) its manufacture and sale of cement, clinker and construction materials; (ii) property development; and (iii) property investment; and the exchange differences arising on translation of approximately HK$252.2 million for the six months ended 30th June, 2011. The assets of Tian An mainly consisted of various investment properties, properties under development and cement factories. Based on the unaudited net asset value of Tian An Group as at 30th June, 2011 and the number of Tian An Shares prior to the Completion, the net asset value per Tian An Share is approximately HK$8.84.

The attributable independent valuation to Tian An Group was approximately HK$25,588.8 million as at 31st August, 2011 in accordance with Appendix V to this Composite Document for the opinion and valuation relevant to Tian An prepared by Norton Appraisals, an independent property valuer. We noted that there were: (i) idle land enquiries on a portion (10% of total site area) of the property project located in Guangdong province of the PRC in late 2009 and early 2010 from the local authority with carrying value of the site concerned attributable to the Tian An Group of approximately HK$3.55 million as at 31st August, 2011; (ii) two property projects located in Guangdong and Jiangsu provinces of the PRC failed to fully fulfil building covenants under the land grant contracts with total carrying value of approximately HK$112.44 million as at 31st August, 2011; and (iii) idle land site in Guangdong province of the PRC identified by the local authority in June 2011 owned by Tian An Group as an investment property with carrying value of approximately HK$320.77 million as at 31st August, 2011 and a sale and purchase agreement was entered in March 2011 to dispose of 50% interest in land site area to a third party investor with expected completion on or before September 2012. Details of the above title issues have been set out in "4. Indebtedness" of Appendix III to this Composite Document. We have assessed and discussed with Tian An Group that the title issues related to the properties held by Tian An Group, representing only approximately 3% of total carrying value of properties held by Tian An Group, would not have material effect to the valuation of Tian An Group as at 31st August, 2011.

We also noted that there were properties under Tian An Group of which there is no certificate for land use rights and/or building ownership but contracted to be acquired. We have assessed and discussed with Tian An Group that Norton Appraisals attributed no commercial value to the portions of the properties without certificate for land use rights and/or building ownership held under Tian An Group. The properties without certificate for land use rights and/or building ownership attributable to Tian An Group represent only approximately 3% of the total carrying value of properties held by Tian An Group and would not have material effect to the operation of Tian An Group as at 31st August, 2011.

APL

According to the 2010 APL annual report, APL Group recorded a net asset value of approximately HK$17,359.5 million (2009: HK$12,641.3 million) and net asset value per APL Share of approximately HK$2.68 per share (2009: HK$2.14 per share). The increase in the net asset value from 31st December, 2009 to 31st December, 2010 was mainly attributable to the significant increase in profit from HK$2,483.5 million in 2009 to HK$4,111.8 million in 2010, which is primarily due to (i) an increased contribution from APL Group's investment, broking and finance division and consumer finance division; and (ii) the fair value gain on revaluation of the investment properties of APL Group was higher in 2010. As at 30th June, 2011, APL Group recorded an unaudited net asset value of HK$18,648.7 million and net asset value per APL Share of approximately HK$2.68 per share based on 6,953,116,585 APL Shares as at 30th June, 2011. The assets of APL mainly consisted of the investment properties and the interests in associates.

Based on the share exchange ratio of four APL Exchange Shares for every Tian An Offer Share under the Partial Share Exchange Offer, every Tian An Offer Share with an unaudited net asset value of approximately HK$8.84 as at 30th June, 2011, is exchangeable into four APL Exchange Shares with an aggregate net asset value of approximately HK$10.72 as at 30th June, 2011, represented a premium of approximately 21.27% over the unaudited net asset value for each Tian An Share. As such, we consider that the share exchange ratio under the Partial Share Exchange Offer is acceptable to the Independent Tian An Shareholders.

The attributable independent valuation to APL Group was approximately HK$6,797.6 million as at 31st August, 2011 in accordance with the Appendix IV for the opinion and valuation relevant to APL prepared by Norton Appraisals, an independent property valuer. We have assessed and discussed with Norton Appraisals that there were no material title issues related to the properties held by APL Group.

3. Historical financial performance

Tian An

Tian An is a company incorporated under the laws of Hong Kong on 24th October, 1986 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activities of the Tian An Group are development of high-end apartments, villas, office buildings and commercial properties, property investment and property management, as well as the manufacture, sale and trading of cement and clinker in the PRC. As at the Latest Practicable Date, Tian An is beneficially owned as to approximately 40.00% by the Offeror.

The following is the financial information of Tian An as extracted from its audited consolidated financial statements for the two years ended 31st December, 2010 and unaudited consolidated financial statements of Tian An for the six months ended 30th June, 2011, which was prepared in accordance with Hong Kong Financial Reporting Standards:

Table I — Financial highlights of Tian An

	For the year ended 31st December,		**For the six months ended 30th June,**
	2009	**2010**	**2011**
HK$'000	*(Audited)*	*(Audited)*	*(Unaudited)*
Revenue	1,083,528	1,411,986	812,659
Net profits before taxation and extraordinary items	1,367,830	1,932,144	738,920
Profit attributable to owners of Tian An	1,067,379	1,432,455	564,564
Earnings per Tian An Share — Basic (HK cents)	70.84	95.07	37.47
Net assets attributable to the owners of Tian An	10,884,316	12,592,589	13,323,045

The Tian An Group recorded an audited turnover of approximately HK$1,412.0 million (2009: approximately HK$1,083.5 million) and an audited profit attributable to the owners of Tian An of approximately HK$1,432.5 million (2009: approximately HK$1,067.4 million) for the financial year ended 31st December, 2010, representing approximately 30.32% increase in turnover and approximately 34.20% increase in profit attributable to the owners of Tian An as compared with that for the financial year ended 31st December, 2009. According to 2010 Tian An annual report, the increase in turnover was mainly due to the increase in the sale of cement, clinker and construction materials while the increase in profit attributable to the owners of Tian An was attributable: (1) an increase in rental income of 60%; (2) gain on disposal of subsidiaries of Tian An Group of HK$613.7 million; and (3) profit attributable to the owners of Tian An of HK$192.6 million for Shanghai Allied Cement factory site relocation compensation after deducting the income taxation and income attributable to the non-controlling interests.

According to the 2011 Tian An interim report, the unaudited revenue for the six months ended 30th June, 2011 showed a steady growth from the turnover attributable to the continuing increase in the manufacture, sale and trading of cement, clinker and construction materials while the profit attributable to the owners of Tian An from the increase in rental income by 9% and revaluation gains in respect of investment properties (as compared with the corresponding period in 2010).

APL

The Offeror is an indirect wholly-owned subsidiary of APL. APL is a company incorporated under the laws of Hong Kong on 18th July, 1960 with limited liability, the securities of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, APL is beneficially owned as to approximately 72.34% by AGL.

The principal business activities of APL Group are property investment and development, hospitality related activities, the provision of financial services and the provision of elderly care services.

The following is the financial information of APL as extracted from its audited consolidated financial statements of APL for the two years ended 31st December, 2010 and unaudited consolidated financial statements of APL for the six months ended 30th June, 2011, which was prepared in accordance with Hong Kong Financial Reporting Standards:

Table II — Financial highlights of APL

	For the year ended 31st December,		**For the six months ended 30th June,**
	2009	**2010**	**2011**
HK$'000	*(Audited)*	*(Audited)*	*(Unaudited)*
Revenue	3,471,000	3,621,800	1,960,700
Net profits before taxation and extraordinary items	2,753,800	3,322,300	1,894,500
Profit attributable to owners of APL	1,840,300	3,003,100	1,281,500
Earnings per APL Share — Basic (HK cents)	31.20	45.11	17.49
Net assets attributable to the owners of APL	12,641,300	17,359,500	18,648,700

The APL Group recorded an audited turnover of approximately HK$3,621.8 million (2009: approximately HK$3,471.0 million) and an audited profit attributable to the owners of APL of approximately HK$3,003.1 million (2009: approximately HK$1,840.3 million) for the financial year ended 31st December, 2010, representing approximately 4.3% increase in turnover and approximately 63.2% increase in profit attributable to owners as compared with the previous financial year. The significant increase in the profit attributable to owners was primarily as a result of the profit from the disposal of medical and associated health services business. The unaudited revenue and profit attributable to owners of APL Group for the six months ended 30th June, 2011 showed steady growth from its investment, broking and finance division and consumer finance division; and the higher fair value gain on revaluation of the investment properties of APL Group.

4. Business operation review

Tian An

Tian An Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment and property management, as well as the manufacture, sale and trading of cement and clinker in the PRC. With reference to the turnover and profit of Tian An set out below, we consider that the business has been generating steady income and cash flows for Tian An Group.

The revenue of Tian An are mainly derived from (i) property development; (ii) property investment; (iii) manufacture, sale and trading of cement, clinker and construction materials; and (iv) other operations including property management and golf course operation in the PRC. The table below shows an analysis of Tian An's turnover by business segments:

Table III — Analysis of Tian An's turnover by business segments

	For the year ended 31st December,		**For the six months ended 30th June,**
	2009	**2010**	**2011**
HK$'000	*(Audited)*	*(Audited)*	*(Unaudited)*
Property development	627,576	518,372	191,980
Property investment	216,788	346,747	181,459
Manufacture, sale and trading of cement, clinker and construction materials	149,894	452,617	391,674
Other operations	89,270	94,250	47,546
	1,083,528	1,411,986	812,659

According to the 2010 Tian An annual report, Tian An Group had a landbank of total gross floor area ("GFA") of approximately 8,820,000 m^2 (total GFA attributable to Tian An Group is approximately 6,597,200 m^2, consisting of 333,900 m^2 of completed investment properties and 6,263,300 m^2 of properties under construction and for development) located in various provinces in the PRC. We further note from the 2011 Tian An interim report that Tian An had a total attributable GFA of approximately 620,300 m^2 under construction. The revenue of Tian An Group for the six months ended 30th June, 2011 was HK$812.7 million (2010: HK$735.5 million), representing an increase of 10.5% compared to the same period last year. The profit attributable to the owners of Tian An for the six month ended 30th June, 2011 was HK$564.6 million (2010: HK$541.1 million), representing an increase of 4.3% compared to the same period last year. Earnings per Tian An Share amounted to HK$37.47 cents (2010: HK$35.91 cents) while net asset value per share attributable to the owners of Tian An was HK$8.84 at 30th June, 2011 (31st December, 2010: HK$8.36).

It is also stated in the 2010 Tian An annual report that Tian An continued to dispose of non-core assets and will continue to devote significant efforts to its cyberpark investments.

In April 2011, Tian An submitted a proposal in relation to the spin-off and separate listing of its wholly-owned subsidiary, Allied Cement Holdings Limited ("Allied Cement"), on the Main Board of the Stock Exchange ("Proposed Spin-off"). Allied Cement will be engaged principally in the manufacture, sale and trading of cement and clicker in Shanghai and Shandong Province in the PRC whereas the remaining subsidiaries of Tian An Group, save for its holding in Allied Cement, will be engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment and property management in the PRC upon completion of the Proposed Spin-off. Tian An Shareholders should note that the Proposed Spin-off is subject to, among other things, final decisions of the Tian An Board and the approval from the Stock Exchange, and may or may not proceed.

As at 31st August, 2011, the Tian An Group has projects in the PRC with attributable GFA of approximately 620,300 m^2 under construction. According to the latest valuation report on the PRC properties as appraised by Norton Appraisals set out in Appendix V to the Composite Document, the attributable independent valuation of the PRC properties as at 31st August, 2011 was in aggregate of HK$25,588.8 million.

APL

The core businesses of APL Group consists of property investment and development, hospitality related activities, the provision of financial services and the provision of elderly care services. APL's interests in property investment and development and hospitality related activities in Hong Kong are mainly held through its wholly-owned subsidiaries or the 50% owned subsidiary, Allied Kajima Limited ("Allied Kajima") and that located in the PRC are held through Tian An. APL's financial services business is mainly conducted through APL's 53.23% holding in SHK as well as SHK's effective 58.18% holding in United Asia Finance Limited. APL's business in provision of elderly care services was held through its 71.97%-owned subsidiary, Allied Overseas Limited (stock code: 593). The table below shows an analysis of APL's turnover by business segments:

Table IV — Analysis of APL's turnover by business segments

	For the year ended 31st December,		**For the six months ended 30th June,**
	2009	**2010**	**2011**
HK$'000	*(Audited)*	*(Audited)*	*(Unaudited)*
Investment, broking and finance	1,607,000	1,568,900	791,700
Consumer finance	1,511,700	1,659,500	961,900
Elderly care services	106,400	109,600	64,500
Property rental, hotel operations and management services	245,900	283,800	142,600
	3,471,000	3,621,800	1,960,700

As at the Latest Practicable Date, APL beneficially owns, through the Offeror, 602,789,096 Tian An Shares, representing approximately 40.00% of the existing issued share capital of Tian An.

Assuming the Partial Share Exchange Offer becomes unconditional, the Offeror would hold approximately 46.85% equity interest in Tian An and Tian An will remain an associated company of APL and Tian An's financial results will continue to be accounted for under the equity accounting method by APL. By accepting the Partial Share Exchange Offer, such Accepting Tian An Shareholders would become APL Shareholders. As noted in Table III and Table IV in the section under "Business Operation Review" above, those Accepting Tian An Shareholders would become interested in APL with broaden revenue base and would continue to retain part of their interest in Tian An indirectly through their holding of APL Shares.

Assuming all Independent Tian An Shareholders accept the Partial Share Exchange Offer, upon Completion, a total of 412,720,000 APL Exchange Shares will be allotted and issued, representing approximately 5.94% of the existing issued share capital of APL as at the date of the Joint Announcement and the Latest Practicable Date and approximately 5.60% of the enlarged issued share capital of APL immediately following the allotment and issuance of the APL Exchange Shares.

5. Effects of the Partial Share Exchange Offer on the Shareholding Structure of Tian An

By validly accepting the Partial Share Exchange Offer, the Accepting Tian An Shareholders will sell to the Offeror their tendered Tian An Offer Shares which will be finally taken up by the Offeror in accordance with the formula free from all encumbrances and together with all rights and benefits at any time accruing thereto including all rights to any dividend or other distributions declared, made or paid on or after the date of the Joint Announcement. Any dividend or other distributions declared, made or paid before the date of the Joint Announcement will be paid by Tian An to the Tian An Shareholders who are qualified for such dividend or distributions.

Assuming no additional Tian An Shares will be issued or repurchased by Tian An from the Latest Practicable Date up to Completion, the table below illustrates the shareholding structure of Tian An (i) as at the Latest Practicable Date, (ii) immediately after Completion assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer (including any Tian An Director) in full; and (iii) immediately after Completion assuming all the Independent Tian An Shareholders (including any Tian An Director) except Penta, the substantial shareholder of Tian An, accept the Partial Share Exchange Offer in full:

Table V — Shareholding structure of Tian An

Shareholders	**As at the Latest Practicable Date**		**Immediately after Completion assuming all the Independent Tian An Shareholders accept the Partial Share Exchange Offer in full**		**Immediately after Completion assuming all the Independent Tian An Shareholders except Penta accept the Partial Share Exchange Offer in full[4]**	
	Number of Tian An Shares	*%*	*Number of Tian An Shares*	*%*	*Number of Tian An Shares*	*%*
The Offeror and parties acting in concert with it[1]	602,789,096	40.00	705,969,096	46.85	705,969,096	46.85
Penta[2]	424,237,476	28.16	375,815,161	24.94	424,237,476	28.16
Mr. Ma Sun[3]	62,550	0.01	55,411	0.01	49,097	0.01
Public Tian An Shareholders	479,680,369	31.83	424,929,823	28.20	376,513,822	24.98
Total	**1,506,769,491**	**100.00**	**1,506,769,491**	**100.00**	**1,506,769,491**	**100.00**

Notes:

1. As at the Latest Practicable Date, the Offeror is an indirect wholly-owned subsidiary of APL, which was owned as to approximately 72.34% by AGL, which in turn was owned as to approximately 55.93% by Lee and Lee Trust.

2. Pursuant to the disclosure of interest forms and dealings disclosure forms filed by Penta displayed on the respective website of the Stock Exchange and the SFC, as at the Latest Practicable Date, Penta has a long position interest in (i) 424,237,476 Tian An Shares; and (ii) unlisted cash settled derivatives equivalent to 24,365,000 underlying Tian An Shares. However such derivatives were not issued by Tian An and none of Tian An Directors or APL Directors have any information on the convertibility of such derivatives into Tian An Shares or any terms and conditions thereof. As such, no assumption was made to the conversion of such derivatives into Tian An Shares in the above shareholding structure after Completion. Penta is an Independent Tian An Shareholder in respect of the Partial Share Exchange Offer but not regarded as part of the public float of Tian An.

3. Mr. Ma Sun is an executive Tian An Director. Mr. Ma Sun is an Independent Tian An Shareholder in respect of the Partial Share Exchange Offer but not regarded as part of the public float of Tian An.

4. This scenario is presented for the purpose of calculation of minimum public float of Tian An upon Completion in order to meet the public float requirement of 25% under the Listing Rules. It does not indicate and should not be taken as any indication of whether or not Penta intends to accept the Partial Share Exchange Offer, in respect of which none of the AGL Directors, APL Directors, Tian An Directors and directors of the Offeror and parties acting in concert with it have such information.

5. It is noted that Penta has increased its shareholding in Tian An by 192,000 Tian An Shares, representing an increase from approximately 28.14% to approximately 28.16% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer upon the close of the Partial Share Exchange Offer, the Offeror and parties acting in concert with it will review the public float of Tian An upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of Tian An Shares to other investors who are independent and not connected persons of the Offeror and the parties acting in concert with it, after the close of the Partial Share Exchange Offer, to maintain the public float of Tian An to be at least 25% as required by the Listing Rules.

6. Intention of the Offeror

The Offeror intends to continue the existing businesses of Tian An and does not intend to introduce any changes to the existing business strategies and operations of Tian An, including the redeployment of fixed assets of Tian An and continued employment of the employees of the Tian An Group.

The Offeror also intends to maintain the listing status of Tian An on the Stock Exchange upon Completion. As at the Latest Practicable Date, approximately 31.83% of Tian An Shares were held by the public. Assuming full acceptance of the Partial Share Exchange Offer by all the Independent Tian An Shareholders, Tian An will maintain a public float of approximately 28.20% upon Completion.

The Stock Exchange has stated that, upon closing of the Partial Share Exchange Offer, if less than the minimum prescribed percentage applicable to Tian An, being 25% of the total issued Tian An 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 Tian An Shares; or (ii) there are insufficient Tian An Shares in the public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Tian An Shares.

It is noted that Penta has increased its shareholding in Tian An by 192,000 Tian An Shares, representing an increase from approximately 28.14% to approximately 28.16% during the period since the date of the Joint Announcement up to the Latest Practicable Date. Subject to the level of acceptance of the Partial Share Exchange Offer upon close of the Partial Share Exchange Offer, there may be insufficient public float held by public Tian An Shareholders. The Offeror and parties acting in concert with it will review the public float of Tian An upon the close of the Partial Share Exchange Offer and, if necessary, will take necessary steps including placing of Tian An Shares to other investors who are independent and not connected persons of the Offeror and the parties acting in concert with it, after the close of the Partial Share Exchange Offer, to maintain the public float of Tian An to be at least 25% as required by the Listing Rules.

7. Future Prospects of APL and Tian An

APL

According to the 2011 APL interim report and the "Letter from the APL Board", in view of the downgrade of US credit ratings and the concerns regarding the Euro Zone debt problems and uncertainty to the world economy and Hong Kong economy at large, the APL Group will closely monitor stock market fluctuations and its impact on the APL Group's financial services businesses which is currently affected by the downtrend of world and local financial and stock markets in respect of the investment, broking and finance division and consumer finance division. APL Group will closely monitor the impact of the rising costs resulting from minimum wage legislation, food cost increases and rent increases in respect of the elderly care services division.

In both Hong Kong and the PRC, the respective governments have implemented various measures to control increases in the residential property prices. Such measures have dampened sentiment in the short term but the APL Group, in view of the upward property market trend over a long-term basis and high quality properties portfolios in both Hong Kong and the PRC, remains confident of the long term prospects for the property markets in both Hong Kong and the PRC.

We note that global financial markets were rapidly changing and that there has been announcements of the second round of quantitative easing by the US Federal Reserve and continued accommodative monetary policy and fiscal stimulus by most developed countries initially provided solid support to asset prices. However, a deepening European sovereign debt crisis, repeated tightening in monetary policy in the PRC and renewed concern over global growth led to selling pressure and volatility in later part of the financial year. Recent unexpected downgrade in US credit rating added more uncertainty. We recognize that market conditions will likely to stay unsettled in short term. With the high growth rate, monetary tightening measures for maintenance in price stability and shifting economic drivers to domestic consumption, the PRC economy is expected to sustain healthy and impressive growth in the long run. Hong Kong remains well positioned to benefit from the continuing growth and development in the PRC. Based on the above macroeconomic circumstances in the PRC and Hong Kong, we concur with the view of APL that its high quality property portfolios (including commercial building, warehouse, hotel, service apartments, residential units and houses) will withstand short term market fluctuations and will eventually bring substantial value creation over the long term.

The APL Board is of the view that the Partial Share Exchange Offer would enable the APL Group to enhance its shareholding in Tian An Group from approximately 40.00% to approximately 46.85% and allow better planning and implementation of overall business strategy of the APL Group in property development and investment market. The APL Board will continue to prudently implement its stated strategies for the benefit of the APL Group and APL Shareholders.

Tian An

It is stated in the 2010 Tian An annual report that Tian An Group "will continue to adjust through acquisitions and disposals the quality of its landbank and sale of its end products to balance the demands of short term returns and long term capital appreciation". It is further noted in the 2011 Tian An interim report dated 19th August, 2011 that the PRC "central government has been concerned with the increase in property prices. Accordingly, it has tightened monetary policy, restricted the number of homes that can be purchased and increased its low cost housing programme. Foreign investment in residential properties has also been restricted". It further states that Tian An Directors believe that "these measures have dampened sentiment in the short term but remain confident of the longer terms prospects of the property market in the PRC". Tian An Directors "will continue to position Tian An Group to take advantage of opportunities as they are identified". In respect of property development in the PRC, Tian An Group will continue to adopt its prudent strategy to acquire or dispose of its property under development and projects on hand from time to time to capture the maximum return for Tian An Group while it continues its property investment which yields a stable rental return. We view that this strategy will minimize the risks associated with changing policies and enable reasonable business development in the near future. The Tian An Board is of the view that Tian An will continue its existing business strategies and operations upon Completion according to the "Letter from the Tian An Board".

To this end, we note that, in response to the State Council's decision in 2010 to tighten up the monetary liquidity and curb inflation, the central bank of the PRC has made six upward adjustments to the deposit reserve ratio during the year and then six upward adjustments from 1st January, 2011 to date. The relevant pilot implementation measures of property tax have further been introduced in Shanghai and Chongqing. As such, property developers in the PRC might face some challenge in financing.

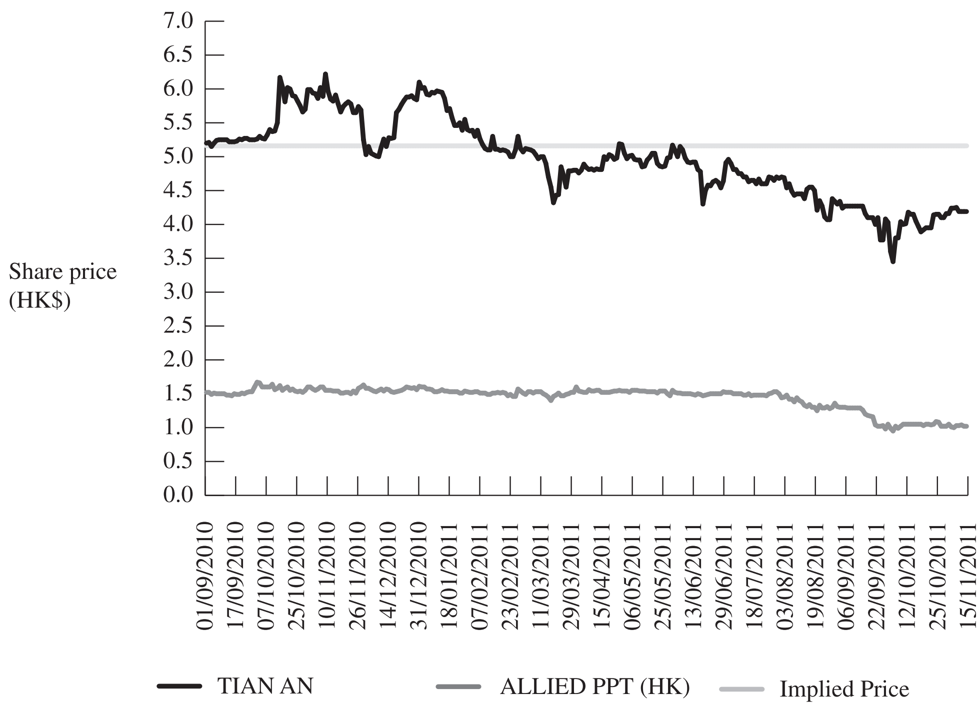
We note that, in line with the objectives and missions proposed under the "Twelfth Five-Year" Plan, Tian An has promoted the application and combination of technologies into traditional industries. Tian An has evolved to becoming a major local market player in the development, investment and management of high-tech and high-end residential and commercial properties in the PRC, such as ecological buildings, integrated business parks and cyberpark projects. In terms of the manufacture, sale and trading of cement and clinker business, Tian An Group will rebuild a cement factory under Allied Cement in the Pudong district of Shanghai subsequent to an agreement regarding factory relocation with the local government and the confirmation of site area with the local government. Tian An has continued to dispose of non-core assets in order to divert or focus its resources on its core business. We are of the view that the positioning of Tian An as a high-tech and high-end property developer will enable it to become more competitive and resilient in the present economic environment.

8. Share price performance and trading volume

Share price performance

The chart ("Share Price Chart") below illustrates the daily closing prices of Tian An and APL during the period from September 2010 and up to the Latest Practicable Date ("Review Period"). We made comparison of the historical closing prices of Tian An Shares to the ascribed value of HK$5.16 per Tian An Share under the Partial Share Exchange Offer ("Tian An Ascribed Value"), on the basis of the Partial Share Exchange Offer of four APL Exchange Shares for every Tian An Offer Share and based on the closing price of HK$1.29 per APL Exchange Share as quoted on the Stock Exchange on the Last Trading Day, so as to see whether the Tian An Ascribed Value is fair or not and as part of our analysis of the terms of the Partial Share Exchange Offer.

Graph I — Share prices of Tian An and APL during the Review Period



Data source: Website of the Stock Exchange (www.hkex.com.hk)

Note: Trading of Tian An Shares was suspended during the period from 8th September, 2011 to 14th September, 2011.
Trading of APL Shares was suspended during the period from 5th October, 2010 (afternoon session) to 8th October, 2010; the period from 25th May, 2011 to 26th May, 2011 and the period from 8th September, 2011 to 14th September, 2011.

During the Review Period, the closing prices of Tian An Shares ranged from the lowest of HK$3.45 per Tian An Share (recorded on 4th October, 2011) to the highest of HK$6.22 per Tian An Share (recorded on 9th November, 2010). The average closing price of Tian An Share during the Review Period was approximately HK$4.97 (with 296 trading days within the Review Period).

During the Review Period, the closing prices of APL Shares ranged from the lowest of HK$0.95 per APL Share (recorded on 4th October, 2011) to the highest of HK$1.67 per APL Share (recorded on 30th September, 2010). The average closing price of APL Share during the Review Period was approximately HK$1.44 (with 290 trading days within the Review Period).

The closing prices of Tian An Share and APL Share were HK$4.27 and HK$1.29 respectively on the Last Trading Day.

In evaluating the Tian An Ascribed Value, we have demonstrated the comparison with the closing price of Tian An Share on the Last Trading Day; the average closing prices of Tian An Shares prior to the Last Trading Day; and the average closing prices of Tian An Shares immediately after the Last Trading Day and up to the Latest Practicable Date and the unaudited consolidated net asset value attributable to the Tian An Shareholders as at 30th June, 2011 ("Reference Closing Prices") as follows:

Table VI — Comparison of Tian An Ascribed Value with the Reference Closing Prices

	Reference Closing Prices *(HK$)*	**Premium/ (Discount) represented by Tian An Ascribed Value over/to the Reference Closing Prices**
Closing price on the Latest Practicable Date	4.19	23.15%
42-day average closing price immediately after the Last Trading Day and up to the Latest Practicable Date	4.04	27.72%
Closing price on the Last Trading Day	4.27	20.84%
5-day average closing price immediately prior to and including the Last Trading Day	4.28	20.56%
10-day average closing price immediately prior to and including the Last Trading Day	4.24	21.70%
30-day average closing price immediately prior to and including the Last Trading Day	4.42	16.74%
60-day average closing price immediately prior to and including the Last Trading Day	4.55	13.41%
120-day average closing price immediately prior to and including the Last Trading Day	4.72	9.32%
180-day average closing price immediately prior to and including the Last Trading Day	4.96	4.03%
240-day average closing price immediately prior to and including the Last Trading Day	5.12	0.78%
Unaudited consolidated net asset value of the Tian An Group attributable to the Tian An Shareholders as at 30th June, 2011	8.84	(41.63)%

Data source: Website of the Stock Exchange (www.hkex.com.hk)

We note that Tian An Ascribed Value represents generally a premium over the closing price of Tian An as quoted from the Stock Exchange up to and including the Latest Practicable Date.

According to information from the website of the Stock Exchange, there were 296 trading days of Tian An Shares during the Review Period and a total of 190 trading days out of 296 trading days, i.e. approximately 64.19%, where the closing price of Tian An Shares, was below the Tian An Ascribed Value. The closing prices of Tian An Shares started to decline gradually from March 2011. We believe that it is in line with the general decline of Hang Seng Index since early March 2011 to the Last Trading Date.

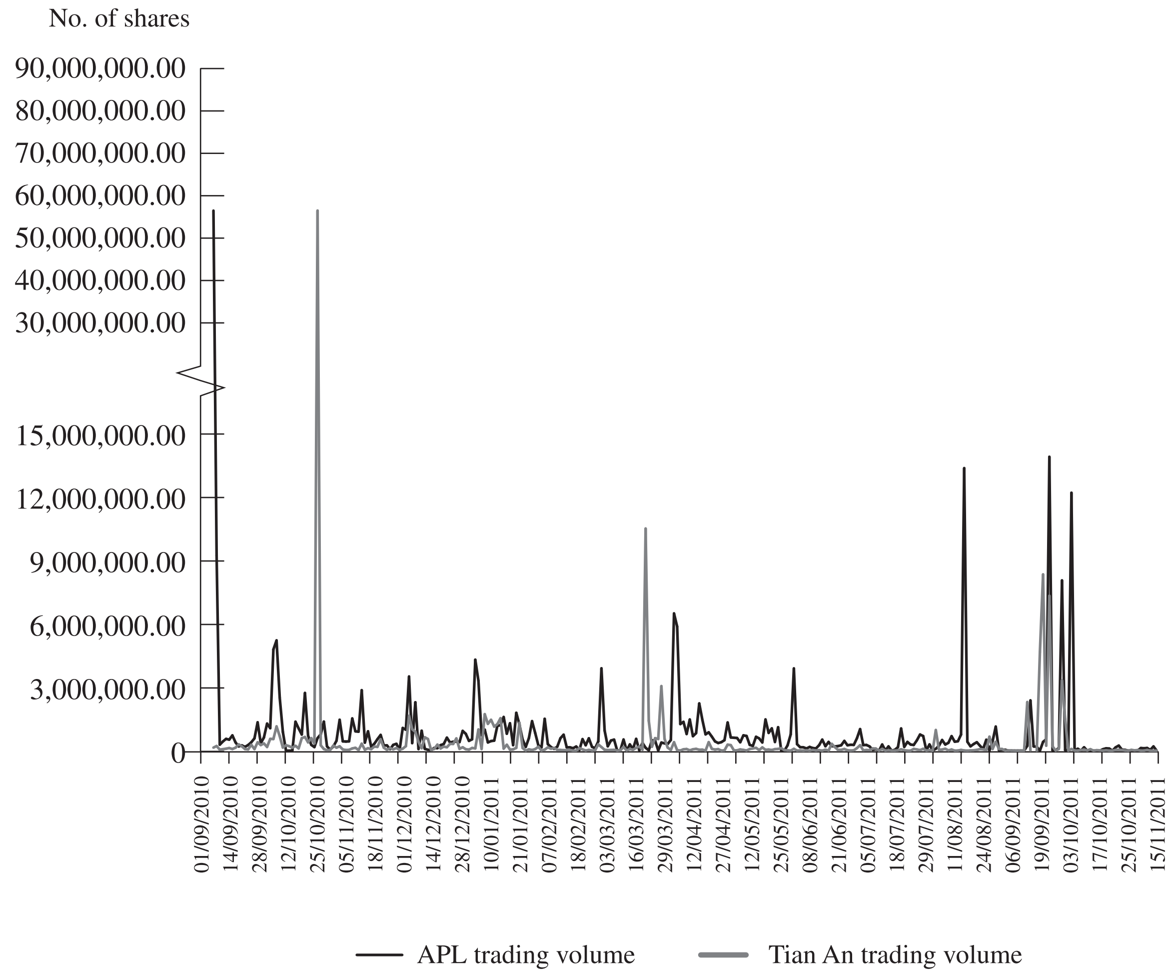
During the period after the publication of the Joint Announcement and up to the Latest Practicable Date (''Post-Announcement Period''), the closing prices of Tian An Shares ranged from HK$3.45 to HK$4.27 with an average of approximately HK$4.04, while the closing prices of APL Shares ranged from HK$0.95 to HK$1.26, with an average of approximately HK$1.05. As at the Latest Practicable Date, the closing prices of Tian An Shares and APL Shares were HK$4.19 and HK$1.02 respectively. Based on the closing price of APL Shares of HK$1.02 as at the Latest Practicable Date, the ascribed value of Tian An Shares under the Partial Share Exchange Offer was approximately HK$4.08 per Tian An Share, which represents a slight discount of approximately 2.63% over the closing price of Tian An Shares as at the Latest Practicable Date and a premium of approximately 0.99% of the average closing price of Tian An Shares for the Post-Announcement Period.

Given the fact that the market prices of Tian An Shares and APL Shares would fluctuate during and after the Partial Share Exchange Offer, Independent Tian An Shareholders should note that the Ascribed Value of Tian An Shares under the Partial Share Exchange Offer would change accordingly from time to time, and it is uncertain whether the market prices of APL Shares and/or Tian An Shares would rise or not and whether the Ascribed value of Tian An Shares under the Partial Share Exchange Offer would represent discounts or premiums to its market prices during and after the Partial Share Exchange Offer (whether the Partial Share Exchange Offer becomes unconditional or not). There is a possibility that the market value of four APL Shares would be lower than the market value of each Tian An Share being exchangeable under the Partial Share Exchange Offer. Therefore, Independent Tian An Shareholders, in particular those who intend to hold their interest as short-term investment, are reminded to monitor closely the trading of APL Shares and Tian An Shares during the offer period and would be better-off to sell the interests in Tian An Shares to the market if the trading price of Tian An Shares is higher than the Tian An Ascribed Value.

Trading volume

The chart ("Trading Volume Chart") below illustrates the daily trading volume of Tian An Shares and APL Shares during the Review Period.

Graph II — Trading volume of Tian An and APL during the Review Period



Data source: Website of the Stock Exchange (www.hkex.com.hk)

Note: Trading of Tian An Shares was suspended during the period from 8th September, 2011 to 14th September, 2011. Trading of APL Shares was suspended during the period from 5th October, 2010 (afternoon session) to 8th October, 2010; the period from 25th May, 2011 to 26th May, 2011 and the period from 8th September, 2011 to 14th September, 2011.

In analysing the liquidity of Tian An Shares and APL Shares, the following table sets out the daily average trading volume for each of the calendar months during the Review Period and the percentage of the daily average trading volume to the relevant existing issued share capital of Tian An and APL as at the Last Trading Day respectively. Although there are differences between the two companies such as businesses, number of shares and number of shareholders, we consider that it is necessary to compare the trading volume of the two companies which illustrates the liquidity of the aforesaid two companies since it is a share exchange offer between them.

Table VII — Daily average trading volume for each calendar month for Tian An and APL during the Review Period

	APL		Tian An	
	Daily average trading volume	**approximate %**	**Daily average trading volume**	**approximate %**
2010				
September	4,116,746	0.059%	254,569	0.017%
October	916,381	0.013%	4,268,997	0.283%
November	788,911	0.011%	197,783	0.013%
December	782,976	0.011%	331,491	0.022%
2011				
January	849,323	0.012%	520,878	0.035%
February	487,409	0.007%	68,676	0.005%
March	573,026	0.008%	794,256	0.053%
April	1,216,190	0.017%	89,121	0.006%
May	830,099	0.012%	57,450	0.004%
June	300,079	0.004%	57,408	0.004%
July	284,879	0.004%	36,818	0.002%
August	922,597	0.013%	116,643	0.008%
September	3,089,173	0.044%	1,554,440	0.103%
October	1,063,486	0.015%	260,722	0.017%
November (up to Latest Practicable Date)	59,740	0.001%	11,564	0.001%

Data source: Website of the Stock Exchange (www.hkex.com.hk)

Note: The percentages are calculated based on the daily average trading volume divided by the relevant existing issued share capital of Tian An of 1,506,769,491 Tian An Shares and APL of 6,953,118,368 APL Shares (as the case may be) as at the Last Trading Day.

As illustrated in the Trading Volume Chart and table above, the daily average trading volume of Tian An Shares in each month during the Review Period was very thin with the highest average turnover representing only approximately 0.283% of the total Tian An Shares in issue as at the Latest Practicable Date and 0.472% of the total Tian An Shares held by Independent Tian An Shareholders during October 2010. The increase in the trading volume for Tian An Shares during

October 2010 was mainly attributable to the disposal in shareholding of Tian An Shares by an institutional investor of approximately 80,000,000 Tian An Shares as per the filing of disclosure of interest form on 22nd October, 2010.

In analysing the above table, the trading in APL Shares was relatively more active than that of Tian An Shares during the Review Period save for the exceptional turnover in October 2010, the average daily turnover of Tian An Shares during the Review Period was approximately 301,181 Tian An Shares, representing approximately 0.020% of the existing issued share capital of Tian An and 0.033% of the total Tian An Shares held by Independent Tian An Shareholders as at the Latest Practicable Date. The average daily turnover of APL Shares during the Review Period was approximately 1,092,118 APL Shares, representing approximately 0.016% of the existing issued share capital of APL and 0.057% of the total APL Shares held by APL Shareholders excluding AGL as at the Latest Practicable Date.

Besides, as a result of the allotment and issuance of the new APL Shares under the Partial Share Exchange Offer to the Accepting Tian An Shareholders, the shareholders' base of APL and the size of the APL Shares in public hands will be increased, which in turn would improve the liquidity of the APL Shares. As such, those Accepting Tian An Shareholders may expect to appreciate a relatively higher liquidity with their interest in APL Shares.

9. Pro rata entitlement of the Independent Tian An Shareholders under the Partial Share Exchange Offer

Independent Tian An Shareholders may accept the Partial Share Exchange Offer in respect of some or all of the Tian An Offer Shares held by them. If total valid acceptances are received for 103,180,000 Tian An Offer Shares, all Tian An Offer Shares validly accepted will be taken up. If valid acceptances are received for more than 103,180,000 Tian An Offer Shares, the number of Tian An Offer Shares to be taken up by the Offeror from each Accepting Tian An Shareholder will be prorated according to the total number of Tian An Offer Shares tendered for acceptance in accordance using the following formula:

$$\frac{A}{B} \times C$$

A: 103,180,000 Tian An Offer Shares (being the total number of Tian An Offer Shares for which the Partial Share Exchange Offer is made)

B: the total number of Tian An Offer Shares tendered under the Partial Share Exchange Offer

C: the number of Tian An Offer Shares tendered by relevant individual Accepting Tian An Shareholder under the Partial Share Exchange Offer

As a result, it is possible that if an Independent Tian An Shareholder tenders all his/her/its Tian An Offer Shares to the Offeror under the Partial Share Exchange Offer, not all of such Tian An Offer Shares will be taken up.

Fractions of Tian An Offer Shares will not be taken up under the Partial Share Exchange Offer and, accordingly, the number of Tian An Offer Shares that the Offeror will take up from each Independent Tian An Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

RECOMMENDATION

Having considered the above factors and, in particular that:

(i) based on the share exchange ratio of four APL Exchange Shares per every Tian An Offer Share under the Partial Share Exchange Offer, every Tian An Offer Share with an unaudited net asset value of approximately HK$8.84 as at 30th June, 2011 is exchangeable into four APL Exchange Shares with an aggregate net asset value of approximately HK10.72 prior to Completion, represented a premium of approximately 21.27% over the unaudited net asset value for each Tian An Share;

(ii) although the uncertainty over the global and local economy may damper PRC property sentiments thus giving rise to short term market fluctuations on Tian An's businesses, the PRC and Hong Kong economies are expected to sustain in the long run;

(iii) Tian An Ascribed Value generally represents substantial premium ranging from 0.78% to 27.72% over the average closing price of Tian An Share for 5-day, 10-day, 30-day, 60-day, 120-day, 180-day and 240-day prior to and including the Last Trading Day; closing price of Tian An Share on the Last Trading Day; 42-day average closing price of Tian An Share immediately after the Last Trading Day and up to the Latest Practicable Date; and the closing price of Tian An Share on the Latest Practicable Date;

(iv) those Accepting Tian An Shareholders may expect to appreciate a relatively higher liquidity with their interest in APL Shares of approximately 0.057% of the total APL shares held by APL Shareholders excluding AGL during the Review Period (as compared with approximately 0.033% of the total Tian An Shares held by Independent Tian An Shareholders); and

(v) those Accepting Tian An Shareholders would become interested in APL Group, with broadened revenue base, those Accepting Tian An Shareholders should continue to retain their interest in Tian An Group indirectly through their holdings of APL Shares,

we consider that the terms of the Partial Share Exchange Offer are fair and reasonable so far as the Independent Tian An Shareholders are concerned and acceptable to the Independent Tian An Shareholders. Accordingly, we recommend the Independent Tian An Shareholders to approve and accept the Partial Share Exchange Offer.

However, Independent Tian An Shareholders should note that the Partial Share Exchange Offer is a share exchange offer which does not involve cash. Acceptance of the Partial Share Exchange Offer will not preclude Independent Tian An Shareholders from the interest in Tian An but receives APL Shares. Furthermore, the ascribed value of Tian An Shares under the Partial Share Exchange Offer will change from time to time according to the fluctuations in the share prices of APL Shares and Tian An Shares during and after the offer period, and it is uncertain whether the market prices of Tian An Shares and/or APL Shares would rise or not and whether the ascribed value of Tian An Shares under the Partial Share Exchange Offer would represent discounts or premiums to its market prices during and after the Partial Share Exchange Offer (whether the Partial Share Exchange Offer becomes unconditional or not). Independent Tian An Shareholders, in particular those who intend to hold their interest as short-term investment, should monitor closely the trading of APL Shares and Tian An Shares during the offer period.

Yours faithfully,
For and on behalf of
Huntington Asia Limited
Helen Zee
Managing Director

1. GENERAL PROCEDURES FOR APPROVAL AND ACCEPTANCE

(i) **Whether or not the Independent Tian An Shareholders accept the Partial Share Exchange Offer, they may approve the Partial Share Exchange Offer AND specify the number of Tian An Shares in respect of which they approve the Partial Share Exchange Offer by completing Box A in the accompanying Form of Approval and Acceptance. Each Tian An Share shall be entitled to ONE vote only. Multiple votes in respect of the same Tian An Share will not be taken into account in counting the approval and acceptance of the Partial Share Exchange Offer.**

If an Independent Tian An Shareholder has put a tick "✓" to indicate his/her/its approval of the Partial Share Exchange Offer on the Form of Approval and Acceptance but no number of Tian An Shares in respect of such approval is specified or any other information in the Form of Approval and Acceptance is missing, incomplete or erroneous, the approval and the acceptance of the Partial Share Exchange Offer by such Independent Tian An Shareholder will not be considered as valid until such missing, incomplete or erroneous information has been completed and rectified in such Form of Approval and Acceptance.

Independent Tian An Shareholders may vote in respect of the total number of Tian An Shares held by him/her/it even though he/she/it does not intend to accept the Partial Share Exchange Offer and the number of Tian An Shares voted may be more than the number of Tian An Shares tendered for acceptance.

(ii) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of the Tian An Shares is/are in the name of the Independent Tian An Shareholder(s), and he/she/it wishes to accept the Partial Share Exchange Offer whether in full or in respect of part of his/her/its holding of Tian An Shares, he/she/it should complete and return the accompanying Form of Approval and Acceptance in accordance with the instructions printed in this Composite Document and the instructions printed on the Form of Approval and Acceptance. The instructions in this Composite Document should be read together with the instructions on the Form of Approval and Acceptance (which instructions form part of the terms of the Partial Share Exchange Offer).

(iii) In order to be valid, the completed Form of Approval and Acceptance should be forwarded, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the exact number of Tian An Shares in respect of which the relevant Independent Tian An Shareholder wishes to accept the Partial Share Exchange Offer, by post or by hand to the Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, in an envelope marked **"Tian An China Investments Company Limited — Partial Share Exchange Offer"** as soon as possible and in any event not later than 4:00 p.m. on Friday, 9th December, 2011, being the First Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code). If the Partial Share Exchange Offer is declared unconditional as to acceptances, the Partial Share Exchange Offer will be open for 14 days after the date in accordance with Rules 15.1 and 15.3 of the Takeovers Code, and in any event the Final Closing Date will be at least 21 days from the date of this Composite Document. **The Offeror cannot extend the Final Closing Date to a day that is beyond the 14th day after the First Closing Date if the Offeror has declared the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date pursuant to Rule 28.4 of the Takeovers Code.**

(iv) An acceptance of the Partial Share Exchange Offer may not be counted towards fulfilling the acceptance condition of the Partial Share Exchange Offer unless:

(a) it is received by the Share Registrar on or before the latest time for acceptance as set out in this Composite Document, being 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code) and the Share Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received; and

(b) the Form of Approval and Acceptance is duly completed and signed and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Tian An Shares and, if the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in the Accepting Tian An Shareholder's name, such other documents (e.g. a duly stamped instrument of transfer of the relevant Tian An Share(s) in blank or in favour of the Accepting Tian An Shareholder executed by the registered holder) in order to establish the Accepting Tian An Shareholder's right to become the registered holder of the relevant Tian An Shares; or

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

(iii) certified by the Share Registrar.

If the Form of Approval and Acceptance is executed by a person other than the registered holder of Tian An Shares, appropriate evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be produced.

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

(vi) The Offeror reserves the right, in its sole discretion, to investigate in relation to any acceptance whether the representations and warranties set out in this Appendix I or the Form(s) of Approval and Acceptance could have been truthfully given by the relevant Independent Tian An Shareholder. If such investigation is made and as a result, the Offeror determines (for any reason) that any of such representation or warranty could not have been so given, such acceptance may be rejected as invalid.

2. NOMINEE HOLDINGS

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

- lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or any other nominee, with instructions authorising it to accept the Partial Share Exchange Offer on your behalf and requesting it to deliver the Form of Approval and Acceptance duly completed and signed, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Share Registrar; or

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

(ii) If your Tian An Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, you should instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Partial Share Exchange Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.

(iii) If your Tian An Shares have been lodged with your investor participant's account maintained with CCASS, you should give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(iv) Independent Tian An Shareholders with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly to allow their nominee(s) sufficient time to complete the acceptance procedure on his/her/its behalf before the First Closing Date, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce.

3. RECENT TRANSFERS

If you have lodged transfer(s) of any of your Tian An Shares for registration in your name and have not yet received your Tian An Share certificate(s) and you wish to accept and/or approve the Partial Share Exchange Offer, you should nevertheless complete and sign the Form of Approval and Acceptance and deliver it to the Share Registrar, together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an authority to Yu Ming and/or the Offeror or their respective agent(s) to collect from Tian An or the Share Registrar on your behalf the relevant Tian An Share certificate(s) when issued and to deliver such certificate(s) to the Share Registrar on your behalf, and to authorise and instruct the Share Registrar to hold such certificate(s), subject to the terms and conditions of the Partial Share Exchange Offer, as if it was or they were delivered to the Share Registrar with the duly completed and signed Form of Approval and Acceptance.

4. LOST OR UNAVAILABLE SHARE CERTIFICATE

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Tian An Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Partial Share Exchange Offer, the Form of Approval and Acceptance should nevertheless be completed, signed and delivered to the Share Registrar together with a letter satisfactory to the Offeror stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, or that it is/they are not readily available. If you subsequently find your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title or if it/they subsequently become(s) available, you should forward such document(s) to the Share Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Share Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Share Registrar.

5. ACCEPTANCE PERIOD, REVISIONS AND EXTENSIONS OF THE PARTIAL SHARE EXCHANGE OFFER

(i) The Partial Share Exchange Offer opens for acceptance from Friday, 18th November, 2011.

(ii) Unless the Partial Share Exchange Offer has previously been extended or revised in accordance with the Takeovers Code, the Partial Share Exchange Offer will close on the First Closing Date.

(iii) The Partial Share Exchange Offer will be conditional upon the following:

(a) consent from the Executive in respect of the Partial Share Exchange Offer;

(b) valid acceptances of the Partial Share Exchange Offer being received in respect of a minimum of 103,180,000 Tian An Offer Shares by 4:00 p.m. on or prior to the First Closing Date (or such later time and/or date as the Offeror may decide with the approval of the Executive);

(c) approval of the Partial Share Exchange Offer by the Independent Tian An Shareholders, signified by means of a separate box on the Form of Approval and Acceptance specifying the number of the Tian An Offer Shares in respect of which the Partial Share Exchange Offer is approved, being given by the Independent Tian An Shareholders holding over 50% of the voting rights in the Register as at the First Closing Date or, if the Partial Share Exchange Offer has not become unconditional as to acceptances on the First Closing Date, then the Final Closing Date; and

(d) the Stock Exchange granting the listing of, and permission to deal in, the APL Exchange Shares to be allotted and issued to the Accepting Tian An Shareholders in connection with the Partial Share Exchange Offer under the general mandate obtained by the APL Board at the annual general meeting of APL held on 1st June, 2011.

None of the above conditions of the Partial Share Exchange Offer can be waived.

Pursuant to Rule 28.1 of the Takeovers Code, the Executive has granted consent to the Partial Share Exchange Offer on 15th September, 2011. As at the Latest Practicable Date, condition (a) above has been satisfied.

In the event that aggregate valid acceptances are received for less than 103,180,000 Tian An Offer Shares on the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Share Exchange Offer will not proceed and will immediately lapse. As such, condition (b) above must be fulfilled by 4:00 p.m. on the First Closing Date unless the First Closing Date is extended in accordance with the Takeovers Code, or the Partial Share Exchange Offer will lapse.

In the event that (i) valid acceptances are received for not less than 103,180,000 Tian An Offer Shares on or prior to the First Closing Date; and (ii) approval is obtained from Independent Tian An Shareholders holding over 50% of the voting rights in the Register as at the First Closing Date, the Offeror will declare the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date.

Pursuant to Rule 15.3 of the Takeovers Code, the Final Closing Date would be the 14th day after the First Closing Date or the date on which the Partial Share Exchange Offer is declared unconditional as to acceptances, whichever is earlier.

In accordance with Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the Partial Share Exchange Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date this Composite Document is posted. Accordingly, unless the

Partial Share Exchange Offer has become or been declared unconditional as to acceptances, the Partial Share Exchange Offer will lapse at 7:00 p.m. on Tuesday, 17th January, 2012 unless extended with the consent of the Executive.

If the Partial Share Exchange Offer does not become or is not declared unconditional as to acceptances within the latest time permitted by the Takeovers Code, being 7:00 p.m. on Tuesday, 17th January, 2012, the Form(s) of Approval and Acceptance, the relevant certificate(s) of Tian An Share(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Offeror will be returned to the Accepting Tian An Shareholders by post or such documents will be made available by the Share Registrar for collection, as soon as possible but in any event within 10 days after the Partial Share Exchange Offer lapses. The Offeror will bear the relevant costs to be incurred for posting of such documents to such Accepting Tian An Shareholders.

The Offeror cannot extend the Final Closing Date by more than 14 days after the First Closing Date if the Offeror has declared the Partial Share Exchange Offer unconditional as to acceptances on the First Closing Date, pursuant to Rule 28.4 of the Takeovers Code.

6. ANNOUNCEMENTS

(i) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the First Closing Date, the Offeror will inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Partial Share Exchange Offer. APL, on behalf of the Offeror, and Tian An will publish a joint announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating whether the Partial Share Exchange Offer has been revised or extended, has expired or has become or been declared unconditional (and, in such case, whether as to acceptances or in all respects).

The joint announcement shall state the total number of Tian An Offer Shares and rights over Tian An Offer Shares:

- for which acceptances of the Partial Share Exchange Offer have been received;
- held, controlled or directed by APL, the Offeror or persons acting in concert with any of them before the offer period of the Partial Share Exchange Offer; and
- acquired or agreed to be acquired during the offer period of the Partial Share Exchange Offer by APL, the Offeror or persons acting in concert with any of them.

The joint announcement shall also (a) include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An which APL, the Offeror or any parties acting in concert with any of them has borrowed or lent, save for any borrowed Tian An Shares which have been either on-lent or sold; (b) specify the percentage of the relevant class of share capital and the percentage of voting rights of Tian An represented by such number of Tian An Offer Shares; and (c) include details of the basis on which each Accepting Tian An Shareholder's pro rata entitlement is determined.

(ii) The joint announcement shall state the number of Tian An Offer Shares representing valid acceptances which count towards the acceptance condition of the Partial Share Exchange Offer. Acceptances which are not in all respects complete will not be counted towards fulfilling the acceptance condition of the Partial Share Exchange Offer.

(iii) As required by the Takeovers Code, all announcements in relation to the Partial Share Exchange Offer shall be made in accordance with the Listing Rules.

7. RIGHT OF WITHDRAWAL

(i) If the Partial Share Exchange Offer has not become or been declared unconditional as to acceptances, an Accepting Tian An Shareholder will be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date in accordance with the Takeovers Code by delivering to the Share Registrar a notice of such withdrawal in writing signed by the Accepting Tian An Shareholder or his/her/its agent duly appointed in writing, together with evidence of appointment of any such agent. But such entitlement to withdraw shall be exercisable until such time as the Partial Share Exchange Offer becomes or is declared unconditional as to acceptances. Save as aforesaid, acceptances shall be irrevocable and shall not be capable of being withdrawn.

(ii) If the Offeror is unable to comply with the requirements set out in paragraph 6 of this Appendix, the Executive may require that the Accepting Tian An Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements set out in that paragraph are satisfied.

In such case, upon the Accepting Tian An Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return the Form(s) of Approval and Acceptance, the relevant certificate(s) of Tian An Share(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Offeror to the relevant Accepting Tian An Shareholder(s) by post or such documents will be made available by the Share Registrar for collection.

8. SETTLEMENT OF CONSIDERATION

The share certificates of APL Exchange Shares will be despatched to the Accepting Tian An Shareholders as soon as possible but in any event within 10 days following the close of the Partial Share Exchange Offer, provided that the Partial Share Exchange Offer becomes unconditional in all respects and a duly completed Form of Approval and Acceptance, accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) are received by the Share Registrar by no later than 4:00 p.m. on Friday, 23rd December, 2011, being the Final Closing Date (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code).

If the Partial Share Exchange Offer does not become unconditional in all respects, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities in respect thereof) (as the case may be) will be returned and/or sent to each Accepting Tian An Shareholder (by ordinary post, at that Accepting Tian An Shareholder's own risk) as soon as possible but in any event within 10 days following the lapse of the Partial Share Exchange Offer. Where such Accepting Tian An 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 Accepting Tian An Shareholder's behalf in respect thereof, that Accepting Tian An Shareholder will be sent (by ordinary post, at that Accepting Tian An Shareholder's own risk) such share certificate(s) in lieu of the transfer receipt(s).

If the Tian An Offer Shares tendered by an Accepting Tian An Shareholder have not been taken up by the Offeror in full, the share certificate(s) or transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities in respect thereof) (as the case may be) in respect of the balance of such Tian An Shares or a replaced certificate therefore will be returned or sent to him/her/it by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days following the Final Closing Date.

If the posting period ends on a day which is not a Business Day, the period is extended until the next Business Day.

9. EFFECT OF ACCEPTING THE PARTIAL SHARE EXCHANGE OFFER

By validly accepting the Partial Share Exchange Offer, the Accepting Tian An Shareholders will sell to the Offeror their tendered Tian An Offer Shares which will be finally taken up by the Offeror in accordance with the formula as set out in the "Letter from Yu Ming" free from all encumbrances and together with all rights and benefits at any time accruing thereto including all rights to any dividends or other distributions declared, made or paid on or after the date of the Joint Announcement. Any dividends or other distributions declared, made or paid before the date of the Joint Announcement will be paid by Tian An to the Tian An Shareholders who are qualified for such dividends or distributions.

10. APL EXCHANGE SHARES

The APL Exchange Shares to be allotted and issued as Consideration for the Partial Share Exchange Offer will be issued, credited as fully paid and will rank pari passu in all respects with the issued APL Shares as at the date of allotment of such APL Exchange Shares, including, among other things, the right to receive in full all dividends and other distributions after the date of issuance of such APL Exchange Shares. The APL Exchange Shares will also be issued, subject to the terms of the memorandum and articles of association of APL, to persons who accept the Partial Share Exchange Offer and subsequently become holders of such APL Exchange Shares to be allotted and issued as Consideration for the Partial Share Exchange Offer which will be bound by the memorandum and articles of association of APL.

An application will be made by APL to the Stock Exchange for the granting of the listing of, and permission to deal in, the APL Exchange Shares to be allotted and issued in connection with the Partial Share Exchange Offer.

11. OVERSEAS TIAN AN SHAREHOLDERS

(i) It is the sole responsibility of each relevant Overseas Tian An Shareholder who wishes to accept the Partial Share Exchange Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required in compliance with all necessary formalities or legal requirements and the payment of any transfer or other taxes due in such relevant jurisdictions. Any acceptance by any Independent Tian An Shareholder will be deemed to constitute a representation and warranty from such Independent Tian An Shareholder to APL or Tian An that the local laws and requirements have been complied with. Independent Tian An Shareholders should consult their professional advisers if in doubt.

(ii) Tian An shall give notice of any matter in relation to the Partial Share Exchange Offer to the Independent Tian An Shareholders by issuing announcements or advertisements in accordance with its articles of association and, if so given, shall be deemed to have been sufficient for all effective purposes, despite any failure by any Excluded Tian An Shareholder to receive the same.

12. TAX IMPLICATIONS

Independent Tian An Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Partial Share Exchange Offer. It is emphasised that none of APL, the Offeror or Tian An and their ultimate beneficial owners and parties acting in concert with any of them, Yu Ming, Huntington Asia, the Share Registrar or any of their respective directors or any persons involved in the Partial Share Exchange Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Partial Share Exchange Offer.

13. GENERAL

(i) Acceptance of the Partial Share Exchange Offer by any person or persons will be deemed to constitute a representation and warranty by such person or persons to the Offeror and Yu Ming that the Tian An Shares acquired under the Partial Share Exchange Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing and attaching to them, including, without limitation, the right to receive in full all dividends and distributions (if any) declared, paid or made on or after the date of the Joint Announcement.

(ii) Acceptance of the Partial Share Exchange Offer by any nominee will be deemed to constitute a representation and warranty by such nominee to the Offeror and Yu Ming that the number of Tian An Shares in respect of which it is indicated in the Form of Approval and Acceptance is the aggregate number of Tian An Shares held by such nominee for such beneficial owners who are accepting the Partial Share Exchange Offer.

(iii) All communications, notices, Forms of Approval and Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) to be delivered by, or sent to or from Independent Tian An Shareholders shall be delivered by, or sent to or from Independent Tian An Shareholders, or their designated agents, at the own risk of Tian An Shareholders, and none of the Offeror, Yu Ming, Tian An or the Share Registrar accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.

(iv) If the Partial Share Exchange Offer lapses, the Form of Approval and Acceptance, and share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) will be returned by post as soon as possible but in any event within 10 days after the Partial Share Exchange Offer lapses, at the risk of the person entitled thereto, to the person or agent whose name and address is set forth in the Form of Approval and Acceptance. If no such name is set forth, such document(s) will be returned to the relevant Tian An Shareholder or first-named Tian An Shareholder (in the case of joint registered Tian An Shareholders) at his/her/its registered address.

(v) References to the Partial Share Exchange Offer in this Composite Document and in the Form of Approval and Acceptance shall include any extension and/or revision thereof and references to the Partial Share Exchange Offer becoming unconditional shall include a reference to the Partial Share Exchange Offer being declared unconditional.

(vi) The provisions set out in the Form of Approval and Acceptance form part of the terms and conditions of the Partial Share Exchange Offer.

(vii) The Partial Share Exchange Offer and all acceptances of it, the Form of Approval and Acceptance, all contracts made in accordance with the Partial Share Exchange Offer and all actions taken or made pursuant to the terms and conditions of the Partial Share Exchange Offer will be governed by and construed in all aspects in accordance with the laws of Hong Kong. Execution of a Form of Approval and Acceptance by or on behalf of an Independent Tian An Shareholder will constitute the submission by such Independent Tian An Shareholder in relation to all matters arising out of or in connection with the Partial Share Exchange Offer and the Form of Approval and Acceptance to the non-exclusive jurisdiction of the courts of Hong Kong.

(viii) Due execution of the Form of Approval and Acceptance will constitute an authority to the Offeror, any director of the Offeror or of Yu Ming or their respective agents to complete and execute on behalf of the Independent Tian An Shareholders who accept the Partial Share Exchange Offer, the accompanying Form of Approval and Acceptance and any other document and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as the Offeror shall direct, the Tian An Shares which are the subject of such acceptance.

(ix) The settlement of the consideration to which Accepting Tian An Shareholders will be entitled under the Partial Share Exchange Offer will be implemented in full in accordance with the terms of the Partial Share Exchange Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Tian An Shareholder.

(x) In making their decision, Independent Tian An Shareholders must rely on their own assessment of the Offeror and Tian An and the terms of the Partial Share Exchange Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained in the "Letter from the APL Board" and the "Letter from Yu Ming", and the Form of Approval and Acceptance are not to be construed as legal or business advice. Independent Tian An Shareholders should consult with their own lawyers or financial advisers for legal or financial advice.

(xi) If the Partial Share Exchange Offer lapses for any reason, it shall cease to be capable of further acceptances and the Offeror and Yu Ming shall cease to be bound by any of the prior acceptances.

(xii) The Partial Share Exchange Offer is made in accordance with the Takeovers Code.

(xiii) Save and except for the Chinese names of any PRC entities, which in case of inconsistencies with their English translations, the Chinese version shall prevail, the English text of this Composite Document and the Form of Approval and Acceptance shall prevail over the Chinese text in case of any inconsistency.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

a. The following is a summary of the audited consolidated financial results of the APL Group for each of three years ended 31st December, 2010 as extracted from the APL's relevant annual reports and restated as appropriate.

	For the year ended 31st December,		
	2010	**2009**	**2008**
	HK$ Million	*HK$ Million*	*HK$ Million*
Continuing operations			
Revenue	3,621.8	3,471.0	3,519.7
Profit before taxation	3,322.3	2,753.8	65.6
Taxation	(312.7)	(320.9)	20.4
Profit for the year from continuing operations	3,009.6	2,432.9	86.0
Discontinued operations			
Profit for the year from discontinued operations	1,102.2	50.6	—
Profit for the year	4,111.8	2,483.5	86.0
Continuing and discontinued operations			
Attributable to:			
Owners of APL	3,003.1	1,840.3	(144.4)
Minority interests	1,108.7	643.2	230.4
	4,111.8	2,483.5	86.0
Dividend	208.6	91.3	—
Dividend per share	HK3.0 cents	HK1.5 cents	—
Earnings (loss) per share:			
Basic	HK45.1 cents	HK31.2 cents	HK(2.6) cents
Diluted	HK45.1 cents	HK31.2 cents	HK(2.6) cents

Note: On 8th October, 2010, Allied Overseas Limited (Stock Code: 593) ("AOL"), a non-wholly owned subsidiary of APL, entered into a share sale agreement to dispose of its 100% interest in a group of subsidiaries, representing AOL's interest in medical and associated health services business (the "Disposal Business"). The disposal was completed subsequently on 30th November, 2010. Accordingly, pursuant to Hong Kong Financial Reporting Standard 5, APL Group, in its annual report for the year ended 31st December, 2010, presented its audited consolidated financial results for the two years ended 31st December, 2010 and 31st December, 2009 by showing the results of the Disposal Business under discontinued operations. The audited consolidated financial results for the year ended 31st December, 2008, which is extracted from the annual report of APL for the year ended 31st December, 2008, presented results of all operations under continuing operations. As such, the table for the results of the APL Group above may not be directly comparable.

There were neither extraordinary nor exceptional items during each of the three years ended 31st December, 2010.

The reports of the auditor of APL, Deloitte Touche Tohmatsu, for the three years ended 31st December, 2010 do not contain any qualifications.

b. Set out below is a summary of the unaudited consolidated financial results of the APL Group for each of the six month ended 30th June, 2009, 2010 and 2011 respectively extracted from APL's respective interim reports and restated as appropriate.

	Six months ended 30th June,		
	2011	**2010**	**2009**
	HK$ Million	*HK$ Million*	*HK$ Million*
Continuing operations			
Revenue	1,960.7	1,695.2	2,170.9
Profit before taxation	1,894.5	1,413.9	1,141.6
Taxation	(226.6)	(162.8)	(142.9)
Profit for the period from continuing operations	1,667.9	1,251.1	998.7
Discontinued operations			
(Loss) profit for the period from discontinued operations	(1.5)	23.1	—
Profit for the period	1,666.4	1,274.2	998.7
Continuing and discontinued operations			
Attributable to:			
Owners of APL	1,281.5	883.2	750.9
Minority interests	384.9	391.0	247.8
	1,666.4	1,274.2	998.7
Dividend per share	—	—	—
Earnings per share:			
Basic	HK17.5 cents	HK14.5 cents	HK13.2 cents
Diluted	HK17.5 cents	HK14.5 cents	HK13.2 cents

Note: On 8th October, 2010, Allied Overseas Limited (Stock Code: 593) ("AOL"), a non-wholly owned subsidiary of APL, entered into a share sale agreement to dispose of its 100% interest in a group of subsidiaries, representing AOL's interest in medical and associated health services business (the "Disposal Business"). The disposal was completed subsequently on 30th November, 2010. Accordingly, pursuant to Hong Kong Financial Reporting Standard 5, APL Group, in its interim report for the six months ended 30th June 2011, presented its unaudited consolidated financial results for the six months ended 30th June, 2011 and 30th June, 2010 by showing the results of the Disposal Business under discontinued operations. The unaudited consolidated financial results for the six months ended 30th June, 2009, which is extracted from the interim report of APL for the six months ended 30th June, 2009, presented results of all operations under continuing operations. As such, the table for the results of the APL Group above may not be directly comparable.

There were neither extraordinary nor exceptional items during each of the six months ended 30th June, 2009, 2010 and 2011.

2. FINANCIAL INFORMATION OF APL FOR THE YEAR ENDED 31ST DECEMBER, 2010

Set out below is the full text of the audited consolidated financial statements of APL for the year ended 31st December, 2010 extracted from the annual report of APL for the year ended 31st December, 2010.

Consolidated Income Statement
For the year ended 31st December, 2010

	Notes	2010 HK$ Million	2009 HK$ Million
Continuing operations			
Revenue	6 & 7	3,621.8	3,471.0
Other income		86.3	67.8
Total income		3,708.1	3,538.8
Cost of sales and other direct costs		(221.5)	(223.8)
Brokerage and commission expenses		(219.2)	(224.5)
Selling and marketing expenses		(77.1)	(52.5)
Administrative expenses		(1,016.6)	(986.3)
Discount on acquisition of additional interest in a subsidiary		—	4.0
Profit on deemed acquisition of additional interests in subsidiaries		—	13.2
Net loss on deemed disposal of partial interest in a subsidiary		—	(31.0)
Loss on warrants of a listed associate		—	(1.2)
Changes in values of properties	9	871.3	994.0
Bad and doubtful debts	10	(109.8)	(424.5)
Other operating expenses		(289.1)	(313.9)
Finance costs	12	(72.1)	(86.1)
Share of results of associates		612.4	445.1
Share of results of jointly controlled entities		135.9	102.5
Profit before taxation	13	3,322.3	2,753.8
Taxation	14	(312.7)	(320.9)
Profit for the year from continuing operations		3,009.6	2,432.9
Discontinued operations			
Profit for the year from discontinued operations	15	1,102.2	50.6
Profit for the year		4,111.8	2,483.5

	Notes	2010 *HK$ Million*	2009 *HK$ Million*
Attributable to:			
Owners of the Company			
Profit for the year from continuing operations		2,266.8	1,807.9
Profit for the year from discontinued operations		736.3	32.4
		3,003.1	1,840.3
Non-controlling interests			
Profit for the year from continuing operations		742.8	625.0
Profit for the year from discontinued operations		365.9	18.2
		1,108.7	643.2
		4,111.8	2,483.5
Earnings per share	16		
From continuing and discontinued operations			
Basic		45.11 cents	31.20 cents
Diluted		45.11 cents	31.20 cents
From continuing operations			
Basic		33.84 cents	30.65 cents
Diluted		33.84 cents	30.65 cents

Consolidated Statement of Comprehensive Income
For the year ended 31st December, 2010

	2010 *HK$ Million*	2009 *HK$ Million*
Profit for the year	4,111.8	2,483.5
Other comprehensive income:		
Available-for-sale financial assets		
— Net fair value changes during the year	12.2	50.5
— Reclassification adjustment to profit or loss on disposal	(2.1)	(8.0)
— Deferred tax	—	0.2
	10.1	42.7
Exchange differences arising on translation of foreign operations	76.2	3.0
Reclassification adjustment to profit or loss on disposal/ liquidation of subsidiaries	(38.0)	—
Revaluation gain on properties transferred from property, plant and equipment to investment properties	137.5	—
Deferred tax arising from revaluation gain on properties transferred from property, plant and equipment to investment properties	(22.2)	—
Share of other comprehensive income of associates	142.9	42.3
Share of other comprehensive income of jointly controlled entities	3.7	2.0
Other comprehensive income for the year, net of tax	310.2	90.0
Total comprehensive income for the year	4,422.0	2,573.5
Attributable to:		
Owners of the Company	3,214.8	1,911.9
Non-controlling interests	1,207.2	661.6
	4,422.0	2,573.5

Consolidated Statement of Financial Position

At 31st December, 2010

	Notes	31/12/2010 HK$ Million	31/12/2009 HK$ Million (Restated)	1/1/2009 HK$ Million (Restated)
Non-current assets				
Investment properties	18	5,156.4	4,203.7	3,189.2
Property, plant and equipment	19	627.9	632.7	647.8
Prepaid land lease payments	20	10.0	13.0	13.4
Goodwill	21	2,490.3	2,642.6	2,642.4
Intangible assets	22	1,190.4	1,660.0	1,830.5
Interests in associates	26	5,274.9	4,326.9	3,839.5
Interests in jointly controlled entities	27	1,221.6	1,043.2	934.7
Available-for-sale financial assets	28	292.1	286.2	247.6
Statutory deposits		50.8	36.0	18.4
Amounts due from associates	34	56.1	56.1	—
Loans and advances to consumer finance customers due after one year	29	2,291.9	1,870.2	1,743.5
Prepaid deposits for acquisition of property, plant and equipment and other receivables		33.4	—	164.2
Deferred tax assets	30	94.1	100.5	122.5
		18,789.9	16,871.1	15,393.7
Current assets				
Properties held for sale and other inventories	31	412.8	374.5	410.5
Financial assets at fair value through profit or loss	32	720.7	741.0	299.3
Prepaid land lease payments	20	0.4	0.4	0.5
Loans and advances to consumer finance customers due within one year	29	3,172.6	2,524.2	2,661.0
Trade and other receivables	33	6,737.3	5,800.3	4,550.8
Amounts due from associates	34	58.5	67.3	101.8
Amount due from a jointly controlled entity		7.7	3.9	3.4
Tax recoverable		1.5	5.9	32.8
Short-term pledged bank deposits		99.5	137.6	130.5
Cash, deposits and cash equivalents	35	4,255.0	1,686.8	2,036.3
		15,466.0	11,341.9	10,226.9

	Notes	31/12/2010 HK$ Million	31/12/2009 HK$ Million (Restated)	1/1/2009 HK$ Million (Restated)
Current liabilities				
Trade and other payables	36	1,460.9	1,783.2	1,634.7
Financial liabilities at fair value through profit or loss	41	6.3	36.1	37.3
Amount due to a holding company		24.9	16.5	7.3
Amounts due to fellow subsidiaries		757.1	1,560.2	2,157.5
Amounts due to associates		14.1	13.7	13.8
Amounts due to jointly controlled entities		0.1	0.3	14.1
Tax payable		106.7	78.7	73.8
Bank and other borrowings due within one year	42	2,874.8	3,832.7	1,965.6
Mandatory convertible notes	44	32.6	—	—
Provisions	45	74.7	26.2	62.7
Other liabilities due within one year		—	—	0.6
		5,352.2	7,347.6	5,967.4
Net current assets		10,113.8	3,994.3	4,259.5
Total assets less current liabilities		28,903.7	20,865.4	19,653.2
Capital and reserves				
Share capital	37	1,390.6	1,217.8	1,130.3
Share premium and reserves	39	15,968.9	11,423.5	9,161.7
Equity attributable to owners of the Company		17,359.5	12,641.3	10,292.0
Equity elements of mandatory convertible notes and warrants	44	1,616.5	—	—
Shares held for employee ownership scheme		(23.7)	(28.0)	(32.6)
Employee share-based compensation reserve		10.6	9.9	10.0
Share of net assets of subsidiaries		6,033.6	6,732.5	6,039.8
Non-controlling interests		7,637.0	6,714.4	6,017.2
Total equity		24,996.5	19,355.7	16,309.2
Non-current liabilities				
Bank and other borrowings due after one year	42	2,690.4	407.6	1,917.5
Bonds	43	500.0	500.0	900.0
Amount due to an associate		47.1	—	—
Mandatory convertible notes	44	45.9	—	—
Deferred tax liabilities	30	610.9	589.8	501.8
Provisions	45	12.9	12.3	24.7
		3,907.2	1,509.7	3,344.0
		28,903.7	20,865.4	19,653.2

Statement of Financial Position

At 31st December, 2010

	Notes	31/12/2010 HK$ Million	31/12/2009 HK$ Million
Non-current assets			
Intangible assets	22	0.5	0.5
Investments in subsidiaries	24	299.9	202.6
Amounts due from subsidiaries	25	9,221.8	4,862.4
		9,522.2	5,065.5
Current assets			
Trade and other receivables		0.6	0.6
Amounts due from subsidiaries	25	463.2	321.3
Short-term pledged bank deposit		98.0	136.0
Cash, deposits and cash equivalents	35	6.5	3.6
		568.3	461.5
Current liabilities			
Trade and other payables		0.8	0.4
Amount due to a holding company		22.1	14.2
Amounts due to subsidiaries	40	23.3	38.2
		46.2	52.8
Net current assets		522.1	408.7
Total assets less current liabilities		10,044.3	5,474.2
Capital and reserves			
Share capital	37	1,390.6	1,217.8
Share premium and reserves	39	8,237.1	4,177.9
Total equity		9,627.7	5,395.7
Non-current liability			
Amount due to a subsidiary	40	416.6	78.5
		10,044.3	5,474.2

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2010

	Attributable to owners of the Company										Non-controlling interests					
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Translation reserve	Capital reserve	Accumulated profits	Dividend reserve	Total	Shares held for employee ownership scheme	Employee share-based compensation reserve	Equity elements of mandatory convertible notes and warrants	Share of net assets of subsidiaries	Total	Total equity
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1st January, 2009	1,130.3	741.3	56.9	342.8	72.2	121.0	(11.7)	7,839.2	—	10,292.0	(32.6)	10.0	—	6,039.8	6,017.2	16,309.2
Profit for the year	—	—	—	—	—	—	—	1,840.3	—	1,840.3	—	—	—	643.2	643.2	2,483.5
Other comprehensive income for the year	—	—	—	44.4	—	16.8	0.1	10.3	—	71.6	—	—	—	18.4	18.4	90.0
Total comprehensive income for the year	—	—	—	44.4	—	16.8	0.1	1,850.6	—	1,911.9	—	—	—	661.6	661.6	2,573.5
Exercise of warrants	87.5	349.9	—	—	—	—	—	—	—	437.4	—	—	—	—	—	437.4
Decrease in non-controlling interests due to further acquisition of shares of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(23.0)	(23.0)	(23.0)
Decrease in non-controlling interests due to repurchase of shares by subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(101.6)	(101.6)	(101.6)
Deemed disposal of partial interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	324.3	324.3	324.3
Purchase of shares for employee ownership scheme	—	—	—	—	—	—	—	—	—	—	(3.1)	—	—	—	(3.1)	(3.1)
Recognition of equity-settled share-based payment	—	—	—	—	—	—	—	—	—	—	—	7.6	—	—	7.6	7.6
Vesting of shares of the employee ownership scheme	—	—	—	—	—	—	—	—	—	—	7.7	(7.7)	—	—	—	—
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(168.6)	(168.6)	(168.6)
Proposed final dividend	—	—	—	—	—	—	—	(91.3)	91.3	—	—	—	—	—	—	—
At 31st December, 2009	1,217.8	1,091.2	56.9	387.2	72.2	137.8	(11.6)	9,598.5	91.3	12,641.3	(28.0)	9.9	—	6,732.5	6,714.4	19,355.7
Profit for the year	—	—	—	—	—	—	—	3,003.1	—	3,003.1	—	—	—	1,108.7	1,108.7	4,111.8
Other comprehensive income (expenses) for the year	—	—	72.3	(59.7)	—	190.2	0.3	8.6	—	211.7	—	(0.8)	—	99.3	98.5	310.2
Total comprehensive income (expenses) for the year	—	—	72.3	(59.7)	—	190.2	0.3	3,011.7	—	3,214.8	—	(0.8)	—	1,208.0	1,207.2	4,422.0
Issue of shares	172.8	1,261.8	—	—	—	—	—	—	—	1,434.6	—	—	—	—	—	1,434.6
Issue of mandatory convertible notes and warrants by a subsidiary *(note 44)*	—	—	—	—	—	—	—	—	—	—	—	—	1,616.5	—	1,616.5	1,616.5
Adjustment arising upon acquisition of interest in an associate by a wholly owned subsidiary from a non wholly-owned subsidiary *(note 48)*	—	—	—	—	—	—	—	177.3	—	177.3	—	—	—	(177.3)	(177.3)	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	0.5	—	0.5	—	—	—	(3.3)	(3.3)	(2.8)
Deemed acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	(17.7)	—	(17.7)	—	—	—	(73.8)	(73.8)	(91.5)
Deemed disposal of partial interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	27.9	27.9	27.9
Recognition of equity-settled share-based payment	—	—	—	—	—	—	—	—	—	—	—	9.4	—	—	9.4	9.4
Purchase of shares held for employee ownership scheme	—	—	—	—	—	—	—	—	—	—	(3.6)	—	—	—	(3.6)	(3.6)
Vesting of shares of the employee ownership scheme	—	—	—	—	—	—	—	—	—	—	7.9	(7.9)	—	—	—	—
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,680.4)	(1,680.4)	(1,680.4)
Dividend paid	—	—	—	—	—	—	—	—	(91.3)	(91.3)	—	—	—	—	—	(91.3)
Proposed final dividend	—	—	—	—	—	—	—	(208.6)	208.6	—	—	—	—	—	—	—
At 31st December, 2010	1,390.6	2,353.0	129.2	327.5	72.2	328.0	(11.3)	12,561.7	208.6	17,359.5	(23.7)	10.6	1,616.5	6,033.6	7,637.0	24,996.5

Consolidated Statement of Cash Flows
For the year ended 31st December, 2010

	Notes	**2010** *HK$ Million*	**2009** *HK$ Million*
Operating activities			
Profit for the year		4,111.8	2,483.5
Adjustments for:			
Taxation		316.7	331.1
Amortisation of intangible assets		201.4	209.2
Bad and doubtful debts		166.0	471.2
Finance costs		72.1	86.1
Depreciation		68.5	64.8
Net exchange loss		34.3	23.9
Expenses recognised for employee ownership scheme of Sun Hung Kai & Co. Limited ("SHK")		9.2	7.1
Net loss on disposal of property, plant and equipment		3.6	2.1
Impairment loss recognised for intangible assets		1.0	24.0
Amortisation of prepaid land lease payments		0.4	0.5
Impairment loss for amounts due from associates		0.3	—
Gain on disposal of Disposal Group	15	(1,093.9)	—
Net increase in fair value of investment properties		(794.9)	(973.6)
Share of results of associates		(612.4)	(445.1)
Share of results of jointly controlled entities		(135.9)	(102.5)
Impairment loss reversed for properties held for sale		(70.7)	(25.6)
Profit on disposal of a subsidiary		(29.3)	—
Net unrealised profit on financial assets and liabilities at fair value through profit or loss		(11.0)	(62.0)
Profit on disposal of investment properties		(9.4)	(2.1)
Impairment loss (reversed) recognised for hotel property		(5.7)	5.2
Profit on liquidation of subsidiaries		(3.7)	—
Impairment loss (reversed) recognised for interests in associates		(2.3)	27.9
Net realised profit on disposal of available-for-sale financial assets		(2.1)	(16.6)
Net loss on deemed disposal of partial interests in subsidiaries		—	31.0
Profit on deemed acquisition of additional interests in subsidiaries		—	(13.7)
Profit on disposal of a jointly controlled entity		—	(4.4)
Discount on acquisition of additional interest in a subsidiary		—	(4.0)
Gain on distribution of assets		—	(0.4)

	Notes	2010 HK$ Million	2009 HK$ Million
Operating cash flows before movements in working capital		2,214.0	2,117.6
Increase in loans and advances to consumer finance customers		(1,213.8)	(496.9)
Increase in properties held for sale and other inventories		(1.4)	(0.7)
Decrease (increase) in financial assets at fair value through profit or loss		32.9	(393.2)
Increase in trade and other receivables		(1,116.7)	(1,048.7)
(Decrease) increase in trade and other payables		(129.0)	170.0
(Decrease) increase in financial liabilities at fair value through profit or loss		(31.5)	5.9
Increase in amount due to a holding company		8.0	7.6
Increase (decrease) in provision and other liabilities		55.0	(52.6)
Decrease in amount due to fellow subsidiaries		(0.2)	(576.7)
Cash used in operations		(182.7)	(267.7)
Interest paid		(87.1)	(108.8)
Hong Kong Profits Tax paid		(207.4)	(184.9)
Tax outside Hong Kong paid		(23.6)	(4.2)
Net cash used in operating activities		(500.8)	(565.6)
Investing activities			
Proceeds on disposal of Disposal Group	15	1,509.6	—
Amounts repaid by associates		322.6	0.1
Dividend received from associates		47.5	24.9
Disposal of a subsidiary	8	39.6	—
Decrease (increase) in pledged bank deposits		38.1	(7.2)
Proceeds on disposal of investment properties		22.1	12.6
Proceeds on disposal of available-for-sale financial assets		7.4	18.6
Amounts repaid by jointly controlled entities		4.7	4.4
Proceeds on disposal of property, plant and equipment		0.7	0.1
Proceeds from distribution of assets		—	0.4
Distribution from liquidation of a jointly controlled entity		0.6	—
Amounts advanced to an associate		(299.0)	(24.0)
Fixed deposits with banks placed		(282.4)	—
Acquisition of additional interest in associates		(223.3)	—
Purchase of property, plant and equipment		(113.4)	(39.8)
Amounts repaid to jointly controlled entities		(52.1)	—
Increase in prepaid deposits for acquisition of property, plant and equipment		(29.6)	—
Additions to intangible assets		(19.6)	(62.6)
Net payment of statutory deposits		(14.8)	(17.7)
Liquidation/disposal of subsidiaries		(11.8)	0.1
Amounts advanced to jointly controlled entities		(8.5)	(4.7)
Purchase of available-for-sale financial assets		(6.8)	(2.7)
Additions to investment properties		(1.4)	(3.0)
Acquisition of jointly controlled entities		(0.2)	(53.9)
Dividend received from a jointly controlled entity		—	1.0
Acquisition of interests in associates		—	(48.4)
Net cash from (used in) investing activities		930.0	(201.8)

	Notes	2010 *HK$ Million*	2009 *HK$ Million*
Financing activities			
New bank and other borrowings raised		2,906.5	707.0
Proceeds from issue of mandatory convertible notes and warrants		1,708.0	—
Amounts advanced by associates		47.2	0.1
Repayment of bank and other borrowings		(1,631.8)	(394.5)
Amounts repaid to fellow subsidiaries		(800.0)	—
Dividends and repayments by subsidiaries to non-controlling interests		(218.3)	(167.6)
Amount paid for shares repurchased and cancelled by subsidiaries		(91.5)	(90.1)
Dividends paid to equity shareholders		(91.3)	—
Purchase of shares for employee ownership scheme of SHK		(3.6)	(3.1)
Acquisition of additional interests in subsidiaries		(2.8)	(19.0)
Net proceeds received from issue of shares of the Company		—	437.4
Net proceeds received from issue of shares by a subsidiary		—	294.1
Amount advanced by a jointly controlled entity		—	35.0
Repayment of bonds		—	(400.0)
Amounts repaid to associates		—	(0.2)
Net cash from financing activities		1,822.4	399.1
Net increase (decrease) in cash and cash equivalents		2,251.6	(368.3)
Effect of foreign exchange rate changes		2.2	0.8
Cash and cash equivalents at the beginning of the year		1,668.8	2,036.3
Cash and cash equivalents at the end of the year		3,922.6	1,668.8
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	35	3,972.6	1,686.8
Bank overdrafts	42	(50.0)	(18.0)
		3,922.6	1,668.8

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2010

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 ultimate holding company is Allied Group Limited, a listed public limited company which is also incorporated in Hong Kong. The ultimate controlling party of the Company is the trustees of Lee & Lee Trust. The address of the principal place of business of the trustees of Lee & Lee Trust is 24/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong. 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. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 56, 57 and 58 respectively.

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

In the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 27 (revised 2008) Consolidated and Separate Financial Statements

HKAS 27 (revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Company. In prior years, increases in interests in existing subsidiaries of the Company were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate. The impact of decreases in interests in subsidiaries of the Company that did not involve loss of control was recognised in profit or loss. Under HKAS 27 (revised 2008), all increases or decreases in interests in subsidiaries that do not result in gaining or losing control of the subsidiaries are accounted for as equity transactions, with no impact on profit or loss.

The following table summaries the effect on equity in respect of the various changes in interests in subsidiaries of the Company without loss of control during the year:

	HK$ Million
Credited (charged) to accumulated profits in respect of:	
Acquisition of additional interest in a subsidiary	0.5
Deemed acquisition of partial interests in subsidiaries	(17.7)
	(17.2)

In addition, during the year, a wholly-owned subsidiary of the Company acquired an associate from SHK, a non wholly-owned subsidiary of the Company. Accordingly, the effective interest in the associate held by the Group increased. A difference of HK$177.3 million between the consideration and the increase in effective interest in the associate attributable to the Group, by which the non-controlling interests are adjusted, was recognised directly in equity attributable to owners of the Company (note 48).

Under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The application of the revised Standard has resulted in shares held for employee ownership scheme and employee share-based compensation reserve of a subsidiary being included as part of non-controlling interest in the consolidated statement of financial position and consolidated statement of changes in equity. Previously, such reserves were presented separately in the consolidated statement of financial position and consolidated statement of changes in equity. In addition, the equity elements of mandatory convertible notes and warrants issued during the year (note 44) is so included as part of non-controlling interest for the application of the revised Standard.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, HKAS 17 required leasehold land to be classified as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement.

In accordance with the transitional provisions of HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information which existed at the inception of the leases. Leasehold land that qualifies for the finance lease classification has been reclassified from "prepaid and lease payments" to "property, plant and equipment" retrospectively. The adjustments in respect of the comparative figures are as follows:

	31/12/2009			1/1/2009		
	Originally stated	**Adjustments**	**Restated**	**Originally stated**	**Adjustments**	**Restated**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Property, plant and equipment	304.9	327.8	632.7	314.5	333.3	647.8
Prepaid land lease payments — non-current	335.2	(322.2)	13.0	341.2	(327.8)	13.4
Prepaid land lease payments — current	6.0	(5.6)	0.4	6.0	(5.5)	0.5
	646.1	—	646.1	661.7	—	661.7

As at 31st December, 2010, leasehold land that qualifies for finance lease classification with the carrying amount of HK$320.6 million has been included in property, plant and equipment. The application of the amendment to HKAS 17 has had no impact on the net profit and total equity of the Group.

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int-5")

HK Int-5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int-5 for the first time in the current year. HK Int-5 requires retrospective application.

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

As a result, bank and other borrowings that contain a repayment on demand clause with the aggregate carrying amounts of HK$734.0 million and HK$561.8 million have been reclassified from non-current liabilities to current liabilities as at 31st December, 2009 and 1st January, 2009 respectively. As at 31st December, 2010, bank and other borrowings (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$245.9 million have been classified as current liabilities. The application of HK Int-5 has had no impact on the reported profit or loss for the current and prior years.

New and revised Standards and Interpretations in issue but not yet effective

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

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]

1 Effective for annual periods beginning on or after 1st January, 2012
2 Effective for annual periods beginning on or after 1st January, 2011
3 Effective for annual periods beginning on or after 1st February, 2010
4 Effective for annual periods beginning on or after 1st July, 2011
5 Effective for annual periods beginning on or after 1st January, 2013

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Group anticipates that the application of the amendments to HKAS 12 may affect the measurement of the Group's deferred taxation. The management is still in the process of assessing the impact of adoption of the amendments.

HKFRS 9 (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (as revised in November 2010) adds requirements for financial liabilities and for derecognition. HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, an entity may make an irrevocable election to present changes in fair value of equity investments in other comprehensive income, with only dividend income recognised in profit or loss. The applicable of HKFRS 9 might affect the measurement of the Group's financial assets. The management is still in the process of assessing the impact of adoption of HKFRS 9.

The directors of the Company ("Directors") anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. RECLASSIFICATION

During the year, the Group has changed the classification of interest receivable on consumer finance business (previously included in "trade and other receivables") to "loans and advances to consumer finance customers". The Group considers the new presentation is more appropriate. In order to conform to the current year's classification, interest receivable of HK$72.6 million as at 1st January, 2009 and HK$68.0 million as at 31st December, 2009 were reclassified from "trade and other receivables" to "loans and advances to consumer finance customers".

4. 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 HKFRSs 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 in line with those used by other members of the Group.

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1st January, 2010

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

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

Changes in the Group's ownership interests in existing subsidiaries prior to 1st January, 2010

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

Business combinations

Business combinations that took place on or after 1st January, 2010

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

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

— deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

— liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

— assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

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

Business combinations that took place prior to 1st January, 2010

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 relevant conditions for recognition are generally 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 acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities recognised of the acquiree.

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 statement of financial position at cost plus deemed capital contribution less impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Interests 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of 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 not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When 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.

Interests 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 statement of financial position 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. Goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the jointly controlled entity. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Where a Group entity 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

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 statement of financial position. 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.

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 statement of financial position 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 the 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 recognised 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 the estimated future cash flows 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 owner'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 the 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 end of the reporting period.

Profits or losses on trading in foreign currencies include both realised and unrealised gains less losses and charges, and premiums arising from position squaring and valuation at the end of the reporting period of foreign currency positions on hand.

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 profit or loss 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 statement of financial position 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 expenses are charged directly to profit or loss.

Operating lease payments are recongised as an expense 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 buildings

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid land lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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 each group individual 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, 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 transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

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 retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised on a time apportionment basis, taking into account the principal and the effective interest rates. They are charged to the 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 end of the reporting period.

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 ("Awarded 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 the end of each reporting period, the Group revises its estimates of the number of Awarded Shares that are expected to ultimately vest. 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 end of the reporting period.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the end of the reporting period. 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 asset (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 its fair value at the date of change 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 other comprehensive income and accumulated in 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 statement. 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. On subsequent disposal of the investment property, 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.

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.

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 recognised so as 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 term of the lease 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	$16^2/_3$% 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 profit or loss in the period in which the item is derecognised.

When the nature of the lessee property interest changes 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 that are classified as operating leases 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 profit or loss 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. The cost of such intangible assets is 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. Alternatively, intangible assets with indefinite lives are carried at cost less any accumulated 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 memberships

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 both 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.

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 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.

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. An impairment loss is recognised immediately as an expenses. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there is 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 in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or 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 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 a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement 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. Subsequent to initial recognition at fair value, loans and receivables (including trade and other receivables, amounts due from associates, amount due from a jointly controlled entity, short term pledged bank deposits, bank deposits, 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).

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.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (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 the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

The Group assesses at the end of the reporting period 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 financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement) is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity investments are not reversed through the consolidated income statement.

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

Individual impairment allowance applies to securities margin financing and secured term loans which are individually significant or 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. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including bank and other borrowings, trade and other payables, amount due to a holding company, amounts due to fellow subsidiaries, amounts due to associates, amounts due to jointly controlled entities and other liabilities, which are recognised initially at fair value, are subsequently measured at amortised cost, using the effective interest method.

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

Fair value measurement principles

Fair values of quoted investments are based on bid prices. For unlisted securities or financial assets without an active market, the Group establishes the fair value by using valuation techniques including the use of recent arm's length transactions, reference to other investments that are substantially the same, discounted cash flow analysis and option pricing models.

Convertible notes

Convertible notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component regarding the fixed interest payment during the life of the convertible notes is estimated using the discounted cash flow method. This amount is recorded as a liability and measured at amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The equity portion of the convertible notes is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. The equity portion, is not subsequently remeasured at subsequent reporting dates.

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 in other comprehensive income 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 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 statement of cash flows.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimate of fair value of investment properties

At the end of the reporting period, 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 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 on loans and receivables other than loans and advances to consumer finance customers

In determining individual impairment allowances, the Group periodically reviews its trade receivables, secured term loans and margin loans 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 on loans and advances to consumer finance customers

The policy for collective impairment allowances for loans and advances to consumer finance customers of the Group is based on the evaluation of collectibility 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 the end of each reporting period. 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 the intangible assets are impaired requires an estimation of the fair value less cost to sell or value in use on the basis of data available to the Group. Where 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 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 more or less than expected, a recognition or reversal of the deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place. While the current financial models indicate that the recognised tax losses can be utilised in the future, any changes in assumptions, estimates and tax regulations can affect the recoverability of this deferred tax assets.

Fair value of derivative and financial instruments

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 that are classified as available-for-sale financial assets and carried at fair value with a carrying amount of HK$70.8 million (2009: HK$66.6 million) as set out in note 28 are valued using generally accepted pricing models such as discounted cash flows.

For the valuation of unquoted bonds and unlisted derivative financial instruments as set out in notes 32 and 41, appropriate assumptions are used based on quoted market data as adjusted for specific features of the instrument. The carrying amounts of these financial assets and liabilities are HK$81.3 million (2009: HK$24.8 million) and HK$1.5 million (2009: HK$0.1 million) respectively.

Carrying amount of a listed associate

In determining the carrying amount of a listed associate included in note 26, management used appropriate assumptions to estimate the value in use based on discounted future cash flows of the associate. Where those assumptions and/or future cash flows are different from expected, impairment may arise.

6. 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, profit from securities margin financing and term loan financing and insurance broking services, net profit from trading in securities and funds, income from bullion transactions and differences on leveraged foreign exchange transactions. As described in more detail in note 15, subsidiaries engaged in medical, nursing agency, physiotherapy, dental and other services ("Discontinued Medical Service Business") was disposed during the year. An analysis of the Group's revenue for the year is as follows:

	2010	**2009**
	HK$ Million	*HK$ Million*
Continuing operations		
Interest income on loans and advances to consumer finance customers	1,645.0	1,494.1
Other interest income	521.7	371.7
Securities broking	513.8	588.4
Property rental, hotel operations and management services	291.0	252.9
Income from corporate finance and others	281.7	205.7
Net trading profit from forex, bullion, commodities and futures	207.7	261.1
Elderly care services	100.9	98.3
Net trading profit from securities	49.6	184.0
Dividend income	10.4	14.8
	3,621.8	3,471.0
Discontinued operations		
Discontinued Medical Service Business	967.4	1,002.7
	4,589.2	4,473.7

7. SEGMENTAL INFORMATION

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance. The Group has the following reportable operating 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.

- Elderly care services.

- Property rental, hotel operations and management services — property rental, hotel operations managed by third parties and provision of property management services.

- Sales of properties and property based investments — development and sale of properties and property based investments.

During the year, the operations of provision of Discontinued Medical Service Business which represented a substantial portion of the operations under the segment of "Healthcare" in previous year were discontinued due to the disposal of a group of subsidiaries engaged in provision of medical service business as described in note 15. The operation remained in the healthcare segment is the provision of elderly care services. Accordingly, the segment is redesignated as "Elderly care services" for the purpose of segmental information.

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

(i) Segment revenue and results

Analysis of the Group's revenue and results from continuing operations is as follows:

	2010					
	Investment, broking and finance	**Consumer finance**	**Elderly care services**	**Property rental, hotel operations and management services**	**Sale of properties and property based investments**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	1,578.4	1,659.5	109.6	297.0	—	3,644.5
Less: inter-segment revenue	(9.5)	—	—	(13.2)	—	(22.7)
Segment revenue from external customers from continuing operations	1,568.9	1,659.5	109.6	283.8	—	3,621.8
Segment results	820.3	776.6	12.5	969.6	67.1	2,646.1
Finance costs						(72.1)
Share of results of associates						612.4
Share of results of jointly controlled entities	5.0	—	—	130.9	—	135.9
Profit before taxation						3,322.3
Taxation						(312.7)
Profit for the year from continuing operations						3,009.6

	2009					
	Investment, broking and finance	**Consumer finance**	**Elderly care services**	**Property rental, hotel operations and management services**	**Sale of properties and property based investments**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	1,625.0	1,511.7	106.4	253.8	—	3,496.9
Less: inter-segment revenue	(18.0)	—	—	(7.9)	—	(25.9)
Segment revenue from external customers from continuing operations	1,607.0	1,511.7	106.4	245.9	—	3,471.0
Segment results	781.0	416.3	13.0	1,105.1	19.8	2,335.2
Discount on acquisition of additional interest in a subsidiary						4.0
Profit on deemed acquisition of additional interests in subsidiaries						13.2
Net loss on deemed disposal of partial interest in a subsidiary						(31.0)
Loss on warrants of a listed associate						(1.2)
Impairment loss for interests in associates						(27.9)
Finance costs						(86.1)
Share of results of associates						445.1
Share of results of jointly controlled entities	1.3	—	—	101.2	—	102.5
Profit before taxation						2,753.8
Taxation						(320.9)
Profit for the year from continuing operations						2,432.9

(ii) Segment assets and liabilities

	31/12/2010					
	Investment, broking and finance	**Consumer finance**	**Elderly care services**	**Property rental, hotel operations and management services**	**Sale of properties and property based investments**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment assets	9,475.6	10,590.1	1,741.2	5,319.6	415.0	27,541.5
Interests in associates						5,274.9
Interests in jointly controlled entities	116.4	—	—	1,105.2	—	1,221.6
Deferred tax assets						94.1
Amounts due from associates						114.6
Amount due from a jointly controlled entity	—	—	—	7.7	—	7.7
Tax recoverable						1.5
Total segment assets						34,255.9
Segment liabilities	1,450.2	4,229.5	37.7	56.9	—	5,774.3
Amounts due to associates						61.2
Amounts due to jointly controlled entities	—	—	—	0.1	—	0.1
Tax payable						106.7
Bank and other borrowings						2,206.2
Deferred tax liabilities						610.9
Bonds						500.0
Total segment liabilities						9,259.4

	31/12/2009					
	Investment, broking and finance	**Consumer finance**	**Elderly care services**	**Property rental, hotel operations and management services**	**Sale of properties and property based investments**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million* *(Restated)*	*HK$ Million*	*HK$ Million*	*HK$ Million* *(Restated)*
Segment assets	7,929.7	8,808.0	220.6	4,545.1	360.3	21,863.7
Interests in associates						4,326.9
Interests in jointly controlled entities	72.0	—	—	970.6	—	1,042.6
Deferred tax assets						100.5
Amounts due from associates						123.4
Amount due from a jointly controlled entity	—	—	—	3.9	—	3.9
Tax recoverable						5.9
Total segment assets						27,466.9
Assets relating to discontinued operations						746.1
Consolidated assets						28,213.0
Segment liabilities	1,546.4	3,587.4	18.5	55.6	—	5,207.9
Amounts due to associates						13.7
Amounts due to jointly controlled entities	—	—	—	0.1	—	0.1
Tax payable						75.9
Bank and other borrowings						2,289.1
Deferred tax liabilities						539.6
Bonds						500.0
Total segment liabilities						8,626.3
Liabilities relating to discontinued operations						231.0
Consolidated liabilities						8,857.3

	1/1/2009					
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Elderly care services** *HK$ Million (Restated)*	**Property rental, hotel operations and management services** *HK$ Million*	**Sale of properties and property based investments** *HK$ Million*	**Total** *HK$ Million (Restated)*
Segment assets	7,103.8	8,664.3	138.3	3,491.3	394.9	19,792.6
Interests in associates						3,839.5
Interests in jointly controlled entities	16.8	—	—	917.3	—	934.1
Deferred tax assets						122.5
Amounts due from associates						101.8
Amount due from a jointly controlled entity	—	—	—	3.4	—	3.4
Tax recoverable						32.8
Total segment assets						24,826.7
Assets relating to discontinued operations						793.9
Consolidated assets						25,620.6
Segment liabilities	2,034.7	3,573.0	17.3	57.5	—	5,682.5
Amounts due to associates						13.8
Amounts due to jointly controlled entities	—	—	—	14.1	—	14.1
Tax payable						73.8
Bank and other borrowings						1,964.1
Deferred tax liabilities						449.2
Bonds						900.0
Total segment liabilities						9,097.5
Liabilities relating to discontinued operations						213.9
Consolidated liabilities						9,311.4

(iii) The geographical information of revenue and non-current assets are disclosed as follows:

	2010 *HK$ Million*	2009 *HK$ Million*
Revenue from external customers by location of operations		
Hong Kong	3,375.3	3,343.2
Others	246.5	127.8
	3,621.8	3,471.0

	31/12/2010 *HK$ Million*	31/12/2009 *HK$ Million*
Non-current assets other than financial instruments and deferred tax assets by location of assets		
Hong Kong	15,678.4	13,840.0
Others	377.3	226.0
	16,055.7	14,066.0

(iv) Other segment information

	2010					
	Investment, broking and finance *HK$ Million*	Consumer finance *HK$ Million*	Elderly care services *HK$ Million*	Property rental, hotel operations and management services *HK$ Million*	Sale of properties and property based investments *HK$ Million*	Total *HK$ Million*
Included in segment results/segment assets						
Depreciation and amortisation	40.4	187.3	0.7	8.7	—	237.1
Impairment losses recognised (reversed)	(2.0)	1.0	—	(5.7)	(70.7)	(77.4)
Increase in fair value of investment properties	0.8	4.5	—	789.6	—	794.9
Bad and doubtful debts	1.0	108.6	0.1	0.1	—	109.8
Capital expenditure	75.3	20.9	0.3	12.0	—	108.5

	2009					
	Investment, broking and finance	**Consumer finance**	**Elderly care services**	**Property rental, hotel operations and management services**	**Sale of properties and property based investments**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Included in segment results/ segment assets						
Depreciation and amortisation	38.8	191.0	1.2	7.9	—	238.9
Impairment losses recognised (reversed)	—	24.0	—	5.2	(25.6)	3.6
Increase in fair value of investment properties	6.6	7.7	—	959.3	—	973.6
Bad and doubtful debts (reversed)	(34.2)	459.3	0.1	(0.7)	—	424.5
Capital expenditure	76.1	13.9	0.5	5.2	—	95.7

8. DISPOSAL OF A SUBSIDIARY

In April 2010, SHK disposed of 49% ownership interest in a wholly-owned subsidiary engaging in leveraged foreign exchange trading business. The control of the subsidiary after the disposal is shared by SHK and the other shareholder according to the relevant shareholders' agreement. As a result, the retained interest of 51% is classified as interest in a jointly controlled entity. The gain of the disposal is calculated as follows:

	HK$ Million
Net assets disposed of:	
Cash and cash equivalents	95.2
Trade and other receivables	5.4
Amount due from the Group	53.5
Trade and other payables	(0.2)
Tax payable	(2.2)
	151.7
Consideration	(141.1)
Retained interest in a jointly controlled entity	(39.9)
Gain on disposal of 49% ownership interest in a subsidiary	(29.3)
Net cash inflow on disposal:	
Consideration	141.1
Consideration receivable	(6.3)
Cash and cash equivalents disposal of	(95.2)
	39.6

9. CHANGES IN VALUES OF PROPERTIES

	2010	2009
	HK$ Million	*HK$ Million*
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	794.9	973.6
Impairment loss reversed for properties held for sale	70.7	25.6
Impairment loss reversed (recognised) for hotel property	5.7	(5.2)
	871.3	994.0

The recognition and reversal of impairment losses was based on the 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, 2010.

10. BAD AND DOUBTFUL DEBTS

	2010	2009
	HK$ Million	*HK$ Million*
Continuing operations		
Loans and advances to consumer finance customers		
Reversal of impairment loss	(109.5)	(0.3)
Impairment loss	274.6	505.5
Bad debts recovery after written off	(56.5)	(43.0)
	108.6	462.2
Trade and other receivables		
Reversal of impairment loss	(2.0)	(39.8)
Impairment loss	3.2	3.9
Bad debts recovery after written off	—	(1.8)
	1.2	(37.7)
	109.8	424.5

11. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) The emoluments paid or payable to each of the seven (2009: eight) directors were as follows:

	2010				
	Directors' fees	**Salaries and other benefits**	**Bonus payments**	**Retirement benefits scheme contributions**	**Total emoluments**
	HK$ Million	*HK$ Million*	*HK$ Million (Note)*	*HK$ Million*	*HK$ Million*
Arthur George Dew	—	0.80	0.53	—	1.33
*Patrick Lee Seng Wei	—	0.76	2.20	0.04	3.00
Li Chi Kong	—	0.66	0.22	0.03	0.91
*Henry Lai Hin Wing	—	0.03	—	—	0.03
*Steven Lee Siu Chung	—	0.23	—	0.01	0.24
John Douglas Mackie	—	0.05	—	—	0.05
Steven Samuel Zoellner	—	0.04	—	—	0.04
Alan Stephen Jones	0.01	0.42	—	—	0.43
#Lee Seng Hui	—	1.28	—	0.02	1.30
#Mark Wong Tai Chun	—	0.69	—	0.03	0.72
	0.01	4.96	2.95	0.13	8.05

Remarks:

* From 1st January to 17th June, 2010.

\# From 18th June to 31st December, 2010.

	2009				
	Directors' fees	**Salaries and other benefits**	**Bonus payments**	**Retirement benefits scheme contributions**	**Total emoluments**
	HK$ Million	*HK$ Million*	*HK$ Million (Note)*	*HK$ Million*	*HK$ Million*
Arthur George Dew	0.04	0.80	0.13	0.02	0.99
Patrick Lee Seng Wei	0.01	1.70	1.10	0.07	2.88
Li Chi Kong	—	0.62	0.20	0.03	0.85
Henry Lai Hin Wing	—	0.08	—	—	0.08
Steven Lee Siu Chung	—	0.54	—	0.03	0.57
John Douglas Mackie	—	0.05	—	—	0.05
Steven Samuel Zoellner	—	0.04	—	—	0.04
Alan Stephen Jones	0.01	0.40	—	—	0.41
	0.06	4.23	1.43	0.15	5.87

Note: The amounts represented the actual bonus of the preceding year paid to respective directors during the year. The bonus of the year 2010 has yet to be decided.

Certain Directors of the Company received remuneration from the Company's holding company or its wholly owned subsidiaries. The holding company provided management services to the Group and charged the Group a fee, which is included in share of management service expenses as disclosed in note 54(a), for services provided by those Directors as well as other management personnel who were not Directors of the Company.

The management service fee is calculated by reference to the time devoted by the management personnel on the affairs of the Group and therefore can be apportioned to the directors mentioned above. The total of such apportioned amounts, which has been included in the above table, is HK$4.49 million (2009: HK$2.4 million).

There was a change in the aggregate amount of emolument for the year ended 31st December, 2010 for each of the following director/former director mentioned below for their provision of management services to the Group:

The aggregate amount of emolument for the year ended 31st December, 2010 of the Chairman, namely Mr. Arthur George Dew, was increased from HK$990,000 to HK$1,325,000.

The aggregate amount of emolument for the year ended 31st December, 2010 of a former Non-Executive Director, namely Mr. Henry Lai Hin Wing, was decreased from HK$80,000 to HK$34,792*.

The aggregate amount of emolument for the year ended 31st December, 2010 of a former Non-Executive Director, namely Mr. Steven Lee Siu Chung, was decreased from HK$570,000 to HK$245,490*.

Subsequent to the year end date, the term of appointment of the Non-Executive Directors (including the Independent Non-Executive Directors) was changed from one year to two years commencing from 1st January, 2011.

The consultancy fee of each of the Independent Non-Executive Directors, namely Messrs. Alan Stephen Jones, John Douglas Mackie and Steven Samuel Zoellner, was increased by 10% with effect from 1st January, 2011 as compared with 2010.

Remark:

* Emolument from 1st January, 2010 to 17th June, 2010.

(b) Employees' emoluments

The five highest paid individuals included none (2009: none) of the directors, details of whose emoluments are set out in note 11(a) above. The combined emoluments of the remaining five (2009: five) individuals are as follows:

	2010	**2009**
	HK$ Million	*HK$ Million*
Salaries and other benefits	17.3	9.9
Bonus payments	48.8	39.3
Retirement benefit scheme contributions	0.4	0.4
Incentive/commission	11.7	8.9
	78.2	58.5

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

	Number of employees	
	2010	**2009**
HK$7,500,001–HK$8,000,000	—	1
HK$8,000,001–HK$8,500,000	—	—
HK$9,000,001–HK$9,500,000	—	1
HK$10,000,001–HK$10,500,000	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$13,500,001–HK$14,000,000	1	—
HK$16,500,001–HK$17,000,000	1	—
HK$17,000,001–HK$17,500,000	—	1
HK$25,000,001–HK$25,500,000	1	—
	5	5

12. FINANCE COSTS

	2010	**2009**
	HK$ Million	*HK$ Million*
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	70.0	67.5
Short term loan included in amounts due to fellow subsidiaries wholly repayable within five years	24.0	28.7
Bonds wholly repayable within five years	6.6	14.9
Mandatory convertible notes wholly repayable within five years *(note 44)*	3.0	—
Other borrowings wholly repayable within five years	20.5	14.9
	124.1	126.0
Total finance costs included in:		
Cost of sales and other direct costs	52.0	39.9
Finance costs	72.1	86.1
	124.1	126.0

13. PROFIT BEFORE TAXATION

	2010 *HK$ Million*	2009 *HK$ Million* *(Restated)*
Profit before taxation from continuing operations has been arrived at after charging:		
Auditors' remuneration	5.9	5.7
Amortisation of intangible assets		
Computer software (included in administrative expenses)	11.4	11.3
Other intangible assets (included in other operating expenses)	174.7	181.1
Amortisation of prepaid land lease payments	0.4	0.5
Commission expenses and sales incentives to account executives and certain staff	168.3	175.1
Depreciation	50.6	45.9
Expenses recognised for employee ownership scheme of SHK	9.2	7.1
Impairment loss for amounts due from associates (included in other operating expenses)	0.3	—
Impairment loss for interests in associates (included in other operating expenses)	—	27.9
Impairment loss for intangible assets (included in other operating expenses)	1.0	24.0
Net loss on dealing in leveraged foreign currencies	—	5.8
Net loss on disposal of property, plant and equipment	3.6	1.9
Net unrealised loss on Lehman Brothers Minibonds (included in revenue)	—	42.7
Retirement benefit scheme contributions, net of forfeited contributions of HK$0.9 million (2009: HK$0.9 million) *(note 52)*	31.5	26.9
Staff costs (including directors' emoluments but excluding contributions to retirement benefit scheme and employee ownership scheme of SHK)	579.2	544.9
and after crediting:		
Dividend income from listed equity securities	6.6	8.6
Dividend income from unlisted equity securities	3.8	6.2
Discount on acquisition of additional interest in an associate (included in share of results of associates)	52.2	22.6
Net exchange gain	0.3	13.4
Net profit on dealing in leveraged foreign currencies	0.5	—
Net profit on other dealing activities	4.4	6.6
Net realised and unrealised profit on financial assets at fair value through profit or loss — derivatives (included in revenue)	80.6	42.1
Net realised and unrealised profit on financial assets at fair value through profit or loss — securities (included in revenue)	34.2	208.1
Net realised and unrealised profit on unlisted investment funds (included in revenue)	8.5	14.2
Net realised profit on disposal of a subsidiary (included in other income) *(note 8)*	29.3	—
Net realised profit on disposal of available-for-sale financial assets (included in other income)	2.1	16.6
Net realised profit on liquidation of subsidiaries (included in other income)	3.7	—
Profit on deemed disposal of associates (included in share of results of associates)	8.1	—
Profit on disposal of investment properties (included in other income)	9.4	2.1
Rental income from investment properties under operating leases, net of outgoings of HK$19.2 million (2009: HK$23.0 million)	132.3	126.0
Reversal of impairment loss on interest in associates (included in other income)	2.3	—

14. TAXATION

	2010	2009
	HK$ Million	*HK$ Million*
The income tax charged (credited) from continuing operations comprises:		
Current tax		
Hong Kong	238.3	193.7
Other jurisdictions	27.9	13.4
	266.2	207.1
(Over) under provision in prior years		
Hong Kong	(9.4)	0.5
Other jurisdictions	0.5	0.1
	(8.9)	0.6
Deferred tax *(note 30)*		
Current year	62.6	112.3
(Over) under provision in prior years	(7.2)	0.9
	55.4	113.2
	312.7	320.9

Hong Kong Profits Tax is calculated at the rate of 16.5% of the estimated assessable profit for both years.

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:

	2010 HK$ Million	2009 HK$ Million
Profit before taxation (from continuing operations)	3,322.3	2,753.8
Less: Share of results of associates	(612.4)	(445.1)
Share of results of jointly controlled entities	(135.9)	(102.5)
Profit attributable to the Company and subsidiaries	2,574.0	2,206.2
Tax at Hong Kong Profits Tax rate of 16.5%	424.7	364.0
Items/countries subject to different tax rates	3.0	3.8
Tax effect of expenses that are not deductible for tax purposes	29.8	42.3
Tax effect of income that is not taxable for tax purposes	(43.8)	(59.6)
Tax effect of tax losses not recognised	3.4	36.8
Tax effect of utilisation of tax losses previously not recognised	(52.4)	(18.0)
Tax effect of utilisation of previously not recognised deductible temporary differences	(43.0)	(48.8)
(Over) under provision in prior years	(8.9)	0.6
Others	(0.1)	(0.2)
Taxation for the year	312.7	320.9

The deferred tax (charged) credited to other comprehensive income is as follows:

	2010	2009
Deferred tax for fair value changes in available-for-sale financial assets	—	0.2
Deferred tax for revaluation gains on properties	(22.2)	—
	(22.2)	0.2

15. DISCONTINUED OPERATIONS

On 8th October, 2010, Allied Overseas Limited ("AOL", formerly known as Quality HealthCare Asia Limited), an indirect non wholly-owned subsidiary of the Company, and Cautious Base Limited ("Holdco", formerly known as Quality HealthCare Holdings Limited), a direct wholly-owned subsidiary of AOL, entered into a share sale agreement ("Share Sale Agreement") with Altai Investments Limited and RHC Holding Private Limited (collectively "Purchaser").

According to the Share Sale Agreement, AOL and Holdco have agreed to sell 100% of the issued share capital of the companies ("Disposal Group") engaged in Discontinued Medical Service Business under the healthcare segment to the Purchaser for the consideration of transaction, payable on the closing date for an amount in cash equal to aggregate sum of (i) HK$1,521.0 million; (ii) the Base Working Capital* (i.e. HK$20.0 million) and (iii) the estimated Working Capital Adjustment* (i.e. a deduction of HK$559,000 from the Base Working Capital*) (collectively being the "Consideration Amount"), subject to the Working Capital Adjustment*. Further details are set out in the AOL's circular dated 2nd November, 2010. Up to the reporting date, the Working Capital Adjustment has not been finalised.

* As defined in the AOL's circular dated 2nd November, 2010.

Profit for the year from discontinued operations is analysed as follows:

	2010	2009
	HK$ Million	*HK$ Million*
Profit of Discontinued Medical Service Business	31.1	50.6
Expenses incurred on disposal of the Disposal Group	(22.8)	—
Gain on disposal of Disposal Group	1,093.9	—
Profit for the year from discontinued operations	1,102.2	50.6
Attributable to:		
Owners of the Company	736.3	32.4
Non-controlling interests	365.9	18.2
	1,102.2	50.6

An analysis of the results of the Discontinued Medical Service Business for the year ended 31st December, 2010, with the comparatives for illustrative purpose, is as follows:

	2010	2009
	HK$ Million	*HK$ Million*
Revenue	967.4	1,002.7
Other income	13.7	16.5
Total income	981.1	1,019.2
Cost of sales	(419.9)	(424.4)
Administrative expenses	(504.6)	(515.5)
Bad and doubtful debts	0.2	(0.6)
Other operating expenses	(21.7)	(17.9)
Profit before taxation	35.1	60.8
Taxation	(4.0)	(10.2)
Profit for the year	31.1	50.6
Operating cash flows	58.3	88.5
Investing cash flows	(45.1)	(13.8)
Financing cash flows	—	—
Total cash inflows	13.2	74.7

Profit for the year from discontinued operations include the following:

Auditors' remuneration	0.4	0.4
Amortisation of intangible assets	15.3	16.7
Cost of inventories expensed	64.2	63.9
Depreciation	17.9	18.9
Staff costs		
Wages and salaries	365.8	370.2
Retirement benefit scheme contribution	7.2	7.5

Particulars of the disposal transaction are as follows:

	HK$ Million
Net assets disposed of:	
Property, plant and equipment	55.8
Goodwill	152.3
Intangible assets	286.8
Prepaid deposits for acquisition of property, plant and equipment	11.2
Inventories	18.0
Trade and other receivables	186.7
Tax recoverable	1.3
Cash and cash equivalents	30.9
Trade and other payables	(186.6)
Deferred tax liabilities	(47.5)
Provisions	(15.4)
	493.5
Release of investment revaluation reserve and non-controlling interests	(31.4)
	462.1
Gain on disposal of Disposal Group	1,093.9
Total consideration	1,556.0
Satisfied by:	
Cash	1,540.5
Consideration receivable	15.5
	1,556.0
An analysis of net inflow of cash and cash equivalents in respect of the disposal of Disposal Group is as follows:	
Cash consideration received	1,540.5
Cash and cash equivalents disposed of	(30.9)
	1,509.6

16. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2010	2009
	HK$ Million	*HK$ Million*
Earnings		
Profit attributable to owners of the Company	3,003.1	1,840.3
Adjustments to profit in respect of ordinary shares that will be issued upon the conversion of the mandatory convertible notes of a subsidiary	(56.6)	—
Earnings for the purpose of basic and diluted earnings per share	2,946.5	1,840.3
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	6,531.6	5,897.6

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2010	2009
	HK$ Million	*HK$ Million*
Earnings		
Profit attribute to owners of the Company	2,266.8	1,807.9
Adjustments to profit in respect of ordinary shares that will be issued upon the conversion of the mandatory convertible notes of a subsidiary	(56.6)	—
Earnings for the purpose of basic and diluted earnings per share	2,210.2	1,807.9
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	6,531.6	5,897.6

From discontinued operations

Basic earnings per share for the discontinued operations is HK11.27 cents per share (2009: HK0.55 cents per share) is calculated based on the profit attributable to owners of the Company from the discontinued operations of HK$736.3 million (2009: HK$32.4 million) and the weighted average number of 6,531.6 million (2009: 5,897.6 million) shares in issue during the year. Diluted earnings per share from discontinued operations for both years were the same as the basic earnings per share as these were no dilutive potential ordinary shares outstanding.

17. DIVIDEND

	2010	2009
	HK$ Million	*HK$ Million*
Dividend attributable to the year		
Proposed final dividend of HK3 cents per share (2009: HK1.5 cents per share)	208.6	91.3
Dividend recognised as distribution during the year		
2009 Final — HK1.5 cents per share (2009: nil)	91.3	—

A final dividend of HK3 cents (2009: HK1.5 cents) per share has been recommended by the 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, 2010 has been calculated by reference to 6,953,116,585 shares in issue at 30th March, 2011.

18. INVESTMENT PROPERTIES

	The Group	
	2010	2009
	HK$ Million	*HK$ Million*
Fair value		
At 1st January	4,203.7	3,189.2
Exchange adjustment	5.3	0.1
Transferred from prepaid land lease payments and property, plant and equipment	169.8	—
Transferred from properties held for sale	16.1	62.3
Additions	1.4	3.0
Transferred to property, plant and equipment *(note 19)*	(22.1)	(14.0)
Disposals	(12.7)	(10.5)
Increase in fair value recognised in the consolidated income statement	794.9	973.6
At 31st December	5,156.4	4,203.7

The carrying amount of investment properties shown above comprises:

	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Properties in Hong Kong		
Long-term	4,347.4	3,460.8
Medium-term	679.9	612.8
Medium-term properties outside Hong Kong	129.1	130.1
	5,156.4	4,203.7

The fair value of the Group's investment properties on the date of the transfer and at 31st December, 2010 and 2009 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.

At 31st December, 2010, the carrying value of investment properties pledged as security of the Group's bank and other borrowings amounted to HK$4,895.4 million (2009: HK$3,977.3 million).

Details of the Group's investment properties and other assets being pledged to secure loans and general banking facilities are set out in note 53.

19. PROPERTY, PLANT AND EQUIPMENT

	Hotel property	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles and vessels	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
The Group						
Cost						
At 1st January, 2009, as restated	608.5	201.6	90.0	217.4	29.5	1,147.0
Exchange and other adjustments	—	—	(0.7)	—	—	(0.7)
Additions	—	—	20.4	23.1	0.4	43.9
Transferred from investment properties *(note 18)*	—	14.0	—	—	—	14.0
Transfer	—	—	(0.6)	0.6	—	—
Disposals	—	—	(2.4)	(5.7)	(0.8)	(8.9)
At 31st December, 2009	608.5	215.6	106.7	235.4	29.1	1,195.3
Exchange and other adjustments	—	0.7	0.5	0.3	—	1.5
Additions	—	—	62.1	59.5	2.7	124.3
Transferred from investment properties *(note 18)*	—	22.1	—	—	—	22.1
Transferred to investment properties	—	(34.1)	—	—	—	(34.1)
Disposals	—	—	(5.5)	(11.7)	(1.3)	(18.5)
Disposal of subsidiaries	—	—	(83.8)	(92.8)	(0.7)	(177.3)
At 31st December, 2010	608.5	204.3	80.0	190.7	29.8	1,113.3
Accumulated depreciation and impairment						
At 1st January, 2009, as restated	279.4	23.6	44.1	127.4	24.7	499.2
Provided for the year	5.7	4.2	23.1	30.1	1.7	64.8
Transfer	—	—	(0.4)	0.4	—	—
Impairment loss recognised	5.2	—	—	—	—	5.2
Eliminated on disposals	—	—	(1.6)	(4.2)	(0.8)	(6.6)
At 31st December, 2009	290.3	27.8	65.2	153.7	25.6	562.6
Exchange and other adjustments	—	—	0.4	0.1	—	0.5
Provided for the year	5.6	4.6	24.2	32.2	1.9	68.5
Transferred to investment properties	—	(4.8)	—	—	—	(4.8)
Impairment loss reversed	(5.7)	—	—	—	—	(5.7)
Eliminated on disposals	—	—	(5.0)	(8.4)	(0.8)	(14.2)
Disposal of subsidiaries	—	—	(55.0)	(66.0)	(0.5)	(121.5)
At 31st December, 2010	290.2	27.6	29.8	111.6	26.2	485.4
Carrying amounts						
At 31st December, 2010	318.3	176.7	50.2	79.1	3.6	627.9
At 31st December, 2009, as restated	318.2	187.8	41.5	81.7	3.5	632.7
At 1st January, 2009, as restated	329.1	178.0	45.9	90.0	4.8	647.8

The carrying amounts of hotel property and leasehold land and buildings shown above comprises:

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Long-term properties in Hong Kong	454.1	485.1
Properties outside Hong Kong		
Medium-term	40.5	20.3
Short-term	0.4	0.6
	495.0	506.0

At 31st December, 2010, hotel property with carrying value of HK$318.3 million (2009: HK$318.2 million) and leasehold land and buildings with carrying value of HK$125.4 million (2009: HK$116.3 million) were pledged as security of the Group's bank and other borrowings.

The Company did not have any property, plant and equipment at 31st December, 2010 and 2009 and 1st January, 2009.

20. PREPAID LAND LEASE PAYMENTS

The Group's prepaid land lease payments comprise:

		The Group	
	31/12/2010	**31/12/2009**	**1/1/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*
		(Restated)	*(Restated)*
Leasehold land outside Hong Kong			
Medium-term lease	10.1	13.0	13.4
Short-term lease	0.3	0.4	0.5
	10.4	13.4	13.9
Analysed for reporting purposes as:			
Non-current assets	10.0	13.0	13.4
Current assets	0.4	0.4	0.5
	10.4	13.4	13.9

21. GOODWILL

	The Group 2010 HK$ Million	The Group 2009 HK$ Million
Cost		
At 1st January	2,642.6	2,642.4
Arising on deemed acquisition of partial interests in a subsidiary	—	2.1
Released on disposal of subsidiaries *(note 15)*	(152.3)	—
Released on deemed disposal of partial interests in a subsidiary	—	(1.9)
At 31st December	2,490.3	2,642.6

22. INTANGIBLE ASSETS

	Computer software: Acquired	Computer software: Internally developed	Exchange participation rights	Trade mark	Sales network	Customer relationship	Web-domain	Club membership	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
The Group									
Cost									
At 1st January, 2009	44.5	22.1	2.3	1,063.9	167.7	1,154.0	78.0	6.9	2,539.4
Exchange and other adjustments	0.1	—	—	—	—	—	—	—	0.1
Additions	52.6	8.1	—	—	—	—	—	1.9	62.6
At 31st December, 2009	97.2	30.2	2.3	1,063.9	167.7	1,154.0	78.0	8.8	2,602.1
Additions	14.6	5.0	—	—	—	—	—	—	19.6
Disposal of subsidiaries	—	—	—	(188.9)	(167.7)	—	—	—	(356.6)
At 31st December, 2010	111.8	35.2	2.3	875.0	—	1,154.0	78.0	8.8	2,265.1
Amortisation and impairment									
At 1st January, 2009	22.7	1.7	1.0	7.0	37.8	619.2	18.4	1.1	708.9
Amortisation charged for the year	10.1	1.2	—	—	16.7	173.4	7.8	—	209.2
Impairment loss recognised	—	—	—	—	—	17.0	7.0	—	24.0
At 31st December, 2009	32.8	2.9	1.0	7.0	54.5	809.6	33.2	1.1	942.1
Amortisation changed for the year	10.3	1.1	—	—	15.3	168.0	6.7	—	201.4
Impairment loss recognised	—	—	—	—	—	1.0	—	—	1.0
Released on disposal of subsidiaries	—	—	—	—	(69.8)	—	—	—	(69.8)
At 31st December, 2010	43.1	4.0	1.0	7.0	—	978.6	39.9	1.1	1,074.7
Carrying amounts									
At 31st December, 2010	68.7	31.2	1.3	868.0	—	175.4	38.1	7.7	1,190.4
At 31st December, 2009	64.4	27.3	1.3	1,056.9	113.2	344.4	44.8	7.7	1,660.0

	Club membership
	HK$ Million
The Company	
Cost	
At 31st December, 2009 and 31st December, 2010	0.5

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
Customer relationship	5.4 years
Web domain	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, 2010 were allocated to the following cash generating units.

	Goodwill		Trade Mark	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Consumer finance segment — United Asia Finance Limited (“UAF”)	2,384.0	2,384.0	868.0	868.0
Healthcare segment — AOL	—	152.3	—	188.9
Elderly care services segment — Tuen Mun Elderly Care Home CGU	1.4	1.4	—	—
Investment, broking and finance segment — SHK	104.9	104.9	—	—
	2,490.3	2,642.6	868.0	1,056.9

The recoverable amount of UAF, a cash-generating unit, represents the value in use at 31st December, 2010 based on a business valuation report on the UAF group prepared by an independent qualified professional valuer, Norton Appraisals Limited. It is based on a five-year performance projection and certain key assumptions including an average growth rate of 12.7% from 2011 to 2015, a sustainable growth rate of 4.5% beyond 2015, and a discount rate of 11.0% to determine the value in use. The recoverable amount of UAF was determined to be in excess of its net carrying amount.

Goodwill for the previously healthcare segment other than the elderly care services was disposed of during the year (note 15). The recoverable amount of Tuen Mun Elderly Care Home CGU, a cash-generating unit, was determined based on value in use calculations covering detailed five-year cash flow projections followed by extrapolation of expected cash flows at certain key assumptions including an growth rate of 2.0% and a discount rate of 14.0%. The recoverable amount of Tuen Mun Elderly Care Home CGU was determined to be in excess of its net carrying amount.

The recoverable amount of SHK has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on the financial budget approved by SHK management covering a 1-year period at a discount rate of 11.0%. The recoverable amount was determined to be in excess of its net carrying amount.

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

24. INVESTMENTS IN SUBSIDIARIES

	The Company	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Investment, at cost	—	—
Deemed capital contribution *(note)*	380.3	268.5
Less: impairment	(80.4)	(65.9)
	299.9	202.6

Note: Deemed capital contribution represented the imputed interest on the interest-free loans.

25. AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Amounts due from subsidiaries		
Unsecured and bear interest at Prime-3.75% (2009: 2.75%) per annum	217.9	213.5
Unsecured and at imputed interest of 1.25% (2009: 2.75%) per annum	9,082.4	4,948.1
Unsecured and non-interest bearing	672.0	566.1
	9,972.3	5,727.7
Less: Allowance for impairment	(287.3)	(544.0)
	9,685.0	5,183.7
Analysed as:		
Non-current *(Note)*	9,221.8	4,862.4
Current	463.2	321.3
	9,685.0	5,183.7

Note: The amounts of HK$9,221.8 million (2009: HK$4,862.4 million) due from subsidiaries are not repayable within twelve months from the end of the reporting period and the balance is therefore shown as non-current. Other amount of HK$463.2 million (2009: HK$321.3 million) is repayable on demand and therefore shown as current assets.

Other than the bonds and mandatory convertible notes issued by SHK, terms of which are shown in notes 43 and 44, none of the subsidiaries had any debt securities outstanding at the end of the reporting period or at any time during the reporting period. The Company assesses at the end of each reporting period 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.

	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Gross amount of impaired amounts due from subsidiaries	1,538.7	1,620.1
Less: Allowance for impairment	(287.3)	(544.0)
Net carrying amount of impaired amounts due from subsidiaries	1,251.4	1,076.1

Particulars of the Company's principal subsidiaries at 31st December, 2010 are set out in note 56.

26. INTERESTS IN ASSOCIATES

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Listed securities *(note 26 (i))*	5,212.6	4,263.8
Unlisted shares *(note 26 (ii))*	62.3	63.1
	5,274.9	4,326.9

Notes:

(i) Listed securities

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Cost of investment	2,706.3	2,483.0
Share of post-acquisition reserves	2,529.5	1,806.1
Less: Impairment allowance recognised	(23.2)	(25.3)
	5,212.6	4,263.8
Fair value of listed securities, at quoted price	4,175.1	3,250.0

Management has reviewed the shortfall between the carrying amount of a listed associate and the fair value of the associate at the end of the reporting period. The management considers that the value in use based on a discounted future cash flow of the associate is higher than the carrying amount and the fair value of the associate. Hence, no impairment is required for the carrying amount of the associate.

(ii) Unlisted shares

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Cost of investment	43.4	43.4
Share of post-acquisition reserves	22.1	23.1
	65.5	66.5
Less: Impairment allowance recognised	(3.2)	(3.4)
	62.3	63.1

(iii) Goodwill on acquisition of associates

The goodwill after impairment as included in the cost of investment of associates is stated below.

	The Group	
	2010	**2009**
	HK$ Million	*HK$ Million*
Cost		
At 1st January and 31st December	19.4	19.4
Impairment		
At 1st January and 31st December	(17.6)	(17.6)
	1.8	1.8

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

	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Total assets	23,137.8	20,489.2
Total liabilities	(8,669.2)	(8,548.1)
Net assets	14,468.6	11,941.1
Group's share of net assets of associates	5,273.1	4,325.1

	2010	**2009**
	HK$ Million	*HK$ Million*
Revenue	2,281.0	2,761.2
Profit for the year	1,649.3	1,111.8
Group's share of profit or loss of associates for the year	552.1	422.5

Particulars of the Group's principal associates at 31st December, 2010 are set out in note 57.

27. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Unlisted shares		
Cost of investment	109.5	71.4
Share of post-acquisition reserves	1,129.7	989.4
	1,239.2	1,060.8
Elimination of unrealised profit	(17.6)	(17.6)
	1,221.6	1,043.2

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

	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Non-current assets	1,468.2	1,366.9
Current assets	352.4	193.6
Non-current liabilities	(200.9)	(367.7)
Current liabilities	(380.5)	(132.0)
Group's share of net assets of jointly controlled entities	1,239.2	1,060.8

	2010	**2009**
	HK$ Million	*HK$ Million*
Revenue	304.2	262.8
Expenses	(251.8)	(223.1)
Increase in fair value of investment properties	113.0	84.2
Taxation	(29.5)	(21.4)
Group's share of results of jointly controlled entities for the year	135.9	102.5

Particulars of the Group's jointly controlled entities at 31st December, 2010 are set out in note 58.

28. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Listed equity investments issued by corporate entities, at quoted price		
Listed in Hong Kong	0.9	1.4
Listed outside Hong Kong	45.8	45.8
	46.7	47.2
Unlisted equity investments issued by corporate entities		
Hong Kong shares, at cost less impairment	0.4	0.4
Overseas shares, at cost less impairment	174.2	172.0
Overseas shares, at fair value	70.8	66.6
	292.1	286.2

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

As there are no sufficient market comparables as input to measure the fair value reliably, some of the unlisted equity investments are measured at cost less impairment.

Further details on fair values and financial risk management of available-for-sale financial assets are disclosed in note 47.

29. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	The Group		
	31/12/2010	**31/12/2009**	**1/1/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*
		(Restated)	*(Restated)*
Loans and advances to consumer finance customers	5,923.2	4,961.9	4,811.2
Less: Allowance for impairment			
Individually assessed	(0.3)	(0.6)	(0.9)
Collectively assessed	(458.4)	(566.9)	(405.8)
	5,464.5	4,394.4	4,404.5
Analysed for reporting purposes as:			
Non-current assets	2,291.9	1,870.2	1,743.5
Current assets	3,172.6	2,524.2	2,661.0
	5,464.5	4,394.4	4,404.5

Movements of allowance for impairment during the year were as follows:

	The Group			
	2010		**2009**	
	Individually assessed	**Collectively assessed**	**Individually assessed**	**Collectively assessed**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1st January	(0.6)	(566.9)	(0.9)	(405.8)
Exchange adjustments	—	(0.7)	—	(0.1)
Amounts written off	—	274.6	—	344.5
Amounts credited (charged) to consolidated income statement	0.3	(165.4)	0.3	(505.5)
At 31st December	(0.3)	(458.4)	(0.6)	(566.9)

Certain loans and advances are secured by properties. All the loans and advances bear interest at market interest rates.

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 collectibility, 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 a collective basis.

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Gross amount of impaired loans under individual assessment	2.0	2.7
Less: Loans impairment allowance under individual assessment	(0.3)	(0.6)
Net carrying amount of impaired loans under individual assessment	1.7	2.1

The following is an aged analysis for the loans and advances to consumer finance customers that were past due at the end of the reporting period but not impaired:

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Less than 31 days past due	261.5	298.4
31 to 60 days	39.0	36.5
61 to 90 days	19.6	32.0
Over 90 days	81.0	115.0
	401.1	481.9

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, corporate guarantees, charges over real estate properties, pledge of shares or debentures over the borrower'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. 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	Revaluation of properties and other assets	Provision and impairment	Unrealised profit	Undistributed earnings and others	Tax losses	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
The Group							
At 1st January, 2009	213.1	386.5	(75.0)	1.4	7.9	(154.6)	379.3
Recognised in consolidated income statement *(note 14)*	20.2	74.4	(29.0)	2.9	0.4	41.3	110.2
Credited to other comprehensive income	—	(0.2)	—	—	—	—	(0.2)
At 31st December, 2009	233.3	460.7	(104.0)	4.3	8.3	(113.3)	489.3
Exchange adjustments	0.1	0.2	(0.4)	0.3	—	(0.1)	0.1
Recognised in consolidated income statement *(note 14)*	6.0	72.4	4.4	1.9	(1.5)	(30.5)	52.7
Changed to other comprehensive income	—	22.2	—	—	—	—	22.2
Released on disposal of subsidiaries	(0.2)	(47.3)	—	—	—	—	(47.5)
At 31st December, 2010	239.2	508.2	(100.0)	6.5	6.8	(143.9)	516.8

For the purpose of presentation in the consolidated statement of financial position, 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	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Deferred tax liabilities	610.9	589.8
Deferred tax assets	(94.1)	(100.5)
	516.8	489.3

At 31st December, 2010, the Group had unrecognised deductible temporary differences of HK$365.6 million (2009: HK$581.1 million) and estimated unused tax losses of HK$2,249.9 million (2009: HK$2,392.5 million) available for offset against future assessable profits. A deferred tax asset has been recognised in respect of HK$872.4 million (2009: HK$686.6 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$1,377.5 million (2009: HK$1,705.9 million) of losses due to the unpredictability of future assessable profit streams. The unrecognised tax losses included a sum of HK$3.2 million (2009: HK$2.7 million) that will expire from 2012 to 2015.

The Group also had unrecognised taxable temporary differences arising from investment in PRC subsidiaries of HK$111.5 million at the end of the reporting period (2009: HK$35.0 million). The taxable temporary differences have not been recognised as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There were no other significant temporary differences that are not recognised arising during the year or at the end of the reporting period.

At 31st December, 2010 the Company had estimated unused tax losses of HK$3.4 million (2009: HK$2.8 million) 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.

31. PROPERTIES HELD FOR SALE AND OTHER INVENTORIES

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Properties in Hong Kong, at net realisable value	277.2	222.6
Freehold property outside Hong Kong, at cost	135.5	135.2
Medicine, dispensary supplies and other consumables	—	16.5
Other inventories	0.1	0.2
	412.8	374.5

Certain of the Group's properties previously held for sale with a net realisable value of HK$16.1 million (2009: HK$62.3 million) were rented out under operating leases during the year and were therefore reclassified as investment properties.

The freehold property outside Hong Kong represents 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 sale of properties and property based investments for segment reporting purposes (note 7).

At 31st December, 2010, the carrying value of property pledged as security of the Group's bank and other borrowings amounted to HK$412.7 million (2009: HK$357.8 million).

32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Held-for-trading investments, at fair value		
Equity securities listed in Hong Kong, at quoted price		
issued by corporate entities	157.8	216.6
issued by banks	176.9	181.1
issued by public utility entities	0.2	1.1
Equity securities listed outside Hong Kong, at quoted price		
issued by corporate entities	88.0	123.6
issued by banks	—	23.7
Warrants, futures and options listed in Hong Kong, at quoted price	6.0	5.1
Futures listed outside Hong Kong, at quoted price	—	0.2
Unlisted Hong Kong options	3.2	—
Unlisted overseas warrants and options	0.9	4.2
Listed bonds	44.3	52.4
Unlisted bonds, at quoted price	7.4	6.6
Unquoted unlisted bonds	77.2	20.6
Others	20.2	1.0
	582.1	636.2
Equity securities in unlisted investment funds, at fair value		
Issued by corporate entities outside Hong Kong	138.6	104.8
	720.7	741.0

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

33. TRADE AND OTHER RECEIVABLES

	The Group		
	31/12/2010	**31/12/2009**	**1/1/2009**
	HK$ Million	*HK$ Million* *(Restated)*	*HK$ Million* *(Restated)*
Trade receivables — accounts receivable from exchanges, brokers and clients	1,165.2	1,422.5	1,044.9
Secured term loans	648.6	545.5	738.1
Unsecured term loans	—	—	20.0
Margin loans	4,436.5	3,343.6	2,246.5
Consideration receivable for the disposal of held for trading investments secured by listed shares repayable by instalment	123.7	241.2	117.5
Other receivables and deposits	332.0	206.5	269.5
Less: non-current portion of other receivables	(3.1)	—	(0.2)
	6,702.9	5,759.3	4,436.3
Prepayments	34.4	41.0	114.5
	6,737.3	5,800.3	4,550.8

The carrying amount of the trade and other receivables is after netting off the following impairment allowances:

	Trade receivables	**Secured term loans**	**Margin loans**	**Other receivables**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1st January, 2009	(26.5)	(64.5)	(120.4)	—	(211.4)
Transfer from loans and receivables	—	—	—	(25.7)	(25.7)
Amounts written off	4.1	7.9	20.7	—	32.7
Amounts credited to consolidated income statement	0.4	—	11.9	23.0	35.3
At 31st December, 2009	(22.0)	(56.6)	(87.8)	(2.7)	(169.1)
Exchange adjustments	—	—	—	1.1	1.1
Amounts written off	2.0	—	—	—	2.0
Amounts credited (charged) to consolidated income statement	(1.3)	—	—	0.3	(1.0)
Release on disposal of subsidiaries	3.6	—	—	—	3.6
At 31st December, 2010	(17.7)	(56.6)	(87.8)	(1.3)	(163.4)

Impairments loss on trade receivables, margin loans, term loans and other receivables 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 loans, term loans and other receivables, and the latest announced or available information about the underlying collateral held.

	The Group					
	31/12/2010			31/12/2009		
	Gross amount of impaired advances	Individually assessed allowances	Net carrying amount of impaired advances	Gross amount of impaired advances	Individually assessed allowances	Net carrying amount of impaired advances
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Impaired trade and other receivables under individual assessment						
— Trade receivables	18.7	(17.7)	1.0	24.0	(22.0)	2.0
— Secured term loans	58.1	(56.6)	1.5	58.1	(56.6)	1.5
— Margin loans	184.5	(87.8)	96.7	151.7	(87.8)	63.9
— Other receivables	1.3	(1.3)	—	12.8	(2.7)	10.1
	262.6	(163.4)	99.2	246.6	(169.1)	77.5

The following is an aged analysis of the trade and other receivables that were past due at the end of the reporting period but not impaired:

	The Group	
	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Less than 31 days	181.4	214.7
31 to 60 days	8.2	13.7
61 to 90 days	111.5	9.9
Over 90 days	43.6	235.2
	344.7	473.5

The following is an aged analysis of the trade and other receivables based on date of the invoice at the reporting date:

	The Group	
	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
		(Restated)
Less than 31 days	1,128.4	1,359.9
31 to 60 days	17.7	35.2
61 to 90 days	5.8	19.7
Over 90 days	158.7	332.6
	1,310.6	1,747.4
Margin loans and other receivables	5,590.1	4,222.0
Allowance for impairment	(163.4)	(169.1)
	6,737.3	5,800.3

Listed securities, unlisted securities and properties of clients are held as collateral against secured margin loans and term loans. The fair value of the listed securities at 31st December, 2010 held as collateral was HK$19,601.5 million (2009: HK$12,533.5 million).

Further details on financial risk management of trade and other receivables are disclosed in note 47.

34. AMOUNTS DUE FROM ASSOCIATES

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Advances	123.3	131.8
Less: Allowance for impairment	(8.7)	(8.4)
	114.6	123.4
Less: Current portion	(58.5)	(67.3)
	56.1	56.1

The impairment is recognised when there is objective evidence of impairment (such as unsustainable operating loss) after the Group's evaluation of the collectibility of amounts due from associates. Movements of the impairment during the year are as follows:

	The Group	
	2010	**2009**
	HK$ Million	*HK$ Million*
At 1st January	(8.4)	(8.4)
Amounts charged	(0.3)	—
At 31st December	(8.7)	(8.4)

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Gross amount of impaired amounts due from associates	64.8	64.8
Less: Allowance for impairment	(8.7)	(8.4)
Net carrying amount of impaired amounts due from associates	56.1	56.4

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

35. CASH, DEPOSITS AND CASH EQUIVALENTS

	The Group		The Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Bank balances and cash	2,197.3	1,431.5	6.5	3.6
Fixed deposits with banks matured within 3 months	1,767.5	247.5	—	—
Treasury bills	7.8	7.8	—	—
	3,972.6	1,686.8	6.5	3.6
Fixed deposits with banks matured between 4 to 12 months	282.4	—	—	—
	4,255.0	1,686.8	6.5	3.6

The Group maintains trust and segregated accounts with licensed banks to hold clients' deposits arising from normal business transactions. At 31st December, 2010, trust and segregated accounts not dealt with in these financial statements totalled HK$5,398.4 million (2009: HK$5,965.8 million).

Further details on financial risk management of cash, deposits and cash equivalents are disclosed in note 47.

36. TRADE AND OTHER PAYABLES

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Trade and other payables	1,333.9	1,540.8
Accruals	127.0	242.4
	1,460.9	1,783.2

The following is an aged analysis of the trade and other payables:

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Less than 31 days	1,165.7	1,301.7
31 to 60 days	14.9	14.0
61 to 90 days	7.6	10.7
Over 90 days	22.0	46.6
	1,210.2	1,373.0
Accruals and other payables on demand	250.7	410.2
	1,460.9	1,783.2

37. SHARE CAPITAL

	Number of shares	**Value**
		HK$ Million
Authorised:		
Ordinary shares of HK$0.20 each at 1st January, 2009, 31st December, 2009 and 31st December, 2010	30,000,000,000	6,000.0
Issued and fully paid:		
Ordinary shares of HK$0.20 each at 1st January, 2009	5,651,435,520	1,130.3
Exercise of warrant subscription rights	437,396,910	87.5
Ordinary shares of HK$0.20 each at 31st December, 2009	6,088,832,430	1,217.8
Shares issued upon exercise of a share entitlement note ranks pari passu in all respects with other shares in issue *(Note 48(a))*	864,284,155	172.8
Ordinary shares of HK$0.20 each at 31st December, 2010	6,953,116,585	1,390.6

38. ANALYSIS OF OTHER COMPREHENSIVE INCOME

	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Capital reserve	Accumulated profits	Employee share-based compensation reserve	Share of net assets of subsidiaries	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
The Group								
For the year ended 31st December, 2010								
Available-for-sale financial assets	—	6.4	—	—	—	—	3.7	10.1
Exchange differences arising on translation of foreign operations	—	—	47.0	—	—	—	29.2	76.2
Reclassification adjustment to profit or loss on disposal/ liquidation of subsidiaries	—	(58.0)	(4.2)	—	—	—	24.2	(38.0)
Revaluation gain on properties transferred from property, plant and equipment to investment properties	86.3	—	—	—	—	—	51.2	137.5
Deferred tax arising from revaluation gain on properties transferred from property, plant and equipment to investment properties	(14.0)	—	—	—	—	—	(8.2)	(22.2)
Share of other comprehensive income of associates	—	(8.1)	143.7	0.3	8.6	(0.8)	(0.8)	142.9
Share of other comprehensive income of jointly controlled entities	—	—	3.7	—	—	—	—	3.7
	72.3	(59.7)	190.2	0.3	8.6	(0.8)	99.3	310.2

	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Capital reserve	Accumulated profits	Employee share-based compensation reserve	Share of net assets of subsidiaries	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
For the year ended 31st December, 2009								
Available-for-sale financial assets	—	26.7	—	—	—	—	15.8	42.5
Deferred tax relating to available-for-sale financial assets	—	0.1	—	—	—	—	0.1	0.2
Exchange differences arising on translation of foreign operations	—	—	2.6	—	—	—	0.4	3.0
Share of other comprehensive income of associates	—	17.5	12.3	0.1	10.3	—	2.1	42.3
Share of other comprehensive income of jointly controlled entities	—	0.1	1.9	—	—	—	—	2.0
	—	44.4	16.8	0.1	10.3	—	18.4	90.0

39. SHARE PREMIUM AND RESERVES

	The Group	
	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Share premium	2,353.0	1,091.2
Property revaluation reserve	129.2	56.9
Investment revaluation reserve	327.5	387.2
Capital redemption reserve	72.2	72.2
Translation reserve	328.0	137.8
Capital reserve	(11.3)	(11.6)
Accumulated profits	12,561.7	9,598.5
Dividend reserve	208.6	91.3
	15,968.9	11,423.5

	Share premium	Capital redemption reserve	Accumulated profits	Dividend Reserve	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
The Company					
At 1st January, 2009	741.3	72.2	2,428.1	—	3,241.6
Exercise of warrants	349.9	—	—	—	349.9
Proposed final dividend	—	—	(91.3)	91.3	—
Profit attributable to owners of the Company	—	—	586.4	—	586.4
At 31st December, 2009	1,091.2	72.2	2,923.2	91.3	4,177.9
Issue of shares	1,261.8	—	—	—	1,261.8
Dividend paid	—	—	—	(91.3)	(91.3)
Proposed final dividend	—	—	(208.6)	208.6	—
Profit attributable to owners of the Company	—	—	2,888.7	—	2,888.7
At 31st December, 2010	2,353.0	72.2	5,603.3	208.6	8,237.1

The Company's reserves available for distribution to owners at 31st December, 2010 are represented by accumulated profits and dividend reserve totalling HK$5,811.9 million (2009: HK$3,014.5 million).

40. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured. At 31st December, 2010, except an amount of HK$416.6 million (2009: HK$78.5 million) which bears interest at Hong Kong Prime Rate less 4.25% (2009: Hong Kong Prime Rate less 3.85%) per annum and not repayable within one year, the remaining balances are non-interest bearing and repayable on demand and hence shown as current.

41. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Futures and options, at quoted price		
Listed in Hong Kong	4.8	4.7
Listed outside Hong Kong	—	0.3
Stock borrowings, at quoted price	—	31.0
Equity and currency over the counter derivatives	1.5	0.1
	6.3	36.1

Further information of the financial liabilities at fair value through profit or loss is disclosed in note 47.

42. BANK AND OTHER BORROWINGS

	The Group		
	31/12/2010	**31/12/2009**	**1/1/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*
		(Restated)	*(Restated)*
Bank borrowings			
Bank loans	5,339.4	4,024.5	3,776.7
Bank overdrafts	50.0	18.0	—
	5,389.4	4,042.5	3,776.7
Other borrowings	175.8	197.8	106.4
	5,565.2	4,240.3	3,883.1
Analysed as:			
Secured	2,141.2	2,188.7	1,964.2
Unsecured	3,424.0	2,051.6	1,918.9
	5,565.2	4,240.3	3,883.1
Bank loans and overdrafts are repayable as follows:			
On demand or within one year	1,625.4	2,153.0	335.0
More than one year but not exceeding two years	522.6	252.6	10.0
More than two years but not exceeding five years	2,167.8	155.0	1,907.5
Bank loans with a repayment on demand clause are repayable as follows:			
Within one year	851.3	780.9	970.3
More than one year but not exceeding two years	41.8	253.2	228.0
More than two years but not exceeding five years	180.5	447.8	286.6
More than five years	—	—	39.3
	5,389.4	4,042.5	3,776.7
Other borrowings repayable on demand or within one year	8.3	8.5	—
Other borrowings with a repayment on demand clause are repayable as follows:			
Within one year	143.9	156.3	98.5
More than one year but not exceeding two years	23.6	10.2	—
More than two years but not exceeding five years	—	22.8	7.9
	175.8	197.8	106.4
	5,565.2	4,240.3	3,883.1
Less: Amount repayable within one year and shown under current liabilities	(2,874.8)	(3,832.7)	(1,965.6)
Amount due after one year	2,690.4	407.6	1,917.5

The Group has bank loans of HK$91.8 million and HK$1.4 million (2009: HK$117.1 million and HK$1.5 million) which are denominated in Australian Dollars and United States Dollars respectively. Further details on financial risk management of bank and other borrowings are disclosed in note 47.

Details of the assets of the Group pledged to secure bank borrowings are set out in note 53.

43. BONDS

The bonds are due to a fellow subsidiary bearing interest at the rate of 1% above Hong Kong Interbank Offered Rate (“HIBOR”) per annum and payable half-yearly in arrears. The interest rate is repriced on the first day of every six-month period. They are due for repayment on 23rd August, 2012. The bonds are secured by a share mortgage over the shares in a subsidiary, UAF Holdings Limited. The net carrying value of assets and liabilities of UAF Holdings Limited attributable to the Group was HK$4,507.5 million at the end of the reporting period (2009: HK$4,525.2 million).

44. MANDATORY CONVERTIBLE NOTES AND WARRANTS

On 13th July, 2010, SHK issued mandatory convertible notes (“MCN”) in an aggregate principal amount of HK$1,708.0 million and warrants in an aggregate face value of HK$427.0 million.

The MCN bear interest of 2% per annum payable semi-annually and will mature on 13th July, 2013 (the “Maturity Date”). The holders of the MCN have the right to convert their MCN into shares of SHK at a conversion price of HK$5.0 per share at any time during the issue date to the Maturity Date. Any outstanding MCN at the Maturity Date will automatically convert to shares of SHK.

The holders of the warrants have the right to subscribe for the shares of SHK by paying a subscription price of HK$6.25 per share at any time during the issue date to the Maturity Date. No warrants were exercised during the year.

Details regarding the principal terms and conditions of the MCN and warrants are contained in the circular of SHK dated 24th May, 2010.

The MCN and warrants are classified as equity attributable to non-controlling interests except for the financial liability element of the MCN which represents the present value of the fixed interest payment during the life of the MCN. The effective interest for the financial liability element ranges from 6% to 7% per annum.

	HK$ Million
Proceeds for issue of MCN and warrants	1,708.0
Less: Equity element of the MCN and warrants	(1,616.5)
Financial liability element of the MCN at the date of issue	91.5
Interest charged at the effective interest rate *(note 12)*	3.0
Coupon interest paid	(16.0)
Financial liability element of the MCN at 31st December, 2010	78.5
Less: current portion	(32.6)
	45.9

45. PROVISIONS

	The Group		
	Employee benefits	**Others**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*
Provisions:			
At 1st January, 2010	20.4	18.1	38.5
Additional provisions for the year	54.6	25.5	80.1
Amount written back	(8.2)	(1.0)	(9.2)
Amount utilised during the year	(4.7)	(0.3)	(5.0)
Amount paid during the year	(39.1)	(1.4)	(40.5)
Transfer from trade and other payables	39.1	—	39.1
Released on disposal of subsidiaries	(9.1)	(6.3)	(15.4)
At 31st December, 2010	53.0	34.6	87.6
Less: Current portion	(52.2)	(22.5)	(74.7)
Non-current portion	0.8	12.1	12.9

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, financial liabilities portion of mandatory convertible notes and bonds) and equity attributable to owners 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 includes the Group's bank and other borrowings, financial liabilities portion of mandatory convertible notes, bonds and amounts due to fellow subsidiaries less short term pledged bank deposits and cash, deposits and cash equivalents. The equity comprises all components of equity attributable to the owners of the Company.

The gearing ratio at the end of the reporting period was as follows:

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Bank and other borrowings	5,565.2	4,240.3
Amounts due to fellow subsidiaries	757.1	1,560.2
Financial liabilities portion of mandatory convertible notes	78.5	—
Bonds	500.0	500.0
	6,900.8	6,300.5
Less: Short-term pledged bank deposits	(99.5)	(137.6)
Cash, deposits and cash equivalents	(4,255.0)	(1,686.8)
Net debt	2,546.3	4,476.1
Equity attributable to owners of the Company	17,359.5	12,641.3
Gearing ratio	14.7%	35.4%

47. FINANCIAL INSTRUMENTS

47a. Financial Assets and Liabilities

The carrying amounts of the Group's and the Company's financial assets at the end of the reporting period were as follows:

	The Group		The Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Financial assets at fair value through profit or loss *(note 32)*				
— Held for trading investments	582.1	636.2	—	—
— Equity securities in unlisted investment funds	138.6	104.8	—	—
	720.7	741.0	—	—
Loans and receivables under non-current assets				
— Loans and advances to consumer finance customers *(note 29)*	2,291.9	1,870.2	—	—
— Amounts due from associates *(note 34)*	56.1	56.1	—	—
— Amounts due from subsidiaries *(note 25)*	—	—	9,221.8	4,862.4
Loans and receivables under current assets				
— Short-term pledged bank deposits	99.5	137.6	98.0	136.0
— Cash, deposits and cash equivalents *(note 35)*	4,255.0	1,686.8	6.5	3.6
— Amounts due from subsidiaries *(note 25)*	—	—	463.2	321.3
— Trade and other receivables *(note 33)*	6,702.9	5,759.3	0.1	0.1
— Loans and advances to consumer finance customers *(note 29)*	3,172.6	2,524.2	—	—
— Amounts due from associates *(note 34)*	58.5	67.3	—	—
— Amount due from a jointly controlled entity	7.7	3.9	—	—
	16,644.2	12,105.4	9,789.6	5,323.4
Available-for-sale financial assets *(note 28)*	292.1	286.2	—	—
	17,657.0	13,132.6	9,789.6	5,323.4

The carrying amounts of the Group's and the Company's financial liabilities at the end of reporting period were as follows:

	The Group		The Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Financial liabilities measured at amortised cost				
— Bank and other borrowings *(note 42)*	5,565.2	4,240.3	—	—
— Trade and other payables *(note 36)*	1,333.9	1,540.8	0.8	0.4
— Amount due to a holding company	24.9	16.5	22.1	14.2
— Amounts due to subsidiaries *(note 40)*	—	—	439.9	116.7
— Amounts due to fellow subsidiaries	757.1	1,560.2	—	—
— Amounts due to associates	61.2	13.7	—	—
— Amounts due to jointly controlled entities	0.1	0.3	—	—
— Financial liabilities portion of mandatory convertible notes *(note 44)*	78.5	—	—	—
— Bonds *(note 43)*	500.0	500.0	—	—
	8,320.9	7,871.8	462.8	131.3
Financial liabilities at fair value through profit or loss *(note 41)*	6.3	36.1	—	—
	8,327.2	7,907.9	462.8	131.3

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

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

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

Level 3 fair value measurements are those derived from valuation techniques that include input for the assets or liabilities that are not based on observable market data (unobservable input).

	31/12/2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Financial assets at fair value through profit or loss *(note 32)*				
— Held for trading investments	436.3	64.5	81.3	582.1
— Equity securities in unlisted investment funds	—	—	138.6	138.6
Available-for-sale financial assets *(note 28)*	46.7	—	70.8	117.5
	483.0	64.5	290.7	838.2
Financial liabilities at fair value through profit or loss *(note 41)*	4.8	—	1.5	6.3

	31/12/2009			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Financial assets at fair value through profit or loss *(note 32)*				
— Held for trading investments	559.0	52.4	24.8	636.2
— Equity securities in unlisted investment funds	—	—	104.8	104.8
Available-for-sale financial assets *(note 28)*	47.2	—	66.6	113.8
	606.2	52.4	196.2	854.8
Financial liabilities at fair value through profit or loss *(note 41)*	36.0	—	0.1	36.1

There were no transfers between level 1 and 2 during the year (2009: Nil). The fair value of level 3 financial assets and liabilities are mainly derived from unobservable range of data.

The reconciliation of financial assets and liabilities under level 3 fair value measurements is as follows:

	Held for trading investments *HK$ Million*	**Equity securities in unlisted investment funds** *HK$ Million*	**Available-for-sale financial assets** *HK$ Million*	**Financial liabilities at fair value through profit or loss** *HK$ Million*
Balance at 1st January, 2009	3.1	90.7	42.0	(19.0)
Total gains or losses				
— In consolidated income statement	1.3	14.1	4.6	18.9
— In other comprehensive income	—	—	24.6	—
Purchase	50.3	89.0	—	—
Disposal	(29.9)	(89.0)	(4.6)	—
Balance at 31st December, 2009	24.8	104.8	66.6	(0.1)
Total gains or losses				
— In consolidated income statement	0.9	8.5	(2.1)	(1.4)
— In other comprehensive income	—	—	12.2	—
Purchase	65.9	56.2	—	—
Disposal	(10.3)	(30.9)	(5.9)	—
Balance at 31st December, 2010	81.3	138.6	70.8	(1.5)

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 and stock borrowings) with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively or the quoted market ask prices of the underlying financial assets for stock borrowings.

Included in financial assets at fair value through profit or loss and available-for-sale financial assets, there are unlisted investment funds, unlisted equity securities and unlisted bonds without an active market. The fair value of unlisted investment funds are established by reference to the prices quoted by respective fund administrators whereas the fair value of unlisted equity securities and unlisted bonds are established by using valuation techniques including the use of recent arm's length transactions, reference to other investments that are substantially the same or generally accepted pricing models such as Binominal Option Pricing model or discounted cash flows method.

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 risks 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 shareholders' 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 and 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 and Compliance, play an important role in the provision of assurance to the relevant board of directors and senior 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 relevant risk management committee ("RMC"). Valuation of these instruments is measured on 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 set out to restrict excessive risk undertakings. VaR and stress tests are approaches which are 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.

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 equity indices move ±20% 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, 2010				**At 31st December, 2009**			
	Potential impact for the year		**Potential impact on other components of equity**		**Potential impact for the year**		**Potential impact on other components of equity**	
	20% HK$ Million	*–20% HK$ Million*	*20% HK$ Million*	*–20% HK$ Million*	*20% HK$ Million*	*–20% HK$ Million*	*20% HK$ Million*	*–20% HK$ Million*
Local Index	54.3	(114.9)	58.4	(58.4)	78.5	(84.3)	57.2	(57.2)
Overseas Index	56.6	(56.6)	—	—	56.9	(56.9)	—	—

There is no material financial impact in the form of profit after tax for the year for the Group arising from market movements in the global equity indices. Futures, options and knock-out options are hedged by other derivatives in view of the volatile markets and wide trading ranges.

(ii) *Interest Rate Risk*

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from margin financing, term financing and loans and advances to consumer finance customers. The financial assets and liabilities that may have exposures to interest rates could be referred to note 47a. 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 spreads are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

At 31st December, 2010, assuming that Hong Kong market interest rates moved by ±50 basis points (2009: ±100 basis points), the profit after tax for the year for the Group would have been HK$17.7 million higher or HK$12.8 million lower respectively (2009: HK$1.4 million lower or HK$5.7 million higher respectively).

(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 proprietary trading positions, and loan and advances denominated in foreign currencies, mainly in Australian dollars and Renminbi. 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. The risk arises from the open currency positions are subject to management approved limits and are monitored and reported daily. The other source of foreign exchange risk arises from clients' inability to meet margin calls following a period of substantial currency turbulence.

At 31st December, 2010, assuming that the foreign exchange rates moved ±10% with all other variables held constant, the profit after tax for the year for the Group would have been HK$10.1 million (2009: HK$1.2 million) lower/higher. The Group's exposure to foreign exchange risk is immaterial.

(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 the relevant credit division 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 division and are reported to and reviewed by the senior management of the Group and CM at its regular meetings.

The table below shows the maximum exposure to and concentration of credit risk. 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			
	31/12/2010		**31/12/2009**	
	HK$ Million	*%*	*HK$ Million*	*%*
Maximum credit exposure				
Short-term pledged bank deposits	99.5	1%	137.6	1%
Cash, deposits and cash equivalents	4,255.0	22%	1,686.8	14%
Trade and other receivables	6,702.9	35%	5,759.3	46%
Loans and advances to consumer finance customers	5,464.5	29%	4,394.4	35%
Guarantees	1,668.5	8%	7.5	0%
Loans commitments	782.0	4%	352.8	3%
Amounts due from associates	114.6	1%	123.4	1%
Amount due from a jointly controlled entity	7.7	0%	3.9	0%
	19,094.7	100%	12,465.7	100%

	The Company			
	31/12/2010		**31/12/2009**	
	HK$ Million	*%*	*HK$ Million*	*%*
Maximum credit exposure				
Short-term pledged bank deposits	98.0	1%	136.0	2%
Cash, deposits and cash equivalents	6.5	0%	3.6	0%
Trade and other receivables	0.1	0%	0.1	0%
Guarantees for banking facilities granted to subsidiaries	1,833.6	16%	1,787.2	25%
Amounts due from subsidiaries	9,685.0	83%	5,183.7	73%
	11,623.2	100%	7,110.6	100%

The maximum credit exposure at Group level is spread evenly between "trade and other receivables" and "loans and advances to consumer finance customers", which represented more than 60% 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 33 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 loan book of the Group remains at a low gearing level.

"Loans and advances to consumer finance customers" (note 29) are granted by the Company's principal subsidiary, UAF, which consists of HK$4,873.3 million (2009: HK$4,076.3 million) unsecured and HK$591.2 million (2009: HK$318.1 million) secured before taking into account any collateral held or other credit enhancements. The table below summarises its credit quality based on the internal credit rating system employed:

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Credit quality		
Neither past due nor impaired	5,061.7	3,910.3
Past due or individually impaired	402.8	484.0
	5,464.5	4,394.3

Loans with strategic clients are all properly authorised by the CM and with other controls in place to monitor their performance. As at 31st December, 2010, any default of an individual loan will not be greater than 8% of the total loan portfolio and management considers that controls are adequate to monitor the performance of these loans.

(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 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 Hong Kong Financial Resources Rules.

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

	On demand or less than 31 days	31 days to 90 days	91 days to 1 year	1 year to 5 years	Over 5 years	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 31st December, 2010						
Bank and other borrowings+	1,753.4	668.4	476.2	2,812.5	—	5,710.5
Trade and other payables	1,333.9	—	—	—	—	1,333.9
Amount due to a holding company	24.9	—	—	—	—	24.9
Amounts due to fellow subsidiaries	761.3	—	—	—	—	761.3
Amounts due to associates	14.1	—	—	51.0	—	65.1
Amounts due to jointly controlled entities	0.1	—	—	—	—	0.1
Bonds	—	1.0	3.4	506.8	—	511.2
Guarantees*	1,668.5	—	—	—	—	1,668.5
Financial liabilities at fair value through profit or loss	6.3	—	—	—	—	6.3
Mandatory convertible notes	—	—	34.2	52.3	—	86.5
At 31st December, 2009						
Bank and other borrowings+	2,060.5	64.1	1,720.9	412.9	—	4,258.4
Trade and other payables	1,540.8	—	—	—	—	1,540.8
Amount due to a holding company	16.5	—	—	—	—	16.5
Amounts due to fellow subsidiaries	1,564.9	—	—	—	—	1,564.9
Amounts due to associates	13.7	—	—	—	—	13.7
Amounts due to jointly controlled entities	0.3	—	—	—	—	0.3
Bonds	1.8	3.1	1.6	510.2	—	516.7
Guarantees*	7.5	—	—	—	—	7.5
Financial liabilities at fair value through profit or loss	36.1	—	—	—	—	36.1

\+ Bank and other borrowings with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

* The amounts included above for guarantees are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees. None of the banking facilities related to the guarantees has been drawn down at the end of the reporting period. Based on expectations at the end of the reporting period, the Group considers that the amount will not be payable under the arrangement.

At the end of the reporting period, the Group had outstanding loan commitments of HK$782.0 million (2009: HK$352.8 million) which fall due within one year.

The Company's exposure to financial risks at the end of the reporting period is immaterial. Financial risk exposure at the Company level is mainly contributed by the amount due from its subsidiaries and is managed by assessing the recoverability of the repayment from those subsidiaries. The management monitors on a regular basis the availability of funds among the Group and the assets held by subsidiaries are considered sufficient to cover the amount due from them. Hence, the Company's exposure to financial risks at the end of the reporting period is considered immaterial.

48. MAJOR NON-CASH TRANSACTION

(a) On 28th June, 2010, China Elite Holdings Limited ("China Elite"), a wholly-owned subsidiary of the Company completed the acquisition of SHK's entire interest in a listed associate, Tian An China Investments Company Limited ("TACI"), representing approximately 38.06% of the issued share capital of TACI. The consideration of the acquisition was a share entitlement note ("SEN") which conferred the right to call for the issue of 2,293,561,833 fully paid shares of the Company ("Shares"). Immediately upon receipt of the SEN, SHK distributed a special dividend by way of distribution in specie, 1.309 fully paid Shares under the SEN for each share of SHK. At the time of the distribution by SHK, the Company and its subsidiaries collectively held the right to a total entitlement to 1,429,277,678 of the 2,293,561,833 Shares which were immediately cancelled on distribution of the SEN. Accordingly, only 864,284,155 Shares were issued and allotted to shareholders of SHK other than the Company, China Elite or any other subsidiaries of the Company. Immediately upon completion of the acquisition of TACI by China Elite and issue of Shares under the SEN by the Company, the effective shareholding in TACI of the Group increased from approximately 23.72% to approximately 38.06%.

The fair value of the 864,284,155 Shares issued under the SEN was HK$1,434.6 million. The difference of HK$177.3 million between the fair value of the 864,284,155 Shares issued and the additional effective interest of approximately 14.34% in TACI acquired by the Group has been recognised directly in equity attributable to owners of the Company with a corresponding decrease of HK$177.3 million in non-controlling interests.

(b) In the year 2009, dividend income of HK$50.0 million was declared by a jointly controlled entity, out of which HK$49.0 million was recorded by setting off the amount against the current account of the jointly controlled entity.

49. CONTINGENT LIABILITIES

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

	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Guarantees for banking facilities granted to a jointly controlled entity	1,661.0	—
Indemnities on banking guarantees made available to a clearing house and regulatory body	4.5	4.5
Other guarantees	3.0	3.0
	1,668.5	7.5

The amounts included above for guarantees are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees. None of the banking facilities related to the guarantees has been drawn down at the end of the reporting period. Based on expectations at the end of the reporting period, the Group considers that the amount will not be payable under the arrangement.

(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 then 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 (being the nominee of GBA) 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. On 24th February, 2010 the Court of Appeal struck out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. Subsequently, GBA, LPI and Walton sought to amend their claims which was opposed by SHKS and is pending a determination by the court. 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 the Intermediate People's Court of Wuhan City, Hubei Province ("IPC") (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. Judgement was awarded by the IPC in the favour of TACI and SHKS on 16th July, 2009 which judgement was being appealed against by Ms. Cheung. On 24th November, 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ordered that the case be remitted back to the IPC for retrial. 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 ("2nd HK Writ") seeking the same relief as the HK Writ. The 2nd HK Writ expired on 3rd June, 2010, and a further writ of summons was issued by TACI and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2010. SHK does not consider it presently appropriate to make any provision with respect to this action.

(c) Pursuant to the Share Sale Agreement, pending the release of any securities, guarantees or indemnities given by or binding upon AOL in respect of any liability of the Disposal Group, the Purchaser shall indemnify AOL against all amounts paid by them after completion pursuant to any such securities, guarantees and indemnities. The following guarantees and performance bonds have not been released as at 31st December, 2010:

Corporate guarantees were given by AOL to a bank in connection with banking facilities granted to the Disposal Group with an aggregate amount of HK$20.0 million at 31st December, 2010 (2009: HK$20.0 million). As at 31st December, 2010, the banking facilities granted to the Disposal Group subject to the corporate guarantees given to the bank by AOL were utilised to the extent of approximately HK$4.9 million for the issuance of bank guarantees and performance bonds (2009: HK$4.0 million).

As at 31st December, 2010, AOL has an outstanding guarantee in favour of a third party in connection with a medical contract entered into by a company within the Disposal Group. The annual value of this medical contract amounts to approximately HK$42.2 million in 2010.

(d) Pursuant to the Share Sale Agreement, AOL has given certain warranties and indemnities to the Purchaser which the Purchaser may rely on for any breaches. AOL has signed a tax deed to indemnify the Purchaser for tax liabilities of the Disposal Group prior to completion which have not been provided for in the closing account of the Disposal Group as at 30th November, 2010. The time claim for claims under the tax deed shall be 7 years from completion and in respect of most other claims, effectively within 12 months from completion.

The Company charged guarantee fees to subsidiaries at market related rates on an annual basis for the guarantees given on banking facilities. Facilities amounting to HK$1,833.6 million (2009: HK$1,791.7 million) were utilised at the end of the reporting period.

50. CAPITAL COMMITMENTS

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Capital expenditure contracted but not provided for in the consolidated financial statements	2.7	7.5
Capital expenditure authorised but not contracted for	—	—

The Company did not have any significant capital commitments at 31st December, 2010 and 2009.

51. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group	
	2010	**2009**
	HK$ Million	*HK$ Million*
Minimum lease payments under operating leases recognised for the year		
Land and buildings	216.7	199.7
Others	8.6	7.2
	225.3	206.9

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:

	The Group			
	31/12/2010		**31/12/2009**	
	Land and Buildings	**Others**	**Land and Buildings**	**Others**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Within one year	138.6	7.9	174.1	3.8
In the second to fifth year inclusive	209.3	2.2	148.6	1.3
Over five years	155.1	—	9.0	—
	503.0	10.1	331.7	5.1

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

The Group as lessor

Property rental income earned during the year was HK$151.5 million (2009: HK$149.0 million). The property held has committed tenants whose tenancy agreements expire or are terminable over the next three years.

At 31st December, 2010, the Group had contracted with tenants for the following future minimum lease payments:

	The Group	
	31/12/2010	**31/12/2009**
	HK$ Million	*HK$ Million*
Within one year	114.1	125.6
In the second to fifth year inclusive	65.2	67.5
	179.3	193.1

The Company did not have any significant lease commitments as a lessee or lessor under non-cancellable operating leases at 31st December, 2010 and 2009.

52. 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 benefit 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, 2010 and 2009, 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 schemes have been closed in 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, 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.

During the year, 1.2 million shares (2009: 0.9 million shares) of SHK were awarded to selected employees or directors of the SHK group ("Selected Grantees") under the employee ownership scheme of SHK ("EOS"). The fair value of the services rendered as consideration of the shares awarded during the year was HK$8.3 million (2009: HK$3.8 million) which will be amortised to the consolidated income statement during the vesting period. The amount expensed during the year was HK$9.2 million (2009: HK$7.1 million).

53. PLEDGE OF ASSETS

At the end of the reporting period, certain of the Group's investment properties, hotel property, land and buildings and properties held for sale with an aggregate carrying value of HK$5,751.8 million (2009: HK$4,769.6 million), bank deposit of HK$98.0 million (2009: HK$136.0 million), listed investments belonging to the Group with fair values of HK$1.4 million (2009: HK$2,977.6 million*) and listed investments belonging to margin clients with fair values of HK$1,941.5 million** (2009: HK$1,277.2 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,506.5 million (2009: HK$1,448.3 million), were pledged to secure loans and general banking facilities to the extent of HK$3,438.4 million (2009: HK$3,841.7 million) granted to the Group. Facilities amounting to HK$2,141.2 million (2009: HK$2,188.7 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK$1.5 million (2009: HK$1.6 million) was pledged to secure a guarantee facilities issued to third parties by a bank to extent of HK$2.0 million (2009: HK$2.0 million).

The share of a subsidiary was also pledged for the bonds issued by the Group (note 43).

At the end of the reporting period, the Company had a bank deposit of HK$98.0 million (2009: HK$136.0 million) to secure a loan of HK$91.8 million (2009: HK$117.1 million) granted by a bank to a subsidiary.

* The amount at 31st December, 2009 mainly representing a portion of shares in a listed associate owned by the Group with a carrying value of HK$3,927.3 million. The pledge of the shares of the listed associate had been released during the year.

** 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 Future Ordinance.

54. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Summary of transactions

		(Income)/Expense	
		2010	**2009**
	Note	*HK$ Million*	*HK$ Million*
A holding company			
Share of management service expenses *(note)*		17.0	15.4
Share of administrative expenses *(note)*		0.9	0.8
Rent, property management and air-conditioning fees *(note)*		(4.7)	(3.8)
Insurance premium		(0.6)	(0.7)
Fellow subsidiaries			
Consultancy fee income		(1.2)	(1.2)
Bond and short-term loan interest expense	(i)	30.6	43.6
Brokerage income		(1.2)	(1.5)
Facility arrangement fee		2.0	0.4
Jointly controlled entities			
Administration, management and consultancy fees		(11.1)	(6.7)
Property management and air-conditioning fees and other property related service fee		(14.0)	(13.9)
Administration and staff support fees		0.6	0.6
Rental expenses		10.8	12.2
Associates			
Loan arrangement fee, placement fee and underwriting fee		(39.7)	(2.5)
Interest income		(18.4)	(6.1)
Insurance premium		(1.3)	—
Rent, property management, air-conditioning fees and other related service fees		(0.4)	(0.4)
Facility arrangement fee		0.9	—
Rent paid		1.0	1.2

Note: Apart from the tenancy agreement entered into by a subsidiary of the Company and the Sharing of Administrative Services and Management Services Agreement entered into by the Company with the holding company, none of the above related party transactions constitutes a discloseable connected transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Key management personnel compensation

	2010	**2009**
	HK$ Million	*HK$ Million*
Short term benefits	34.1	24.5
Post-employment benefits	0.4	0.4
	34.5	24.9

Certain key management personnel of the Group received remuneration from the Company's holding company or its wholly-owned subsidiary. The holding company provided management services to the Group and charged the Group a fee, which has been included in the share of management service expenses as disclosed above in part (a) of this note, for services provided by those personnel as well as others who are not key management personnel of the Group.

The management service fee is calculated by reference to the time devoted by the management personnel on the affairs of the Group and can be apportioned to the above key management personnel. The total of such apportioned amounts, which has been included in the key management personnel compensation above for 2010, is HK$11.5 million (2009: HK$7.0 million).

(c) At the end of the reporting period, the Group and the Company had the following material balances with related parties:

	The Group		The Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
A holding company	(24.9)	(16.5)	(22.1)	(14.2)
Associates	53.9	109.7	—	—
Jointly controlled entities	7.6	3.6	—	—
Fellow subsidiaries	(1,255.7)	(2,059.0)	—	—
	(1,219.1)	(1,962.2)	(22.1)	(14.2)

The above amounts are included in the statement of financial position of the Group and the Company in the following ways:

		The Group		The Company	
		31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	Notes	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Trade and other receivables		2.0	1.3	—	—
Amounts due from associates	(ii)	114.6	123.4	—	—
Amount due from a jointly controlled entity	(v)	7.7	3.9	—	—
Trade and other payables		(0.1)	(0.1)	—	—
Amount due to a holding company	(v)	(24.9)	(16.5)	(22.1)	(14.2)
Amounts due to associates	(iii)	(61.2)	(13.7)	—	—
Amounts due to jointly controlled entities	(v)	(0.1)	(0.3)	—	—
Amounts due to fellow subsidiaries	(iv)	(757.1)	(1,560.2)	—	—
Bonds held by a fellow subsidiary	(i)	(500.0)	(500.0)	—	—
		(1,219.1)	(1,962.2)	(22.1)	(14.2)

(d) During the year, a short-term loan of HK$800.0 million was repaid to a fellow subsidiary.

(e) During the year, a short-term loan of HK$332.0 million was repaid by an associate and a short-term loan of HK$310.4 million was advanced to an associate. The loan advanced of HK$269.4 million, which was unsecured and carried interest at 12% per annum, was fully repaid during the year. The remaining loan advanced of HK$41.0 million, which was unsecured and carried interest at 8% per annum, is repayable on 30th November, 2011.

(f) At 31st December, 2010, guarantees for banking facilities of HK$1,661.0 million (2009: Nil) was granted to a jointly controlled entity.

Notes:

(i) Details of the bonds are disclosed in note 43 to the consolidated financial statements.

(ii) These amounts due from associates are unsecured, non-interest bearing and repayable on demand, except for an unsecured short-term loan to an associate of HK$41.0 million which bears interest at 8% per annum and is due for repayment on 30th November, 2011.

(iii) The amounts due to associates are unsecured, non-interest bearing and repayable on demand, except for an unsecured loan due to an associate of HK$47.1 million, which bears interest at 4.25% per annum and is repayable in November 2012.

(iv) The amounts due to fellow subsidiaries included loans of HK$750.0 million drawn under a revolving loan facility of HK$1,750.0 million granted by a fellow subsidiary to the Group. The facility will expire on 2nd March, 2012. The loans drawn under the facility carries interest at 2% above HIBOR per annum.

(v) The amounts due from (to) jointly controlled entities and a holding company are unsecured, non-interest bearing and repayable on demand.

55. MATURITY PROFILE OF TERM ASSETS AND LIABILITIES

	31/12/2010					
	On demand	**Within 3 months**	**3 months to 1 year**	**1 year to 5 years**	**After 5 years**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Assets						
Fixed deposits with banks	—	1,767.5	282.4	—	—	2,049.9
Loans and advances to consumer finance customers	452.6	787.3	2,176.5	2,246.5	260.3	5,923.2
Bonds included in financial assets at fair value through profit or loss	—	—	—	103.4	25.5	128.9
Treasury bills	—	7.8	—	—	—	7.8
Term loans	317.6	43.7	341.4	—	—	702.7
Liabilities						
Bank and other borrowings	246.4	1,727.3	678.8	2,912.7	—	5,565.2
Mandatory convertible notes	—	—	32.6	45.9	—	78.5
Bonds	—	—	—	500.0	—	500.0
Short-term loan due to a fellow subsidiary	—	750.0	—	—	—	750.0

	31/12/2009					
	On demand	Within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Assets						
Fixed deposits with banks	—	247.5	—	—	—	247.5
Loans and advances to consumer finance customers	550.6	741.6	1,546.9	1,923.4	199.4	4,961.9
Bonds included in financial assets at fair value through profit or loss	—	—	—	27.2	52.4	79.6
Treasury bills	—	7.8	—	—	—	7.8
Term loans	260.7	144.7	210.6	—	—	616.0
Liabilities						
Bank and other borrowings	11.0	1,012.8	2,074.5	1,141.5	—	4,239.8
Bonds	—	—	—	500.0	—	500.0
Short-term loan due to a fellow subsidiary	—	1,550.0	—	—	—	1,550.0

The above tables list out assets and liabilities based on the contractual maturity and the assumption that the repayment on demand clause will not be exercised. Loans and receivables are stated before impairment allowances. Overdue assets are reported as on demand.

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31st December, 2010 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 held by the Company/ Subsidiaries 2010	2009	attributable to the Group 2010	2009	Principal activity
	HK$	*%*	*%*	*%*	*%*	
Alaston Development Limited	US$1	100	100	100	100	Property holding
Allied Overseas Limited (formerly known as Quality HealthCare Asia Limited)**	20,696,260	70	64	70	64	Investment holding
Allied Real Estate Agency Limited	2	100	100	100	100	Real estate agency
AP Administration Limited	2	100	100	100	100	Provision of management and consultancy services
AP Corporate Services Limited	2	100	100	100	100	Provision of corporate services
AP Development Limited	2	100*	100*	100	100	Investment holding

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company/ Subsidiaries 2010	2009	attributable to the Group 2010	2009	Principal activity
	HK$	%	%	%	%	
AP Diamond Limited	US$1	100	100	100	100	Property trading and holding
AP Emerald Limited	US$1	100	100	100	100	Investment holding
AP Finance Limited	2	100	100	100	100	Money lending
AP Property Management Limited	2	100	100	100	100	Building management
Attractive Gain Limited (formerly known as Quality HealthCare Pro-Health Limited)	100	100	100	70	64	Investment holding
Best Melody Development Limited	5,000	100	100	100	100	Property holding
Conrad Services Limited	1	100	100	100	100	Building maintenance and cleaning services
First Asian Holdings Limited	2	100	100	36	36	Asset holding
Florich Development Limited	10,000	100	100	100	100	Investment holding
Front Sail Limited	5,000	100	100	100	100	Property holding
Gilmore Limited	2	100	100	100	100	Property holding
Gloxin Limited	2	100	100	63	62	Investment holding
Hillcrest Development Limited	20	100	100	100	100	Property holding
Hi-Link Limited	200	100	100	100	100	Investment holding
Hong Kong Dementia Services Limited	US$1	100	100	70	64	Provision of elderly care services
Integrated Custodian Limited	2	100	100	100	100	Property holding
Itso Limited	2	100	100	63	62	Securities trading
Jaffe Development Limited	US$1	100	100	100	100	Property holding
Kalix Investment Limited	2	100	100	100	100	Property holding
King Policy Development Limited	2	100	100	100	100	Property holding
Lexshan Nominees Limited	2	100	100	63	62	Nominee services

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company/ Subsidiaries 2010	2009	attributable to the Group 2010	2009	Principal activity
	HK$	%	%	%	%	
Macdonnell (Nominees) Limited	10,000	100	100	63	62	Investment holding
Mainford Investment Limited	1	100	100	100	100	Property holding
Maxplan Investment Limited	2	100	100	100	100	Securities trading
Mightyton Limited	10,000	100	100	100	100	Property holding
Oakfame Investment Limited	2	100	100	63	62	Investment holding
Ontone Limited	2	100	100	100	100	Hotel operations and property holding
Plentiwind Limited	2	100	100	63	62	Futures trading
Polyking Services Limited	2	100	100	65	65	Building maintenance and cleaning services
Protech Property Management Limited	5,000	100	100	65	65	Building management
Quick Art Limited	3,540,000	100	100	63	62	Share trading
San Pack Properties Limited	10	100	100	100	100	Property holding
Scienter Investments Limited	20	100	100	63	62	Share trading
Senior Care Limited (formerly known as Quality HealthCare Man Kee Elderly Limited)	1,000	100	100	70	64	Provision of elderly care services
Senior Care Elderly Limited (formerly known as QHES Limited)	US$1	100	100	70	64	Provision of elderly care services
Senior Care Nursing Home Limited (formerly known as Quality HealthCare Nursing Home Limited)	1,000	100	100	70	64	Provision of elderly care services
SHK Finance Limited	150,000,000	100	100	36	36	Money lending
SHK Financial Data Limited	100	51	51	32	32	Financial information services
SHK Fund Management Limited	62,000,000	100	100	63	62	Funds marketing and investment advising

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company/ Subsidiaries 2010	2009	attributable to the Group 2010	2009	Principal activity
	HK$	%	%	%	%	
SHK Investment Services Limited	1,000,000	100	100	63	62	Asset holding and leasing
SHK Online (Securities) Limited	40,000,000	100	100	63	62	Online securities broking and margin financing
SHK Online Limited	20,000,000	100	100	63	62	Investment holding
SHK Pearl River Delta Investment Company Limited	75,000,000	100	100	63	62	Investment holding
Shun Loong Forex Company Limited	32,000,000	100	100	63	62	Leveraged foreign exchange dealing and broking
Shun Loong Futures Limited	15,000,000	100	100	63	62	Futures and options dealing
Shun Loong Holdings Limited	200,000,000	100	100	63	62	Investment holding
Shun Loong Securities Company Limited	50,000,000	100	100	63	62	Securities broking and share margin financing
Sierra Joy Limited	2	100	100	100	100	Property holding
Splendid Gain Limited	2	100	100	63	62	Investment holding
Sun Hing Bullion Company Limited	5,000,000	100	100	63	62	Bullion trading
Sun Hung Kai & Co. Limited**	355,079,347	63	62	63	62	Investment holding
Sun Hung Kai (Nominees) Limited	200	100	100	63	62	Nominee services
Sun Hung Kai Bullion Company Limited	30,000,000	100	100	63	62	Bullion trading and investment holding
Sun Hung Kai Commodities Limited	80,000,600	100	100	63	62	Commodities broking
Sun Hung Kai Forex Limited	150,000,000	—	100	—	62	Foreign exchange dealing
Sun Hung Kai Insurance Consultants Limited	1,000,000	100	100	63	62	Insurance broking and consultancy services
Sun Hung Kai International Limited	10,000,000	100	100	63	62	Corporate finance services

Subsidiaries	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company/ Subsidiaries 2010	2009	attributable to the Group 2010	2009	Principal activity
	HK$	%	%	%	%	
Sun Hung Kai International Commodities Limited	25,000,000	100	100	63	62	Securities, futures and options trading
Sun Hung Kai Investment Services Limited	450,000,000	100	100	63	62	Investment holding, share broking and margin financing
Sun Hung Kai Securities (Overseas) Limited	60,000	100	100	63	62	Investment holding
Sun Hung Kai Securities (Trustees) Limited	3,000,000	100	100	63	62	Provision of trustee services
Sun Hung Kai Securities Limited	124,898,589	100	100	63	62	Investment holding
Sun Hung Kai Strategic Capital Limited	2	100	100	63	62	Investment holding and securities trading
Sun Hung Kai Structured Finance Limited	137,500,000	100	100	63	62	Provision of loan finance
Sun Hung Kai Venture Capital Limited	2	100	100	63	62	Investment holding
Sun Hung Kai Wealth Management Limited	5,000,000	100	100	63	62	Financial planning and wealth management
Sun Tai Cheung Finance Company Limited	25,000,000	100	100	63	62	Financial services
Sun Yi Company Limited	15,000,000	100	100	63	62	Futures trading
Texgulf Limited	20	100	100	63	62	Property holding
To Wan Development Company Limited	10,000	100	100	63	62	Investment holding
Tung Wo Investment Company, Limited	10,000	100	100	63	62	Investment holding
United Asia Finance Limited	137,500,000	58	58	36	36	Consumer financing
Wah Cheong Development Company, Limited	25,100,000	100	100	63	62	Investment holding
Wineur Secretaries Limited	2	100	100	63	62	Secretarial services
Yee Li Ko Investment Limited	58,330,000	100	100	63	62	Property holding

With the exception of Alaston Development Limited, AP Diamond Limited, AP Emerald Limited, Hong Kong Dementia Services Limited, Jaffe Development Limited and Senior Care Elderly Limited, which were incorporated in the British Virgin Islands, and Allied Overseas 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, 2010 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 held by the Company/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activity
Allied Properties China Limited	Cayman Islands	US$1,000	100*	100*	100	100	Investment holding
Boneast Assets Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding
Cautious Base Limited (formerly known as Quality HealthCare Holdings Limited)	British Virgin Islands	HK$10,000	100	100	70	64	Investment holding
Constable Development S.A.	Panama	US$5	100	100	63	62	Investment holding
Dynamic Force Investments Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding
Hing Yip Holdings Limited	British Virgin Islands	US$1	100	100	63	62	Property holding
I-Market Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding
Kenworld Corporation	Republic of Liberia	US$1	100	100	100	100	Investment holding
Lakewood Development Corporation	United States of America	US$1,000	100	100	100	100	Property held for sale
LHY Limited (formerly known as Quality HealthCare Pro-Health (BVI) Limited)	British Virgin Islands	US$1	100	100	70	64	Investment holding
Onspeed Investments Limited	British Virgin Islands	US$1	100	100	36	36	Investment holding
Senior Care Holdings Limited (formerly known as Quality HealthCare Elderly Services Limited)	British Virgin Islands	US$1	100	100	70	64	Investment holding
Shipshape Investments Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding

Subsidiaries	Place of incorporation/ operation	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activity
SHK Absolute Return Managers Ltd	Cayman Islands	US$10	100	100	63	62	Investment holding
SHK Alternative Managers Limited	Cayman Islands	US$1	100	100	63	62	Funds management
SHK Capital Management Limited	Cayman Islands	US$10	100	100	63	62	Investment holding
SHK Dynamic Managers Ltd.	Cayman Islands	US$10	100	100	63	62	Funds management
SHK Global Managers Limited	British Virgin Islands	US$5,000	100	100	63	62	Funds management
SHK Private Equity Managers Ltd.	Cayman Islands	US$10	100	100	63	62	Funds management
SHK Quant Managers Ltd	Cayman Islands	US$10	100	100	63	62	Funds management
Sing Hing Investment Limited	British Virgin Islands	US$1	100	100	63	62	Property holding
Sun Hung Kai (China) Investment Management Company Limited	People's Republic of China	RMB50,000,000	100	100	63	62	Corporate marketing and investment consultancy
Sun Hung Kai International Bank Brunei Limited	Brunei Darussalam	SGD10,000,000	100	100	63	62	International banking business
Sun Hung Kai International Investment Management Limited	British Virgin Islands	US$50,000	100	100	63	62	Investment holding
Sun Hung Kai Investment Services (Macau) Limited	Macau	MOP48,900,000	100	100	63	62	Property holding
Sun Hung Kai Securities (Bermuda) Limited	Bermuda	US$12,000	100	100	63	62	Investment holding
Swan Islands Limited	British Virgin Islands	US$503,000,001	100	100	63	62	Investment holding
UAF Holdings Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding
Upper Selection Investments Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding
Wah Cheong Development (B.V.I.) Limited	British Virgin Islands	US$2,675,400	100	100	100	100	Investment holding

Subsidiaries	Place of incorporation/ operation	Paid up issued ordinary share capital	Proportion of nominal value of issued capital held by the Company/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activity
Zeal Goal International Limited	British Virgin Islands	US$1	100	100	63	62	Investment holding
大連保稅區亞聯財小額貸款有限公司	People's Republic of China	US$20,000,000	100	—	36	—	Money lending
天津亞聯財小額貸款有限公司	People's Republic of China	HK$100,000,000	100	—	36	—	Money lending
成都亞聯財小額貸款有限公司	People's Republic of China	HK$350,000,000	100	—	36	—	Money lending
亞聯財信息諮詢（深圳）有限公司	People's Republic of China	RMB25,000,000	100	100	36	36	Financial consultancy
重慶市渝中區亞聯財小額貸款有限責任公司	People's Republic of China	US$20,000,000	100	100	36	36	Money lending
深圳市亞聯財小額信貸有限公司	People's Republic of China	RMB200,000,000	100	100	36	36	Money lending
深圳亞聯財行銷顧問有限公司	People's Republic of China	RMB10,000,000	100	100	36	36	Money lending
雲南省亞聯財小額貸款有限公司	People's Republic of China	HK$350,000,000	100	—	36	—	Money lending
新鴻基（上海）投資顧問有限公司	People's Republic of China	HK$22,300,000	100	100	63	62	Investment advisory and consultancy
新鴻基（天津）投資管理有限公司	People's Republic of China	RMB50,000,000	100	100	63	62	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	100	63	62	Corporate marketing and investment consultancy
瀋陽金融商貿開發區亞聯財小額貸款有限公司	People's Republic of China	RMB50,000,000	100	100	36	36	Money lending

* These shareholdings represent the proportion of nominal value of issued share capital held directly by the Company.

** These 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 net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

57. PARTICULARS OF PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates at 31st December, 2010 are set out below:

Associates	Place of incorporation/ operation	Proportion of nominal value of issued capital held by subsidiaries 2010 %	held by subsidiaries 2009 %	attributable to the Group 2010 %	attributable to the Group 2009 %	Principal activity
China Xin Yongan Futures Company Limited	Hong Kong	25	25	16	16	Futures dealing
Chronicle Gain Limited	Hong Kong	45	45	28	28	Property holding
Drinkwater Investment Limited	Hong Kong	22	22	14	14	Property holding
Eurogold Limited*	Australia	36	49	36	49	Investment holding
Omicron International Limited	British Virgin Islands	44	44	28	28	Investment holding
Real Estate Investments (N.T.) Limited	Hong Kong	40	40	25	25	Property development
Silver York Development Limited	Hong Kong	42	42	26	26	Investment holding
Start Hold Limited	Hong Kong	33	33	21	21	Investment holding
Tanami Gold NL*	Australia	24	21	24	21	Gold mining operations and mineral exploration
Tian An China Investments Company Limited**	Hong Kong	39	38	39	24	Investment holding
Tribridge Capital Management (Cayman) Limited	Cayman Islands	31	31	19	19	Funds management

* These associates are listed in Australia and further details about them are available in their published accounts.

** This associate is listed in Hong Kong and further details are available in its 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 net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

58. PARTICULARS OF JOINTLY CONTROLLED ENTITIES

Particulars of the Group's jointly controlled entities at 31st December, 2010 are set out below:

Jointly controlled entities	Form of business structure	Place of incorporation/ operation	Proportion of nominal value of issued capital and voting rights held by subsidiaries 2010 %	held by subsidiaries 2009 %	attributable to the Group 2010 %	attributable to the Group 2009 %	Principal activity
Allied Kajima Limited	Incorporated	Hong Kong	50	50	50	50	Property and investment holding
Fast Track Holdings Ltd	Incorporated	Hong Kong	49	49	31	31	Investment holding
Look's Holding Limited	Incorporated	Cayman Islands	30	—	19	—	Investment holding
Poltallock Limited	Incorporated	Hong Kong	—	50	—	32	Under liquidation
Shenzhen Oriental Venture Capital Management Co., Ltd	Incorporated	People's Republic of China	49	49	31	31	Venture capital investment management
Sun Hung Kai Forex Limited*	Incorporated	Hong Kong	51	—	32	—	Foreign exchange dealing
中山市中基投資咨詢有限公司	Incorporated	People's Republic of China	34	34	21	21	Corporate investment, providing management and product marketing consultancy services

* The proportion of the nominal value of issued capital and voting rights of Sun Hung Kai Forex Limited held by the Group are 51% and 81% respectively. As the Group and other shareholder jointly share the control of Sun Hung Kai Forex Limited in accordance with the Shareholders' Deed, it is classified as a jointly controlled entity.

3. FINANCIAL INFORMATION OF APL FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

Set out below is the full text of the unaudited consolidated financial statements of APL Group for the six months ended 30th June, 2011 extracted from the interim report of APL for the six months ended 30th June, 2011.

Condensed Consolidated Income Statement
For the six months ended 30th June, 2011

		Six months ended 30th June,	
		2011	**2010**
		Unaudited	*Unaudited*
	Notes	*HK$ Million*	*HK$ Million*
			(Restated)
Continuing operations			
Revenue	4 & 5	1,960.7	1,695.2
Other income		41.8	138.9
Total income		2,002.5	1,834.1
Cost of sales and other direct costs		(113.3)	(102.9)
Brokerage and commission expenses		(104.8)	(103.3)
Selling and marketing expenses		(32.7)	(36.9)
Administrative expenses		(607.9)	(524.3)
Changes in values of properties	6	665.0	414.7
Bad and doubtful debts		(41.1)	(42.2)
Other operating expenses		(198.6)	(212.0)
Finance costs	7	(30.7)	(36.2)
Share of results of associates		232.8	194.3
Share of results of jointly controlled entities		123.3	28.6
Profit before taxation	8	1,894.5	1,413.9
Taxation	9	(226.6)	(162.8)
Profit for the period from continuing operations		1,667.9	1,251.1
Discontinued operations			
(Loss) profit for the period from discontinued operations	10	(1.5)	23.1
Profit for the period		1,666.4	1,274.2

	Notes	Six months ended 30th June, 2011 *Unaudited* *HK$ Million*	2010 *Unaudited* *HK$ Million* *(Restated)*
Attributable to:			
Owners of the Company			
Profit for the period from continuing operations		1,282.5	868.4
(Loss) profit for the period from discontinued operations		(1.0)	14.8
		1,281.5	883.2
Non-controlling interests			
Profit for the period from continuing operations		385.4	382.7
(Loss) profit for the period from discontinued operations		(0.5)	8.3
		384.9	391.0
		1,666.4	1,274.2
Earnings per share:	11		
From continuing and discontinued operations			
Basic		17.49 HK cents	14.47 HK cents
Diluted		17.49 HK cents	14.47 HK cents
From continuing operations			
Basic		17.50 HK cents	14.23 HK cents
Diluted		17.50 HK cents	14.23 HK cents

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th June, 2011

	Six months ended 30th June, 2011 *Unaudited HK$ Million*	2010 *Unaudited HK$ Million*
Profit for the period	1,666.4	1,274.2
Other comprehensive income (expenses):		
Available-for-sale financial assets		
— Net fair value changes during the period	4.6	(2.1)
— Reclassification adjustment to profit or loss on disposal	(1.5)	(0.4)
— Deferred tax	—	(0.4)
	3.1	(2.9)
Exchange differences arising on translation of foreign operations	47.5	12.0
Reclassification adjustment to profit or loss on liquidation of a jointly controlled entity	(0.2)	—
Reclassification adjustment to profit or loss on liquidation of subsidiaries	—	(6.7)
Revaluation gain on properties transferred from property, plant and equipment to investment properties	146.0	5.4
Deferred tax arising on revaluation gain on properties transferred from property, plant and equipment to investment properties	(24.1)	—
Share of other comprehensive income (expenses) of associates	123.4	(16.2)
Share of other comprehensive income of jointly controlled entities	0.7	0.9
Other comprehensive income (expenses) for the period, net of tax	296.4	(7.5)
Total comprehensive income for the period	1,962.8	1,266.7
Attributable to:		
Owners of the Company	1,502.4	871.1
Non-controlling interests	460.4	395.6
	1,962.8	1,266.7

Condensed Consolidated Statement of Financial Position

At 30th June, 2011

	Notes	At 30th June, 2011 *Unaudited* *HK$ Million*	At 31st December, 2010 *Audited* *HK$ Million*
Non-current assets			
Investment properties	13	5,967.3	5,156.4
Property, plant and equipment		579.9	627.9
Prepaid land lease payments		10.0	10.0
Goodwill		2,490.3	2,490.3
Intangible assets		1,109.2	1,190.4
Interests in associates		5,607.1	5,274.9
Interests in jointly controlled entities		1,344.5	1,221.6
Available-for-sale financial assets	14	340.0	292.1
Statutory deposits		108.0	50.8
Amounts due from associates		56.2	56.1
Loans and advances to consumer finance customers due after one year		2,674.9	2,291.9
Deposits and other receivables	15	94.9	33.4
Deferred tax assets		91.5	94.1
Financial assets at fair value through profit or loss	16	200.1	—
		20,673.9	18,789.9
Current assets			
Properties held for sale and other inventories		440.6	412.8
Financial assets at fair value through profit or loss	16	762.8	720.7
Prepaid land lease payments		0.4	0.4
Loans and advances to consumer finance customers due within one year		3,842.5	3,172.6
Trade and other receivables	17	7,543.6	6,737.3
Amounts due from associates		197.4	58.5
Amount due from a jointly controlled entity		2.2	7.7
Tax recoverable		1.9	1.5
Short-term pledged bank deposits and bank balances		121.5	99.5
Cash, deposits and cash equivalents	18	4,333.5	4,255.0
		17,246.4	15,466.0

	Notes	At 30th June, 2011 *Unaudited* *HK$ Million*	At 31st December, 2010 *Audited* *HK$ Million*
Current liabilities			
Trade and other payables	19	1,556.6	1,460.9
Financial liabilities at fair value through profit or loss		6.9	6.3
Amount due to a holding company		31.4	24.9
Amounts due to fellow subsidiaries		758.0	757.1
Amounts due to associates		14.4	14.1
Amounts due to jointly controlled entities		0.1	0.1
Tax payable		189.9	106.7
Bank and other borrowings due within one year	20	3,575.1	2,874.8
Mandatory convertible notes		32.7	32.6
Provisions		44.3	74.7
		6,209.4	5,352.2
Net current assets		11,037.0	10,113.8
Total assets less current liabilities		31,710.9	28,903.7
Capital and reserves			
Share capital	21	1,390.6	1,390.6
Share premium and reserves		17,258.1	15,968.9
Equity attributable to owners of the Company		18,648.7	17,359.5
Equity elements of mandatory convertible notes and warrants		1,616.5	1,616.5
Shares held for employee ownership scheme		(17.7)	(23.7)
Employee share-based compensation reserve		4.5	10.6
Share of net assets of subsidiaries		6,308.9	6,033.6
Non-controlling interests		7,912.2	7,637.0
Total equity		26,560.9	24,996.5
Non-current liabilities			
Bonds	23	1,038.7	500.0
Bank and other borrowings due after one year	20	3,312.7	2,690.4
Amount due to an associate		48.2	47.1
Mandatory convertible notes		31.5	45.9
Deferred tax liabilities		705.5	610.9
Provisions		13.4	12.9
		5,150.0	3,907.2
		31,710.9	28,903.7

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2011

	Attributable to owners of the Company										Non-controlling interests					
	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	Capital reserve HK$ Million	Accumulated profits HK$ Million	Dividend reserve HK$ Million	Total HK$ Million	Equity elements of mandatory convertible notes and warrants HK$ Million	Shares held for employee ownership scheme HK$ Million	Employee share-based compensation reserve HK$ Million	Share of net assets of subsidiaries HK$ Million	Total HK$ Million	Total equity HK$ Million
At 1st January, 2010	1,217.8	1,091.2	56.9	387.2	72.2	137.8	(11.6)	9,598.5	91.3	12,641.3	—	(28.0)	9.9	6,732.5	6,714.4	19,355.7
Profit for the period	—	—	—	—	—	—	—	883.2	—	883.2	—	—	—	391.0	391.0	1,274.2
Other comprehensive (expenses) income for the period	—	—	3.4	(12.9)	—	(3.4)	0.1	0.7	—	(12.1)	—	—	—	4.6	4.6	(7.5)
Total comprehensive (expenses) income for the period	—	—	3.4	(12.9)	—	(3.4)	0.1	883.9	—	871.1	—	—	—	395.6	395.6	1,266.7
Shares issued to non-controlling shareholders of a listed subsidiary	172.8	1,261.8	—	—	—	—	—	—	—	1,434.6	—	—	—	—	—	1,434.6
Adjustment arising upon acquisition of interest in an associate by a wholly-owned subsidiary from a non wholly-owned subsidiary	—	—	—	—	—	—	—	177.3	—	177.3	—	—	—	(177.3)	(177.3)	—
Purchase of shares for employee ownership scheme	—	—	—	—	—	—	—	—	—	—	—	(3.6)	—	—	(3.6)	(3.6)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	7.2	—	7.2	7.2
Vesting of shares for employee ownership scheme	—	—	—	—	—	—	—	—	—	—	—	7.9	(7.9)	—	—	—
Transfer to dividend payable	—	—	—	—	—	—	—	—	(91.3)	(91.3)	—	—	—	—	—	(91.3)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,520.8)	(1,520.8)	(1,520.8)
At 30th June, 2010	1,390.6	2,353.0	60.3	374.3	72.2	134.4	(11.5)	10,659.7	—	15,033.0	—	(23.7)	9.2	5,430.0	5,415.5	20,448.5
At 1st January, 2011	1,390.6	2,353.0	129.2	327.5	72.2	328.0	(11.3)	12,561.7	208.6	17,359.5	1,616.5	(23.7)	10.6	6,033.6	7,637.0	24,996.5
Profit for the period	—	—	—	—	—	—	—	1,281.5	—	1,281.5	—	—	—	384.9	384.9	1,666.4
Other comprehensive income for the period	—	—	76.4	1.1	—	143.4	—	—	—	220.9	—	—	—	75.5	75.5	296.4
Total comprehensive income for the period	—	—	76.4	1.1	—	143.4	—	1,281.5	—	1,502.4	—	—	—	460.4	460.4	1,962.8
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	0.8	—	0.8	—	—	—	(5.0)	(5.0)	(4.2)
Deemed acquisition of partial interest in a subsidiary	—	—	—	—	—	—	—	(0.1)	—	(0.1)	—	—	—	(0.1)	(0.1)	(0.2)
Deemed disposal of partial interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	6.4	6.4	6.4
Purchase of shares for employee ownership scheme	—	—	—	—	—	—	—	—	—	—	—	(12.3)	—	—	(12.3)	(12.3)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	3.7	—	3.7	3.7
Vesting of shares for employee ownership scheme	—	—	—	—	—	—	—	(5.3)	—	(5.3)	—	18.3	(9.8)	(3.2)	5.3	—
Dividend paid	—	—	—	—	—	—	—	—	(208.6)	(208.6)	—	—	—	—	—	(208.6)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(183.2)	(183.2)	(183.2)
At 30th June, 2011	1,390.6	2,353.0	205.6	328.6	72.2	471.4	(11.3)	13,838.6	—	18,648.7	1,616.5	(17.7)	4.5	6,308.9	7,912.2	26,560.9

Condensed Consolidated Statement of Cash Flows
For the six months ended 30th June, 2011

	Six months ended 30th June,	
	2011	**2010**
	Unaudited	*Unaudited*
	HK$ Million	*HK$ Million*
Operating activities		
Cash used in operations		
— Increase in trade and other receivables	(821.7)	(1,393.0)
— Increase in loans and advances to consumer finance customers	(1,108.7)	(401.9)
— Other operating cash flows	982.4	1,074.0
	(948.0)	(720.9)
Interest paid	(44.3)	(38.2)
Taxation paid	(70.7)	(54.5)
Net cash used in operating activities	(1,063.0)	(813.6)
Investing activities		
Dividend received from associates	73.8	41.6
Proceeds on disposal of investment properties	66.9	22.1
Amount repaid by a jointly controlled entity	8.0	4.2
Proceeds on disposal of available-for-sale financial assets	7.6	5.4
Liquidation of a joint controlled entity	0.9	—
Amounts repaid by associates	0.2	—
Amount advanced from a jointly controlled entity	—	22.1
Amount advanced to an associate	(152.1)	(258.2)
Increase in deposits and other receivables	(92.0)	—
Fixed deposits with banks placed	(87.2)	—
Net payment of statutory deposits	(57.2)	(7.7)
Purchase of available-for-sale financial assets	(50.0)	—
Acquisition of additional interest in an associate	(46.1)	—
Purchase of property, plant and equipment	(36.7)	(27.1)
(Increase) decrease in pledged bank deposits and bank balances	(22.0)	27.2
Additions to intangible assets	(9.4)	(8.9)
Amount advanced to a jointly controlled entity	(3.2)	(2.3)
Disposal of a subsidiary	—	(95.2)
Liquidation of subsidiaries	—	(11.8)
Additions to investment properties	—	(0.7)
Net cash used in investing activities	(398.5)	(289.3)

	Six months ended 30th June, 2011	2010
	Unaudited	*Unaudited*
	HK$ Million	*HK$ Million*
Financing activities		
New bank loans and other borrowings raised	1,651.9	1,668.5
Issue of bonds by a subsidiary	531.8	—
Amounts advanced by associates	0.1	0.2
Repayment of bank loans and other borrowings	(289.7)	(316.2)
Dividend paid by the Company	(208.6)	—
Dividends and repayments by subsidiaries to non-controlling interests	(176.8)	(86.2)
Purchase of shares for employee ownership scheme of a subsidiary	(12.3)	(3.6)
Acquisition of additional interest in a subsidiary	(4.2)	—
Amount paid for shares repurchased and cancelled by a subsidiary	(0.2)	—
Net cash from financing activities	1,492.0	1,262.7
Net increase in cash and cash equivalents	30.5	159.8
Effect of foreign exchange rate changes	10.9	8.7
Cash and cash equivalents at the beginning of the period	3,922.6	1,668.8
Cash and cash equivalents at the end of the period	3,964.0	1,837.3
Cash and cash equivalents at the end of the period, represented by:		
Cash and cash equivalents	3,964.0	1,855.3
Bank overdrafts	—	(18.0)
	3,964.0	1,837.3

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

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 and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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.

A number of new and revised Standards and Interpretations are effective for the financial year beginning on 1st January, 2011. The adoption of the new and revised Standards and Interpretations has had no material effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods. Except as mentioned in note 3 below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2010.

3. RESTATEMENT OF COMPARATIVES

In prior years, the net profit ("Net Profit") and net loss ("Net Loss") on financial assets and liabilities at fair value through profit or loss were classified under revenue. In the current period, the directors of the Company have determined that Net Profit and Net Loss are classified under other income and other operating expenses respectively. Accordingly, the comparatives of the condensed consolidated income statement are restated: Net Profit of HK$88.1 million and Net Loss of HK$77.4 million were reclassified from revenue to other income and other operating expenses respectively.

As described in more detail in note 10, in the second half of 2010, subsidiaries engaged in medical, nursing agency, physiotherapy, dental and other services ("Discontinued Medical Service Business") were disposed and the operations of provision of Discontinued Medical Service Business which represented a substantial portion of the operations under the segment of "Healthcare" in the previous year were discontinued. The operation remaining in the Healthcare segment is the provision of elderly care services. Accordingly, the segment is redesignated as "Elderly care services" for the purpose of segmental information.

Certain comparative figures for 2010 have been adjusted to conform with the current presentation described above.

4. REVENUE

	Six months ended 30th June,	
	2011	**2010**
	HK$ Million	*HK$ Million*
		(Restated)
Continuing operations	1,960.7	1,695.2
Discontinued operations	—	512.3
	1,960.7	2,207.5

5. SEGMENTAL INFORMATION

Analysis of the Group's revenue and results from continuing operations by reportable and operating segments is as follows:

	Six months ended 30th June, 2011					
	Investment, broking and finance	**Consumer finance**	**Elderly care services**	**Property rental, hotel operations and management services**	**Sale of properties and properties based investments**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	794.7	961.9	64.5	149.2	—	1,970.3
Less: inter-segment revenue	(3.0)	—	—	(6.6)	—	(9.6)
Segment revenue from external customers from continuing operations	791.7	961.9	64.5	142.6	—	1,960.7
Segment results	479.3	451.9	3.0	609.0	25.9	1,569.1
Finance costs						(30.7)
Share of results of associates						232.8
Share of results of jointly controlled entities	1.1	—	—	122.2	—	123.3
Profit before taxation						1,894.5
Taxation						(226.6)
Profit for the period from continuing operations						1,667.9

	Six months ended 30th June, 2010 (Restated)					
	Investment, broking and finance	Consumer finance	Elderly care services	Property rental, hotel operations and management services	Sale of properties and properties based investments	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	726.0	787.7	53.8	153.2	—	1,720.7
Less: inter-segment revenue	(6.2)	—	—	(19.3)	—	(25.5)
Segment revenue from external customers from continuing operations	719.8	787.7	53.8	133.9	—	1,695.2
Segment results	335.2	402.6	(2.4)	442.7	49.1	1,227.2
Finance costs						(36.2)
Share of results of associates						194.3
Share of results of jointly controlled entities	2.9	—	—	25.7	—	28.6
Profit before taxation						1,413.9
Taxation						(162.8)
Profit for the period from continuing operations						1,251.1

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

6. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June, 2011	2010
	HK$ Million	*HK$ Million*
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	629.7	366.0
Impairment loss reversed for properties held for sale	27.7	51.5
Impairment loss reversed (recognised) for hotel property	7.6	(2.8)
	665.0	414.7

7. FINANCE COSTS

	Six months ended 30th June, 2011	2010
	HK$ Million	*HK$ Million*
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	43.9	19.8
Finance costs	30.7	36.2
	74.6	56.0

8. PROFIT BEFORE TAXATION

	Six months ended 30th June, 2011	2010
	HK$ Million	*HK$ Million*
Profit before taxation from continuing operations has been arrived at after charging:		
Amortisation of intangible assets	98.0	92.3
Amortisation of prepaid land lease payments	0.2	0.2
Depreciation	29.4	23.4
Impairment loss for amounts due from associates	—	0.3
Impairment loss for intangible assets	—	1.0
Impairment loss for interest in an associate	10.7	—
Impairment loss included in bad and doubtful debts		
— Loans and advances to consumer finance customers	124.3	142.0
— Trade and other receivables	4.6	—
Net realised and unrealised loss on financial assets and liabilities at fair value through profit or loss		
— securities (included in other operating expenses)	24.0	68.6
Net realised and unrealised loss on unlisted investment funds (included in other operating expenses)	21.5	8.8
and after crediting:		
Dividend income from listed equity securities	1.5	3.9
Dividend income from unlisted equity securities	8.2	3.8
Gain on disposal of a subsidiary	—	29.3
Gain on liquidation of subsidiaries	—	3.7
Interest income (included in revenue)	1,315.0	1,016.9
Net profit on dealing in leveraged foreign currencies (included in other income)	—	0.5
Net profit on other dealing activities (included in other income)	1.3	1.7
Net realised and unrealised profit on financial assets and liabilities at fair value through profit or loss		
— derivatives (included in other income)	5.2	85.9
Net realised profit on disposal of available-for-sale financial assets (included in other income)	2.4	0.6
Reversal of impairment loss included in bad and doubtful debts		
— Loans and advances to consumer finance customers	47.7	78.0
— Trade and other receivables	—	1.6

9. TAXATION

	Six months ended 30th June, 2011 *HK$ Million*	2010 *HK$ Million*
The income tax charged from continuing operations comprises:		
Current tax		
Hong Kong	120.2	120.9
Other jurisdictions	22.9	10.7
	143.1	131.6
Under provision in prior years	10.2	0.3
	153.3	131.9
Deferred tax		
Current period	73.3	30.9
	226.6	162.8

Hong Kong Profits Tax is calculated at the rate of 16.5% of 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. DISCONTINUED OPERATIONS

On 8th October, 2010, Allied Overseas Limited ("AOL"), an indirect non wholly-owned subsidiary of the Company, and Cautious Base Limited ("Holdco"), a direct wholly-owned subsidiary of AOL, entered into a share sale agreement ("Share Sale Agreement") with Altai Investments Limited and RHC Holding Private Limited (collectively known as the "Purchaser") and had agreed to sell 100% of the issued share capital of the companies ("Disposal Group") engaged in the Discontinued Medical Service Business previously included in the healthcare segment of the Group to the Purchaser. Further details are set out in AOL's circular dated 2nd November, 2010. The disposal of the Discontinued Medical Service Business was completed on 30th November, 2010.

	HK$ Million
Profit for the period ended 30th June, 2010 from discontinued operations include the following:	
Amortisation of intangible assets	8.3
Depreciation	9.3

11. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30th June, 2011	2010
	HK$ Million	*HK$ Million*
Earnings		
Profit attributable to owners of the Company	1,281.5	883.2
Adjustments to profit in respect of ordinary shares that will be issued upon the conversion of the mandatory convertible notes of a subsidiary	(65.5)	—
Earnings for the purpose of basic and diluted earnings per share	1,216.0	883.2
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	6,953.1	6,103.2

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30th June, 2011	2010
	HK$ Million	*HK$ Million*
Earnings		
Profit attributable to owners of the Company	1,282.5	868.4
Adjustments to profit in respect of ordinary shares that will be issued upon the conversion of the mandatory convertible notes of a subsidiary	(65.5)	—
Earnings for the purpose of basic and diluted earnings per share	1,217.0	868.4
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	6,953.1	6,103.2

From discontinued operations

Basic loss per share from discontinued operations is 0.01 HK cents (2010: earnings per share of 0.24 HK cents) is calculated based on the loss attributable to owners of the Company from discontinued operations of HK$1.0 million (2010: profit of HK$14.8 million) and the weighted average number of 6,953.1 million (2010: 6,103.2 million) shares in issue during the period. Diluted (loss) earnings per share from discontinued operations for both periods were the same as the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding.

12. DIVIDEND

The Board does not recommend the declaration of an interim dividend (2010: Nil).

The Company paid and recognised dividends of HK$208.6 million (2010: Nil), representing 3 HK cents per share being the final dividend of 2010, during the current period. No dividend was paid and recognised in the prior period as the final dividend of 2009 was paid in July 2010.

13. INVESTMENT PROPERTIES

	HK$ Million
Fair value	
At 1st January, 2010	4,203.7
Exchange adjustments	5.3
Transferred from prepaid land lease payments and property, plant and equipment	169.8
Transferred from properties held for sale	16.1
Additions	1.4
Transferred to property, plant and equipment	(22.1)
Disposals	(12.7)
Increase in fair value recognised in the consolidated income statement	794.9
At 31st December, 2010	5,156.4
Exchange adjustments	2.9
Transferred from property, plant and equipment	255.1
Transferred to property, plant and equipment	(27.7)
Disposals	(49.1)
Increase in fair value recognised in the condensed consolidated income statement	629.7
At 30th June, 2011	5,967.3

The fair values of the Group's investment properties on the date of the transfer and at 30th June, 2011 and 31st December, 2010 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.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30th June, 2011 *HK$ Million*	**At 31st December, 2010** *HK$ Million*
Listed equity investments issued by corporate entities, at quoted price		
Listed in Hong Kong	—	0.9
Listed outside Hong Kong	47.0	45.8
	47.0	46.7
Unlisted equity investments issued by corporate entities		
Hong Kong shares, at cost less impairment	0.4	0.4
Overseas shares, at cost less impairment	211.8	174.2
Overseas shares, at fair value	80.8	70.8
	340.0	292.1

15. DEPOSITS AND OTHER RECEIVABLES

Included in deposits and other receivables is an amount of approximately HK$66,533,000 paid during the period representing an initial deposit as partial payment for the acquisition of 27.71% equity interest of an investment by AOL. On 24th May, 2011, AOL and its wholly-owned subsidiary, New Able Holdings Limited ("New Able") entered into an acquisition agreement ("Acquisition Agreement") with Besford International Limited ("Vendor") and COL Capital Limited. According to the Acquisition Agreement, New Able has agreed to acquire 100% of the issued share capital of Rise Cheer Investments Limited ("Rise Cheer") and Taskwell Limited ("Taskwell") from the Vendor and all the shareholder's loans owed by Rise Cheer and Taskwell to the Vendor ("Acquisition") at a total consideration of approximately HK$1,330,658,000. The sole asset of Rise Cheer and Taskwell is 1,900,939,562 ordinary shares of APAC Resources Limited ("APAC") in aggregate, representing approximately 27.71% equity interest in the issued share capital of APAC. On 24th May, 2011, an initial deposit of approximately HK$66,533,000, by way of cheque, has been paid upon signing of the Acquisition Agreement as partial payment of the consideration. The outstanding consideration of approximately HK$1,264,125,000 will be paid upon completion of the Acquisition and the assignment of the shareholder's loans in accordance with the terms of the Acquisition Agreement. It is presently expected that upon completion of the Acquisition, APAC will be classified and accounted for by AOL as an investment in associate. Further details of the Acquisition are set out in the circular of AOL dated 28th July, 2011.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30th June, 2011	At 31st December, 2010
	HK$ Million	*HK$ Million*
Held for trading investments, at fair value		
Equity securities listed in Hong Kong, at quoted price		
Issued by corporate entities	251.9	157.8
Issued by banks	148.9	176.9
Issued by public utility entities	0.8	0.2
Equity securities listed outside Hong Kong, at quoted price		
Issued by corporate entities	108.0	88.0
Equity and currency OTC derivatives	0.8	—
Warrants, futures and options listed in Hong Kong, at quoted price	8.7	6.0
Listed bonds	45.0	44.3
Unlisted Hong Kong options	—	3.2
Unlisted overseas warrants and options	0.7	0.9
Unlisted bonds, at quoted price	7.0	7.4
Unquoted unlisted bonds	40.7	77.2
Others	12.7	20.2
	625.2	582.1
Equity securities in unlisted investment funds, at fair value		
Issued by corporate entities outside Hong Kong	137.6	138.6
	762.8	720.7
Non-current financial assets issued by corporate entities, at fair value		
Unlisted overseas redeemable convertible securities	50.0	—
Unlisted overseas investment funds	150.1	—
	200.1	—
	962.9	720.7

17. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of the trade and other receivables based on the date of invoice/contract note at the reporting date:

	At 30th June, 2011	At 31st December, 2010
	HK$ Million	*HK$ Million*
Less than 31 days	1,157.1	1,128.4
31 to 60 days	12.9	17.7
61 to 90 days	12.9	5.8
Over 90 days	27.5	158.7
	1,210.4	1,310.6
Margin loans and other receivables (before impairment)	6,492.4	5,590.1
Allowances for impairment	(159.2)	(163.4)
	7,543.6	6,737.3

18. CASH, DEPOSITS AND CASH EQUIVALENTS

	At 30th June, 2011	At 31st December, 2010
	HK$ Million	*HK$ Million*
Bank balances and cash	1,388.5	2,197.3
Fixed deposits with banks maturing within 3 months	2,567.7	1,767.5
Treasury bills	7.8	7.8
	3,964.0	3,972.6
Fixed deposits with banks maturing between 4 to 12 months	369.5	282.4
	4,333.5	4,255.0

The Group maintains trust and segregated accounts with licensed banks to hold clients' deposits arising from normal business transactions. At 30th June, 2011, trust and segregated accounts not dealt with in these financial statements totalled HK$5,210.1 million (at 31st December, 2010: HK$5,398.4 million).

19. TRADE AND OTHER PAYABLES

The following is an aged analysis of the trade and other payables based on the date of invoice/contract note at the reporting date:

	At 30th June, 2011 *HK$ Million*	At 31st December, 2010 *HK$ Million*
Trade payables:		
Less than 31 days	1,265.1	1,165.7
31 to 60 days	9.4	14.9
61 to 90 days	9.9	7.6
Over 90 days	30.3	22.0
	1,314.7	1,210.2
Accruals and other payables on demand	241.9	250.7
	1,556.6	1,460.9

20. BANK AND OTHER BORROWINGS

	At 30th June, 2011 *HK$ Million*	At 31st December, 2010 *HK$ Million*
Bank borrowings		
Bank loans	6,708.4	5,339.4
Overdrafts	—	50.0
	6,708.4	5,389.4
Other borrowings	179.4	175.8
	6,887.8	5,565.2
Analysed as:		
Secured	2,640.7	2,141.2
Unsecured	4,247.1	3,424.0
	6,887.8	5,565.2
Analysed for reporting purposes as:		
Current liabilities	3,575.1	2,874.8
Non-current liabilities	3,312.7	2,690.4
	6,887.8	5,565.2

21. SHARE CAPITAL

	Number of shares	Value *HK$ Million*
Ordinary shares of HK$0.2 each		
Authorised:		
At 1st January, 2010, 31st December, 2010 and 30th June, 2011	30,000,000,000	6,000.0
Issued and fully paid:		
At 1st January, 2010	6,088,832,430	1,217.8
Shares issued upon exercise of a share entitlement note	864,284,155	172.8
At 31st December, 2010 and 30th June, 2011	6,953,116,585	1,390.6

22. WARRANTS

Bonus warrants on the basis of one warrant for every five shares held were approved by the shareholders of the Company on 1st June, 2011. The warrant holders were entitled to subscribe in cash for one fully paid share at an initial subscription price of HK$2.00 per share, subject to adjustment, at any time from 13th June, 2011 to 13th June, 2016 (both days inclusive). Details of the bonus warrants are disclosed in the circular of the Company dated 12th May, 2011.

During the period, no warrants were converted into ordinary shares. The remaining 1,390,623,317 warrants which have not been exercised will expire on 13th June, 2016.

23. BONDS

On 27th April, 2011, the Group issued Renminbi denominated bonds to third parties of RMB450 million (equivalent to HK$534.8 million at the issue date). The bonds have a 3-year maturity period and carry an interest rate of 4% per annum. Details were disclosed in the announcement of Sun Hung Kai & Co. Limited ("SHK", an indirect non wholly-owned subsidiary of the Company) on 19th April, 2011.

24. CONTINGENT LIABILITIES

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

	At 30th June, 2011 *HK$ Million*	At 31st December, 2010 *HK$ Million*
Guarantees for banking facilities granted to a jointly controlled entity	550.6	1,661.0
Indemnities on banking guarantees made available to a clearing house and regulatory body	4.5	4.5
Other guarantees	3.0	3.0
	558.1	1,668.5

(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 then 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 (being the nominee of GBA) 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. On 24th February, 2010 the Court of Appeal struck out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. Subsequently, GBA, LPI and Walton sought to amend their claims which was opposed by SHKS and is pending a determination by the court. 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 the Intermediate People's Court of Wuhan City, Hubei Province ("IPC") (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 IPC in favour of TACI and SHKS on 16th July, 2009 which judgment was being appealed against by Ms. Cheung. On 24th November, 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ordered that the case be remitted back to the IPC for retrial. The retrial shall take place on a date to be fixed. 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.

(c) AOL entered into the Share Sale Agreement dated 8th October, 2010 in relation to the disposal ("Disposal") of the Disposal Group. The Disposal was completed on 30th November, 2010. Pursuant to the Share Sale Agreement, the Purchaser of the Disposal Group has given back to back indemnity to AOL against all securities, guarantees or indemnities given by or binding upon AOL in respect of any liability of the Disposal Group, accordingly the Purchaser of the Disposal Group shall indemnify AOL against all amounts paid by AOL after completion of the Disposal pursuant to any securities, guarantees and indemnities already given by AOL. At 30th June, 2011, AOL has an outstanding guarantee in favour of a third party in connection with a medical contract entered into by a company within the Disposal Group. The annual value of this medical contract amounts to approximately HK$42.2 million in 2010. The guarantee has not been released as at 30th June, 2011.

(d) Pursuant to the Share Sale Agreement, AOL has given certain warranties and indemnities to the Purchaser of the Disposal Group which the Purchaser may rely on for any breaches by AOL. AOL has signed a tax deed to indemnify the Purchaser for tax liabilities of the Disposal Group prior to completion which have not been provided for in the closing account of the Disposal Group upon completion of the Disposal as at 30th November, 2010. The valid period for the claims under the tax deed shall be seven years from completion. In respect of most other claims against other general customary warranties and indemnities in the Share Sale Agreement, valid period for such claim is within twelve months from completion of the Disposal.

25. CAPITAL COMMITMENTS

	At 30th June, 2011	At 31st December, 2010
	HK$ Million	*HK$ Million*
Capital expenditure contracted but not provided for in the condensed consolidated financial statements		
Acquisitions of subsidiaries*	1,264.1	—
Acquisitions of property, plant and equipment	4.5	2.7
	1,268.6	2.7

* In accordance with the Acquisition Agreement disclosed in note 15, AOL is liable to pay the outstanding consideration of approximately HK$1,264,125,000 upon completion of the Acquisition and the assignment of the shareholder's loans. An ordinary resolution approving the Acquisition was duly passed by the shareholders of AOL at the special general meeting of AOL held on 16th August, 2011. Completion of the Acquisition is still subject to the fulfilment of certain other conditions pursuant to the Acquisition Agreement as at the date of this report.

26. 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, 2011		At 31st December, 2010	
	Land and buildings	Others	Land and buildings	Others
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Within one year	142.7	4.6	138.6	7.9
In the second to fifth years inclusive	227.9	2.1	209.3	2.2
Over five years	138.5	—	155.1	—
	509.1	6.7	503.0	10.1

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

27. PLEDGE OF ASSETS

At the end of the reporting period, certain of the Group's investment properties, hotel property, land and buildings and properties held for sale with an aggregate carrying value of HK$6,341.8 million (at 31st December, 2010: HK$5,751.8 million), bank deposits and bank balances of HK$120.0 million (at 31st December, 2010: HK$98.0 million), listed investments belonging to the Group with fair values of HK$89.2 million (at 31st December, 2010: HK$1.4 million) and listed investments belonging to margin clients with fair values of HK$2,247.5 million* (at 31st December, 2010: HK$1,941.5 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,507.7 million (at 31st December, 2010: HK$1,506.5 million) were pledged to secure loans and general banking facilities to the extent of HK$3,755.7 million (at 31st December, 2010: HK$3,438.4 million) granted to the Group. Facilities amounting to HK$2,640.7 million (at 31st December, 2010: HK$2,141.2 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK$1.5 million (at 31st December, 2010: HK$1.5 million) was pledged to secure a guarantee facility issued to third parties by a bank to the extent of HK$2.0 million (at 31st December, 2010: HK$2.0 million).

The share of a subsidiary was also pledged for the bonds issued by the Group and held by a fellow subsidiary.

* 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.

28. MATURITY PROFILE OF TERM ASSETS AND LIABILITIES

	At 30th June, 2011					
	On demand	**Within 3 months**	**3 months to 1 year**	**1 year to 5 years**	**After 5 years**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Assets						
Fixed deposits with banks	—	2,567.7	369.5	—	—	2,937.2
Loans and advances to consumer finance customers (before impairment)	427.7	915.5	2,724.5	2,295.2	566.1	6,929.0
Bonds included in financial assets at fair value through profit or loss	—	—	—	66.7	26.0	92.7
Term loans (before impairment)	69.0	113.2	911.5	—	—	1,093.7
Treasury bills	—	7.8	—	—	—	7.8
Liabilities						
Bank and other borrowings	12.0	2,842.5	469.4	3,563.9	—	6,887.8
Mandatory convertible notes	—	—	32.7	31.5	—	64.2
Bonds	—	—	—	1,038.7	—	1,038.7
Short-term loan due to a fellow subsidiary	—	750.0	—	—	—	750.0

	At 31st December, 2010					
	On demand	Within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Assets						
Fixed deposits with banks	—	1,767.5	282.4	—	—	2,049.9
Loans and advances to consumer finance customers (before impairment)	452.6	787.3	2,176.5	2,246.5	260.3	5,923.2
Bonds included in financial assets at fair value through profit or loss	—	—	—	103.4	25.5	128.9
Term loans (before impairment)	317.6	46.2	341.4	—	—	705.2
Treasury bills	—	7.8	—	—	—	7.8
Liabilities						
Bank and other borrowings	12.0	1,159.6	1,457.3	2,936.3	—	5,565.2
Mandatory convertible notes	—	—	32.6	45.9	—	78.5
Bonds	—	—	—	500.0	—	500.0
Short-term loan due to a fellow subsidiary	—	—	32.6	45.9	—	78.5

The above tables list out the assets and liabilities based on the contractual maturity and the assumption that the repayment on demand clause will not be exercised. Loans and receivables are stated before impairment allowances. Overdue assets are reported as on demand.

29. 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 risks 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 shareholders' value 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 and 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 and Compliance, play an important role in the provision of assurance to the relevant board of directors and senior management that a sound internal risk management 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 relevant risk management committee ("RMC"). Valuation of these instruments is measured on 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 set out to restrict excessive risk undertakings. VaR and stress tests are approaches which are 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 regular checks to ensure there is adequate compliance in accordance with the established market risk limits and guidelines.

(ii) *Interest Rate Risk*

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from margin financing, term financing and loans and advances to consumer finance customers. 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 spreads 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 proprietary trading positions, and loan and advances denominated in foreign currencies, mainly in Australian dollars and Renminbi. 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. The risk arises from open currency positions are subject to management approved limits and are monitored and reported daily. The other source of foreign exchange risk arises from clients' 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 Group's 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 the relevant credit division 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 division and are reported to and reviewed by the senior management of the Group and 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 accordance 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 Hong Kong Financial Resources Rules.

30. EVENTS AFTER THE REPORTING PERIOD

(a) On 25th August, 2011, SHK announced the conversion by Asia Financial Services Company Limited of all of its outstanding mandatory convertible notes with an aggregate principal amount of HK$1,708.0 million into shares of SHK at a conversion price of HK$5.0 per share. Accordingly, 341.6 million new ordinary shares of SHK ("Conversion Shares") are expected to be issued on or before 5th September, 2011. Upon the allotment of the Conversion Shares, the Group's shareholding in SHK will decrease from approximately 62.75% to approximately 52.63%. Further details of the conversion of mandatory convertible notes are set out in the announcement of SHK dated 25th August, 2011 and the Company's joint announcement with Allied Group Limited dated 26th August, 2011.

(b) As described in note 10, in October 2010, AOL and Holdco entered into the Share Sale Agreement with the Purchaser. According to the Share Sale Agreement, AOL and Holdco have agreed to sell 100% of the issued share capital of the Disposal Group companies to the Purchaser for the consideration of transaction, payable on the closing date for an amount in cash equal to aggregate sum of (i) HK$1,521 million; (ii) the base working capital (i.e. HK$20 million) and (iii) the estimated working capital adjustment (i.e. a deduction of HK$559,000 from the base working capital) (collectively being "Consideration Amount"), subject to the working capital adjustment. Further details of the Disposal are set out in the AOL's circular dated 2nd November, 2010.

The Disposal was completed on 30th November, 2010 and the Group recognised a gain on disposal of HK$1,093.9 million for the year ended 31st December, 2010. On 13th July, 2011, the closing statement in relation to the Share Sale Agreement ("Closing Statement") was issued and the working capital of the Disposal Group at closing date was agreed to be approximately HK$35,832,000. Pursuant to the working capital confirmed in the Closing Statement, consideration receivable was adjusted to approximately HK$16,391,000 as at 30th June, 2011. This amount has been subsequently received by AOL following the period end date. The loss for the current period from discontinued operations of HK$1.5 million represents adjustments to the gain on disposal of the Disposal Group upon finalisation of the working capital adjustments.

4. INDEBTEDNESS

At the close of business on 31st August, 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, APL Group had outstanding borrowings of approximately HK$8,468.2 million, comprising secured bank loans of approximately HK$2,403.6 million, unsecured bank loans and overdrafts of approximately HK$4,051.9 million, unlisted secured bonds of approximately HK$500.0 million issued to a fellow subsidiary, unlisted unsecured bonds of approximately HK$539.2 million, unsecured borrowings of approximately HK$61.9 million from associates, unsecured borrowings of approximately HK$750.0 million from fellow subsidiaries, unsecured borrowings of approximately HK$0.2 million from investee companies and unsecured other borrowings of approximately HK$161.4 million. APL Group's banking facilities were secured by charges over its assets, including investment properties, hotel property, land and buildings, properties held for sale, bank deposits and bank balances and listed investments belonging to the APL Group and margin clients, together with certain securities in respect of a listed subsidiary held by the APL Group.

In addition, APL Group had contingent liabilities in the sum of approximately HK$559.1 million comprising guarantees for banking facilities granted to Sun Hung Kai Forex Limited, a 26.84% beneficially indirectly-owned jointly controlled entity of approximately HK$551.6 million and 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 Massmutal Asia Limited, a trading counterparty and an independent third party, of approximately HK$7.5 million. There were also claims arising from 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 VI to this Composite Document.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31st August, 2011.

Save as aforesaid and apart from intra-group liabilities, APL Group did not have any outstanding mortgages, charges, debentures, other loan capital, bank overdrafts, loans or other similar indebtedness, hire purchase commitments, liabilities under acceptances or acceptance credits, any guarantees or other material contingent liabilities at the close of business on 31st August, 2011.

5. MATERIAL CHANGE

The APL Directors confirmed that, save as set out in the announcement dated 26th August, 2011 issued jointly with AGL regarding the conversion by Asia Financial Services Company Limited of all of its outstanding mandatory convertible notes with an aggregate principal amount of HK$1,708 million into shares of Sun Hung Kai & Co. Limited (“SHK”) resulting in the APL Group's shareholding in SHK decreased from approximately 62.75% to approximately 52.63%, there was no material change in the financial and trading position or outlook of the APL Group since 31st December, 2010 (being the date to which the latest published audited consolidated financial statements of the APL Group have been made up) and up to the Latest Practicable Date.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

a. The following is a summary of the audited financial results of the Tian An Group for each of three years ended 31st December, 2010 as extracted from the Tian An's relevant annual reports and restated as appropriate.

	For the year ended 31st December,		
	2010	**2009**	**2008**
	HK$ Million	*HK$ Million*	*HK$ Million*
Revenue	1,412.0	1,083.5	473.3
Profit before taxation	1,932.1	1,367.8	689.2
Taxation	(310.4)	(284.8)	0.1
Profit for the year	1,621.7	1,083.0	689.3
Attributable to:			
Owners of Tian An	1,432.4	1,067.4	711.1
Minority interests	189.3	15.6	(21.8)
	1,621.7	1,083.0	689.3
Dividend	150.7	105.5	45.2
Dividend per share	HK10.0 cents	HK7.0 cents	HK3.0 cents
Earnings per share:			
Basic	HK95.1 cents	HK70.8 cents	HK47.0 cents
Diluted	N/A	HK70.8 cents	HK47.0 cents

There were neither extraordinary nor exceptional items during each of the three years ended 31st December, 2010

The reports of the auditor of Tian An, Deloitte Touche Tohmatsu, for the three years ended 31st December, 2010 do not contain any qualifications.

b. Set out below is a summary of the unaudited financial results of the Tian An Group for each of the six month ended 30th June, 2009, 2010 and 2011 respectively extracted from Tian An's respective interim reports and restated as appropriate.

	Six months ended 30th June,		
	2011	**2010**	**2009**
	HK$ Million	*HK$ Million*	*HK$ Million*
Revenue	812.7	735.5	240.6
Profit before taxation	738.9	948.6	429.0
Taxation	(168.7)	(229.1)	(47.0)
Profit for the period	570.2	719.5	382.0
Attributable to:			
Owners of Tian An	564.6	541.1	365.5
Minority interests	5.6	178.4	16.5
	570.2	719.5	382.0
Dividend per share	—	—	—
Earnings per share:			
Basic	HK37.5 cents	HK35.9 cents	HK24.3 cents
Diluted	N/A	HK35.9 cents	HK24.3 cents

There were neither extraordinary nor exceptional items during each of the six months ended 30th June, 2009, 2010 and 2011.

2. FINANCIAL INFORMATION OF TIAN AN FOR THE YEAR ENDED 31ST DECEMBER, 2010

Set out below is the full text of the audited consolidated financial statements of Tian An for the year ended 31st December, 2010 extracted from the annual report of Tian An for the year ended 31st December, 2010.

Consolidated Income Statement
For the year ended 31st December, 2010

	Notes	**2010** *HK$'000*	**2009** *HK$'000*
Revenue	6	1,411,986	1,083,528
Cost of sales		(787,113)	(594,064)
Gross profit		624,873	489,464
Other income and gains	7	99,548	118,260
Marketing and distribution expenses		(36,099)	(17,930)
Administrative expenses		(237,764)	(174,572)
Other operating expenses		(92,337)	(73,874)
Net (decrease) increase in fair value of held-for-trading investments		(7,915)	9,218
Change in fair value of derivative financial instrument		—	9,066
Fair value gain on transfer of inventories of completed properties to investment properties	20	7,211	8,710
Increase in fair value of investment properties	20	386,824	575,765
Write-down of inventories of completed properties		(30,517)	(16,809)
Reversal of allowance for bad and doubtful debts		2,610	2,264
Amortisation of properties for development		(53,991)	(58,957)
Gain on disposal of subsidiaries	8	613,665	57,024
Gain on disposal of an associate	9	12,297	—
Gain on disposal of interest in a property development project	37(f)	—	77,727
Gain on site relocation compensation	10	513,851	—
Discount on acquisition of subsidiaries	11	—	156,451
Finance costs	12	(136,377)	(84,837)
Share of profit (loss) of associates		1,728	(8,025)
Share of profit of jointly controlled entities		264,537	298,885
Profit before tax		1,932,144	1,367,830
Taxation	13	(310,423)	(284,837)
Profit for the year	14	1,621,721	1,082,993

	Notes	2010 *HK$'000*	2009 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		1,432,455	1,067,379
Non-controlling interests		189,266	15,614
		1,621,721	1,082,993
		HK cents	*HK cents*
Earnings per share	18		
Basic		95.07	70.84
Diluted		N/A	70.84

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	1,621,721	1,082,993
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations	355,560	549
Share of other comprehensive income of jointly controlled entities	41,641	68
(Decrease) increase in fair value of available-for-sale investments	(3,251)	12,102
Reserves released upon disposal of properties	139	531
Exchange reserve realised on disposal of a subsidiary	—	1,500
Other comprehensive income for the year	394,089	14,750
Total comprehensive income for the year	2,015,810	1,097,743
Total comprehensive income attributable to:		
Owners of the Company	1,813,747	1,082,250
Non-controlling interests	202,063	15,493
	2,015,810	1,097,743

Consolidated Statement of Financial Position

At 31st December, 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	19	639,205	478,712
Deposits for acquisition of property, plant and equipment		41	14,684
Investment properties	20	6,651,340	6,004,810
Properties for development	21	3,586,628	3,201,835
Deposits for acquisition of properties for development		1,426,113	1,356,867
Prepaid lease payments on land use rights	22	90,753	90,928
Interests in associates	24	7,408	241,193
Interests in jointly controlled entities	25	776,838	741,289
Loans receivable	33	47,059	—
Available-for-sale investments	26	112,340	94,704
Goodwill	27	640	640
Deferred tax assets	45	37,559	18,384
		13,375,924	12,244,046
Current assets			
Inventories of properties	28		
— under development		1,169,064	1,050,950
— completed		601,011	727,909
Other inventories	29	43,994	20,667
Amounts due from associates	30	3,244	—
Amounts due from jointly controlled entities	31	101,503	229,479
Amount due from a non-controlling shareholder	32	12,166	—
Loans receivable	33	160,505	353,311
Trade and other receivables, deposits and prepayments	34	1,080,966	456,418
Prepaid lease payments on land use rights	22	1,824	1,793
Financial assets designated as at fair value through profit or loss	35	35,608	—
Held-for-trading investments	36	24,131	31,879
Prepaid tax		15,810	12,101
Pledged bank deposits	52	288,183	543,518
Bank balances and cash		2,923,509	2,507,579
		6,461,518	5,935,604
Assets classified as held for sale	37	736,113	805,383
		7,197,631	6,740,987

	Notes	2010 HK$'000	2009 HK$'000
Current liabilities			
Trade and other payables	38	1,262,893	1,872,490
Pre-sale deposits		482,199	211,448
Tax liabilities		578,552	490,516
Dividends payable to non-controlling shareholders		—	193
Interest-bearing borrowings	41	1,139,844	1,176,588
Interest-free borrowings	42	26,652	29,211
		3,490,140	3,780,446
Liabilities associated with assets classified as held for sale	37	392,602	181,784
		3,882,742	3,962,230
Net current assets		3,314,889	2,778,757
Total assets less current liabilities		16,690,813	15,022,803
Capital and reserves			
Share capital	39	301,354	301,354
Reserves	40	12,291,235	10,582,962
Equity attributable to owners of the Company		12,592,589	10,884,316
Non-controlling interests		773,574	501,201
Total equity		13,366,163	11,385,517
Non-current liabilities			
Interest-bearing borrowings	41	1,761,137	2,148,502
Interest-free borrowings	42	—	475
Deferred rental income from a tenant	43	93,074	98,074
Rental deposits from tenants		18,065	17,962
Deferred tax liabilities	45	1,452,374	1,372,273
		3,324,650	3,637,286
		16,690,813	15,022,803

Company Statement of Financial Position

At 31st December, 2010

	Notes	**2010** *HK$'000*	**2009** *HK$'000*
Non-current assets			
Property, plant and equipment	19	16,440	6,374
Interests in subsidiaries	23	2,888,785	2,802,765
Interests in jointly controlled entities	25	10,393	10,339
		2,915,618	2,819,478
Current assets			
Other receivables, deposits and prepayments		683	7,946
Amounts due from subsidiaries		7,410,436	7,554,347
Amounts due from jointly controlled entities		1,553	1,553
Bank balances and cash		16,537	2,400
		7,429,209	7,566,246
Current liabilities			
Other payables		10,722	8,499
Tax liabilities		28,132	30,787
Interest-free borrowings	42	55,184	36,929
		94,038	76,215
Net current assets		7,335,171	7,490,031
Total assets less current liabilities		10,250,789	10,309,509
Capital and reserves			
Share capital	39	301,354	301,354
Reserves	40	9,949,435	10,008,155
		10,250,789	10,309,509

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2010

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium reserve *HK$'000*	Special capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange translation reserve *HK$'000*	Revaluation reserves *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1st January, 2009	301,350	3,352,603	1,417,669	134,679	916,162	14,350	(61,885)	3,772,159	9,847,087	291,234	10,138,321
Exchange differences arising on translation	—	—	—	—	670	—	—	—	670	(121)	549
Share of other comprehensive income of jointly controlled entities	—	—	—	—	68	—	—	—	68	—	68
Increase in fair value of available-for-sale investments	—	—	—	—	—	12,102	—	—	12,102	—	12,102
Reserves released upon disposal of properties	—	—	—	—	—	—	531	—	531	—	531
Realised on disposal of a subsidiary *(note 8)*	—	—	—	—	1,500	—	—	—	1,500	—	1,500
Profit for the year	—	—	—	—	—	—	—	1,067,379	1,067,379	15,614	1,082,993
Total comprehensive income for the year	—	—	—	—	2,238	12,102	531	1,067,379	1,082,250	15,493	1,097,743
Issue of shares on exercise of warrants	4	178	—	—	—	—	—	—	182	—	182
Realised on disposal of subsidiaries *(note 8)*	—	—	—	—	(24,971)	—	—	24,971	—	15,215	15,215
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary *(Note)*	—	—	—	—	—	—	—	—	—	(4,988)	(4,988)
Increase in non-controlling interests as a result of acquisition of a subsidiary *(note 11)*	—	—	—	—	—	—	—	—	—	198,077	198,077
Realised on disposal of interest in a property development project	—	—	—	—	(18,539)	—	—	18,539	—	—	—
Dividend recognised as distribution	—	—	—	—	—	—	—	(45,203)	(45,203)	—	(45,203)
Dividend distributed to non-controlling interests	—	—	—	—	—	—	—	—	—	(13,830)	(13,830)
At 31st December, 2009	301,354	3,352,781	1,417,669	134,679	874,890	26,452	(61,354)	4,837,845	10,884,316	501,201	11,385,517

	Attributable to owners of the Company										
	Share capital	Share premium reserve	Special capital reserve	Capital redemption reserve	Exchange translation reserve	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2010	301,354	3,352,781	1,417,669	134,679	874,890	26,452	(61,354)	4,837,845	10,884,316	501,201	11,385,517
Exchange differences arising on translation	—	—	—	—	342,763	—	—	—	342,763	12,797	355,560
Share of other comprehensive income of jointly controlled entities	—	—	—	—	41,641	—	—	—	41,641	—	41,641
Decrease in fair value of available-for-sale investments	—	—	—	—	—	(3,251)	—	—	(3,251)	—	(3,251)
Reserves released upon disposal of properties	—	—	—	—	—	—	139	—	139	—	139
Profit for the year	—	—	—	—	—	—	—	1,432,455	1,432,455	189,266	1,621,721
Total comprehensive income for the year	—	—	—	—	384,404	(3,251)	139	1,432,455	1,813,747	202,063	2,015,810
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	96,872	96,872
Realised on disposal of subsidiaries *(note 8)*	—	—	—	—	(1,525)	—	—	1,525	—	—	—
Realised on disposal of an associate *(note 9)*	—	—	—	—	(8,008)	—	—	8,008	—	—	—
Realised on disposal of jointly controlled entities	—	—	—	—	(11,619)	—	—	11,619	—	—	—
Dividend recognised as distribution	—	—	—	—	—	—	—	(105,474)	(105,474)	—	(105,474)
Dividend distributed to non-controlling interests	—	—	—	—	—	—	—	—	—	(26,562)	(26,562)
At 31st December, 2010	301,354	3,352,781	1,417,669	134,679	1,238,142	23,201	(61,215)	6,185,978	12,592,589	773,574	13,366,163

Note: During the year ended 31st December, 2009, the Group acquired an additional 15% interest in a subsidiary for a cash consideration of HK$17,250,000. The subsidiary is established in the PRC and engaged in property development. The premium of the acquisition is absorbed in the property for development and property under development.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2010

	Notes	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		1,932,144	1,367,830
Adjustments for:			
Other income and gains			
— Dividend income		(3,829)	(2,723)
— Interest income on bank deposits, receivables and loan receivables		(43,076)	(58,242)
— Interest income from jointly controlled entities		(7,641)	(27,135)
— Imputed interest income on non-current interest-free receivables		(2,395)	(1,204)
Decrease (increase) in fair value of held-for-trading investments		7,915	(9,218)
Gain on disposal of held-for-trading investments		(83)	—
Fair value gain on financial assets designated as at fair value through profit or loss		(5,538)	—
Fair value gain on transfer of inventories of completed properties to investment properties		(7,211)	(8,710)
Increase in fair value of investment properties		(386,824)	(575,765)
Write-down of inventories of completed properties		30,517	16,809
Reversal of allowance for bad and doubtful debts		(2,610)	(2,264)
Gain on disposal of subsidiaries and interest in a property development project		(613,665)	(134,751)
Gain on disposal of an associate		(12,297)	—
Gain on site relocation compensation		(513,851)	—
Discount on acquisition of subsidiaries		—	(156,451)
Share of (profit) loss of associates		(1,728)	8,025
Share of profit of jointly controlled entities		(264,537)	(298,885)
Finance costs		136,377	84,837
Depreciation and amortisation		89,730	81,415
Change in fair value of derivative financial instrument		—	(9,066)
Loss on disposal and write-off of property, plant and equipment		9,533	518
Reversal of impairment loss of an associate		(370)	—
Operating cash inflows before movements in working capital		340,561	275,020
Increase in inventories of properties		(220,394)	(388,765)
Increase in properties for development and deposits for acquisition of properties for development		(449,357)	(391,482)
Purchase of properties under development through purchase of additional interests in subsidiaries		—	(17,250)
(Increase) decrease in other inventories		(23,465)	11,831
Increase in trade and other receivables, deposits and prepayments		(562,111)	(64,216)
(Decrease) increase in trade and other payables		(62,746)	305,279
Increase in pre-sale deposits		270,424	132,811
Decrease in deferred rental income from a tenant		(5,000)	(8,173)
Increase in rental deposits from tenants		103	7,518

	Notes	2010 HK$'000	2009 HK$'000
Cash used in operations		(711,985)	(137,427)
PRC income tax and Land Appreciation Tax ("LAT") paid		(206,138)	(93,124)
PRC income tax refunded		916	2,652
NET CASH USED IN OPERATING ACTIVITIES		(917,207)	(227,899)
INVESTING ACTIVITIES			
Interest received		48,046	116,021
Dividends received from:			
— associates		27,500	6,938
— jointly controlled entities		78,906	172,159
— available-for-sale investments		3,829	2,597
Purchase of property, plant and equipment		(138,739)	(116,271)
Proceeds on disposal of property, plant and equipment		1,901	324
Purchase of investment properties		(62,714)	(1,055,734)
Proceeds from disposal of investment properties		17,798	35,765
Acquisition of subsidiaries	11	—	(128,056)
Capital contribution to jointly controlled entities		(88,235)	(113,610)
Proceeds from disposal of subsidiaries	8	1,035,778	388,816
Proceeds from disposal of an associate	9	271,003	—
Proceed from disposal of interest in a property development project		—	173,213
Purchase of held-for-trading investment		—	(22)
Purchase of available-for-sale investments		(19,936)	(65,019)
Purchase of financial assets designated as at fair value through profit or loss		(335,294)	—
Proceeds from disposal of held-for-trading investment		105	—
Proceeds from disposal of financial assets designated as at fair value through profit or loss		305,354	—
Proceeds from site relocation compensation, net of related expenses	37(d)	187,328	555,192
Repayment from (advances to) jointly controlled entities		141,079	(28,677)
Advances to associates		(51,715)	—
(Advances to) repayment from non-controlling shareholders		(12,166)	27,502
Loans repayment		288,582	165,067
Loans advanced		(142,835)	(352,728)
Decrease in pledged bank deposits		305,334	60,155
Increase in pledged bank deposits		(49,999)	(3,001)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		1,810,910	(159,369)

	Notes	2010 HK$'000	2009 HK$'000
FINANCING ACTIVITIES			
Interest paid		(156,924)	(116,777)
Dividend paid		(105,474)	(45,203)
Dividends paid to non-controlling shareholders		(26,762)	(21,021)
Proceeds from issue of shares		—	182
New bank and other loans raised		1,003,974	2,173,769
Repayment of bank and other loans		(1,355,583)	(680,289)
Capital contribution from non-controlling shareholders		96,872	—
Advances from (repayment to) non-controlling shareholders		629	(53,048)
Advances from associates		1,693	—
Repayment to jointly controlled entities		(5,248)	(256,498)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(546,823)	1,001,115
NET INCREASE IN CASH AND CASH EQUIVALENTS		346,880	613,847
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		2,510,926	1,896,531
Effect of foreign exchange rate changes		88,039	548
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		2,945,845	2,510,926
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		2,923,509	2,507,579
Bank balances and cash included in assets classified as held for sale		22,336	3,347
		2,945,845	2,510,926

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2010

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office which is also principal place of business of the Company is disclosed in the "Corporate Information" section to the annual report.

The principal activities of the Group are property development and investment, manufacture, sale and trading of cement and clinker, golf course operation, property management and investment holding. The functional currency of the Company is Renminbi as the Group conducts most of its operations in the PRC. The consolidated financial statements are presented in Hong Kong dollars which is different from the functional currency of the Company, as the directors of the Company consider that Hong Kong dollars is the most appropriate presentation currency in view of its place of listing.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations ("HK(IFRIC) Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

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

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

The Group reassessed the repayment clauses of outstanding term loans as at 31st December, 2009 and 31st December, 2010. There is no material impact on the reported results or financial position of the Group as at 31st December, 2009. As at 31st December, 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$122,141,000 have been classified as current liabilities. The application of HK-Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 5 for details).

New and revised standards and interpretations issued but not effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.
2 Effective for annual periods beginning on or after 1st February, 2010.
3 Effective for annual periods beginning on or after 1st July, 2010.
4 Effective for annual periods beginning on or after 1st January, 2011.
5 Effective for annual periods beginning on or after 1st July, 2011.
6 Effective for annual periods beginning on or after 1st January, 2012.
7 Effective for annual periods beginning on or after 1st January, 2013.

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

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

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the financial year ending 31st December, 2013 and that the application of the new standard may have impact on amounts reported in respect of the Group's financial assets.

The Group is in the process of making an assessment on the potential impact of the other new and revised standards, amendments or interpretations. The Group is not yet in position to determine the impact of these new and revised standards or interpretations on the results of operations and financial position of the Group. These new and revised standards or interpretations may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the 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 the 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 others used by other members of the Group.

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1st January, 2010

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

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

Changes in the Group's ownership interests in existing subsidiaries prior to 1st January, 2010

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The difference between the consideration paid and the aggregate of goodwill and the fair value of the assets attributable to the additional interest acquired is recognised as a reserve movement. This difference represents the portion of the revaluation difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary.

Business combinations

Business combinations that took place on or after 1st January, 2010

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "*Income Taxes*" and HKAS 19 "*Employee Benefits*" respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 "*Share-based Payment*" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*" are measured in accordance with that Standard.

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

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

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

Business combinations that took place prior to 1st January, 2010

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

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

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

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

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

Goodwill

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

For the purpose 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 combination.

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.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised but not yet impaired is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Interests in associates

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

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

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

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

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

From 1st January, 2010 onwards, upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

Joint ventures

Jointly controlled entities

Joint venture arrangements 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 statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (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 a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

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

From 1st January, 2010 onwards, upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over that jointly controlled entity.

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

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

Investment in a jointly controlled entity of the Company is stated at cost less any identified impairment loss. Results of the jointly controlled entity are dealt with in the financial statements to the extent of dividends received and receivable.

Other joint venture arrangements

Investments made by means of joint venture structures which do not result in the Group having joint control with the other venturers are accounted for as subsidiaries (where the Group has the power to govern the financial and operating policies of an enterprise), associates (where the Group is in a position to exercise significant influence) or other investments (where the Group exercises neither control nor significant influence).

Financial instruments

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

Financial assets

The Group's and the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, 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 a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes 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. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loans receivable, amounts due from associates, amounts due from jointly controlled entities, amounts due from non-controlling shareholders, pledged bank deposits and bank balances and cash) are carried 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 as available for sales or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in revaluation reserve is reclassified from equity to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, 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 the end of each reporting period subsequent to initial recognition.

Impairment of financial assets

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

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

For the other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

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

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

Financial assets that are individually significant are assessed for indicators of impairment individually. For certain types of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for indicators of impairment on a collective basis.

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

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit and loss and other financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities that include interest-bearing and interest-free borrowings, trade and other payables, dividend payable to non-controlling shareholders and membership debentures are subsequently measured at amortised cost, using the effective interest method.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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 the Company 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 and the Company measure the financial guarantee contracts 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 or the Company 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 other comprehensive income 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.

Inventories of properties

Inventory of completed properties held for sale and inventories of properties under development for sale are stated at the lower of cost and net realisable value. Cost comprises the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is determined by reference to management estimates based on prevailing market conditions. Inventories of properties are transferred to investment properties at fair value when there is a change in use, evidenced by commencement of an operating lease. The difference between the carrying amount and the fair value at the date of transfer is recognised directly in profit or loss.

Properties for development

Properties for development is stated at cost less accumulated amortisation and any identified impairment loss. Cost comprises the consideration for acquisition of land use rights and other costs directly attributable to bringing the leasehold land to the condition necessary for it to be capable of development of the properties. The consideration for acquisition of land use rights represent leasehold land held for future development. The costs that are directly attributable to bringing the leasehold land to the condition necessary for it to be capable of development of the properties are capitalised as costs of properties for development.

Amortisation of properties for development are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Land and buildings transferred from investment properties are stated at deemed cost equal to its fair value at the date of change in use. The transferred properties are depreciated over their unexpired lease term.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress 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:

Land and buildings on medium-term lease	Over the unexpired lease term
Golf course on medium-term lease	Over the unexpired lease term
Plant and machinery	4%–8%
Others	20%–30%

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 profit or loss in the period in which the item is derecognised.

Owner-occupied property is transferred to investment property at fair value when it is evidenced by end of owner-occupation. The difference between the carrying amount and its fair value at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or both.

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

Inventory of properties is transferred to investment property when it is evidenced by the commencement of an operating lease to another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

Impairment losses (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leases

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

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense 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 buildings

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

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

Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is computed on a weighted average cost method. Net realisable value represents the estimated selling price less all estimated cost of completion and costs to be incurred in marketing, selling and distribution.

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 added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Taxation

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

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

Deferred tax is recognised on temporary 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 difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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.

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 prior to meeting the above criteria for revenue recognition are carried in the consolidated statement of financial position under current liabilities.

Sales of other goods are recognised when goods are delivered and title has passed.

Income from golf course operation and hotel and property management is recognised when services are provided.

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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, except for exchange difference arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the Group presentation currency (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transaction are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve).

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

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

Goodwill and fair value adjustments arising on acquisitions of foreign operations prior to 1st January, 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group and the Company is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and borrower. If the financial positions of customers and borrowers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Valuation of inventories of properties

Inventories of properties are stated at the lower of the cost and net realisable value. The estimated net realisable value is estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are estimated based on best available information.

Estimate of fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and is satisfied that the assumptions used in valuation have reflected the current market conditions.

Estimated useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period.

Taxation

At 31st December, 2010, a deferred tax asset of HK$4,348,000 in relation to unused tax losses has been recognised as set out in note 45. No deferred tax asset has been recognised on the remaining tax losses of HK$358,628,000 and other deductible temporary differences of HK$524,230,000 as it is not probable that taxable profit will be available against which the tax losses and deductible temporary differences can be utilised. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC. The details of implementation have been announced by local tax bureaux in certain major cities, however, the Group has not finalised its LAT calculation and payments with local tax bureaux in those cities in PRC. Accordingly, significant judgments are required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates according to the understanding of the tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

Ownership of properties

At 31st December, 2010, certain land use rights certificates of a golf course and properties for development of totaling HK$1,372,752,000 (2009: HK$1,378,666,000) in the PRC have expired. In order to renew the land use rights certificates, permit of Land Usage for Construction must be granted by the local land bureau. The Group has submitted the necessary documents to the local land bureau and the renewal has not been granted yet. The final outcome of the renewal application depends on the local land policies. If the renewal was rejected, amendment to the development plan may be required. The management has exercised their judgement, taking into consideration legal opinion obtained, and is satisfied that the Group still have the beneficial ownership of the golf course and properties for development.

5. FINANCIAL INSTRUMENTS

5a. Categories of financial instruments

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Available-for-sale investments	112,340	94,704	—	—
Held-for-trading investments	24,131	31,879	—	—
Financial assets designated as at fair value through profit or loss	35,608	—	—	—
Loan and receivables (including bank balances and cash, and pledged bank deposits)	4,617,135	4,111,913	7,429,209	7,566,246
Financial liabilities				
Financial liabilities measured at amortised cost	4,190,526	5,227,459	65,906	45,428

5b. Financial risk management objective and policies

The Group's major financial instruments include available-for-sale investments, held-for-trading investments, amounts due from associates, amounts due from jointly controlled entities, amounts due from non-controlling shareholders, loans receivable, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, interest-bearing and interest-free borrowings, membership debentures, and dividend payable to non-controlling shareholders. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the financial risks of changes in interest rates and foreign currency exchange rates and change in other prices of equity and derivative financial instruments (see below).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(i) *Interest rate risk management*

The Group is exposed to fair value interest rate risk through the impact of rate changes on fixed-rate borrowings. The Group's cash flow interest rate risk relates primarily to variable-rate borrowings. The Group will continue to maintain a reasonable mix of floating rate and fixed rate borrowings and take actions to hedge against any foreseeable interest rate exposure, if necessary. The interest rates and terms of repayment of bank and other borrowings of the Group are disclosed in note 41.

Interest rate sensitivity

At the end of the respective reporting periods, if interest rates increased/decreased by 200 basis points and all other variables were held constant, the Group's profit would decrease/increase by approximately HK$15,795,000 and HK$7,814,000 for the years ended 31st December, 2010 and 31st December, 2009 respectively.

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

(ii) *Foreign currency risk management*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's operations are mainly in the PRC other than Hong Kong and certain bank loans of the Group are denominated in foreign currencies (see notes 41 and 42). The Group currently does not have a foreign currency hedging policy. However, the management monitors the related foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amount of monetary assets and monetary liabilities that are denominated in a currency other than Renminbi (''RMB'') at the end of the respective reporting periods are as follow:

	The Group		**The Company**	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
United States Dollars	366,149	322,508	407	351
Hong Kong Dollars	1,377,772	1,054,164	16,393	9,540
Liabilities				
United States Dollars	9,315	3,420	228	318
Hong Kong Dollars	550,633	1,123,981	2,298	5,477

Foreign currency sensitivity

The Group mainly exposes to the currency of United States ("United States Dollars") and the currency of Hong Kong ("Hong Kong Dollars").

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes interest-bearing and interest-free borrowings as well as bank balances and cash. A positive number indicates an increase in profit for the year where the RMB strengthens against the relevant currency. If there is 5% increase in RMB against the relevant foreign currencies, the increase (decrease) in the profit for the year is shown as below:

	The Group		**The Company**	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States Dollars				
Decrease in profit for the year	(17,842)	(15,954)	(9)	(2)
Hong Kong Dollars				
(Decrease) increase in profit for the year	(41,357)	3,491	(705)	(203)

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

(iii) *Other price risk*

The Group is exposed to equity security price risk arising from equity investments. The management will monitor the price movements and take appropriate actions when it is required.

Equity price sensitivity analysis

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

If equity prices were 10% higher/lower:

— revaluation reserve would increase/decrease by HK$11,234,000 (2009: increase/decrease by HK$9,470,000) for the Group as a result of the changes in fair value of available-for-sale shares.

— net profit would increase/decrease by HK$2,413,000 (2009: increase/decrease by HK$3,188,000) for the Group as a result of the changes in fair value of held-for-trading investments.

Credit risk

As at 31st December, 2010, the Company's and the Group's maximum exposure to credit risk which will cause a financial loss to the Company and the Group due to failure to discharge an obligation by the counterparties or financial guarantees provided by the Company and the Group is represented by the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 49. In order to minimise the credit risk, the monitoring procedures are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables, other receivables and loans receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. With respect to financial guarantees provided to banks to secure the banking facilities granted to subsidiaries by the Company, the directors consider the credit risk is limited because the subsidiaries have strong financial positions. The management considers the credit risk exposure to financial guarantee provided to banks to secure the banking facilities granted to property purchasers is also limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company and the Group have no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity tables

The following tables detail the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate	Repayable on demand or less than 1 month	1–3 months	3 months to 1 year	1–5 years	5+ years	Total undiscounted cash flows	Carrying amount at 31st December
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP								
2010								
Non-derivative financial liabilities								
Trade and other payables	—	1,262,893	—	—	—	—	1,262,893	1,262,893
Interest-bearing borrowings — fixed rate	5.93%	94,412	34,149	700,388	1,381,663	123,529	2,334,141	2,195,469
Interest-bearing borrowings — variable rate	3.18%	224,000	60,284	140,258	299,798	100,986	825,326	705,512
Interest-free borrowings	—	26,652	—	—	—	—	26,652	26,652
Financial guarantee contracts	—	209,924	—	—	—	—	209,924	—
		1,817,881	94,433	840,646	1,681,461	224,515	4,658,936	4,190,526
2009								
Non-derivative financial liabilities								
Trade and other payables	—	1,872,490	—	—	—	—	1,872,490	1,872,490
Dividend payable to non-controlling shareholders	—	193	—	—	—	—	193	193
Interest-bearing borrowings — fixed rate	5.24%	175,400	206,019	701,404	1,137,682	147,727	2,368,232	2,202,948
Interest-bearing borrowings — variable rate	2.85%	—	—	156,977	863,424	169,659	1,190,060	1,122,142
Interest-free borrowings	—	29,211	—	—	475	—	29,686	29,686
Financial guarantee contracts	—	153,863	—	—	—	—	153,863	—
		2,231,157	206,019	858,381	2,001,581	317,386	5,614,524	5,227,459

	Weighted average interest rate	Repayable on demand or less than 1 month	1–3 months	3 months to 1 year	1–5 years	5+ years	Total undiscounted cash flows	Carrying amount at 31st December
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE COMPANY								
2010								
Non-derivative financial liabilities								
Other payables	—	10,722	—	—	—	—	10,722	10,722
Interest-free borrowings	—	55,184	—	—	—	—	55,184	55,184
Financial guarantee contracts	—	1,649,540	—	—	—	—	1,649,540	—
		1,715,446	—	—	—	—	1,715,446	65,906
2009								
Non-derivative financial liabilities								
Other payables	—	8,499	—	—	—	—	8,499	8,499
Interest-free borrowings	—	36,929	—	—	—	—	36,929	36,929
Financial guarantee contracts	—	1,608,392	—	—	—	—	1,608,392	—
		1,653,820	—	—	—	—	1,653,820	45,428

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31st December, 2010 and 31st December, 2009, the aggregate undiscounted principal amounts of these bank loans amounted to HK$122,141,000 and HK$ nil respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid four years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$148,936,000.

The amounts included above for financial guarantee contracts are the maximum amounts to the Group or the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectation at the end of the reporting period, the Group or the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change, if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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 shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in notes 41 and 42, membership debentures disclosed in note 44 and equity attributable to owners of the Company, comprising share capital, reserves and retained earnings.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

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

Fair value of financial instruments

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

(a) 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 bid prices;

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

(c) The fair value of derivative financial instrument is determined based on the quoted price of warrants available from the relevant stock exchange.

Fair value measurements recognised in the consolidated statement of financial position

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

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Held-for-trading investments				
— Equity securities listed outside Hong Kong	16,201	—	—	16,201
— Unlisted debt securities	—	5,527	—	5,527
	16,201	5,527	—	21,728
Available-for-sale investments				
— Equity securities listed outside Hong Kong	17,481	—	—	17,481
— Unlisted equity fund	—	67,992	—	67,992
	17,481	67,992	—	85,473
Financial assets designated as at fair value through profit or loss				
— Structured deposit	—	35,608	—	35,608

	2009			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Held-for-trading investments				
— Equity securities listed outside Hong Kong	24,098	—	—	24,098
— Unlisted debt securities	—	5,378	—	5,378
	24,098	5,378	—	29,476
Available-for-sale investments				
— Equity securities listed outside Hong Kong	26,825	—	—	26,825
— Unlisted equity fund	—	60,942	—	60,942
	26,825	60,942	—	87,767

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

For unlisted debt securities and unlisted equity fund classified as level 2, the fair values are provided by the relevant investment manager. The unlisted equity fund is measured at fair value at the end of the reporting period. Based on the relevant agreements, the Group can require the relevant investment manager to redeem the units at the net asset value per unit by giving a written redemption notice not less than 90 business days and the fair value of the unlisted equity fund is provided by the relevant investment manager.

Of the total gains or losses for the year included in profit or loss, HK$7,915,000 related to held-for-trading investments at the end of the reporting period.

Included in other comprehensive income is an amount of HK$3,251,000 related to available-for-sale investments held at the end of the reporting period and is reported as changes of "revaluation reserves". (see note 40)

6. SEGMENTAL INFORMATION

The Group's revenue for the year was derived mainly from activities carried out and located in the People's Republic of China ("PRC") other than Hong Kong. The Group's basis of organisation is determined based on four main operations: property development, property investment, manufacture, sale and trading of cement, clinker and construction materials and other operations, that includes hotel and property management and golf course operation. Similarly, the Group's operating segments, reported to the Board of the Company for the purposes of resource allocation and performance assessment, also focused on the four main operations.

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

	2010 *HK$'000*	**2009** *HK$'000*
Sale of completed properties	518,372	627,576
Rental income	346,747	216,788
Sale of cement, clinker and construction materials	452,617	149,894
Income from golf course operation	25,574	25,115
Income from hotel and property management	68,676	64,155
	1,411,986	1,083,528

The Group's revenue and assets for the year was derived mainly from activities carried out and located in the PRC other than Hong Kong. An analysis of the Group's revenue and segment results by reportable segment is as follows:

	Property development *HK$'000*	**Property investment** *HK$'000*	**Manufacture and sale of cement, clinker and construction materials** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
Consolidated income statement for the year ended 31st December, 2010					
Segment revenue					
External sales	518,372	346,747	452,617	94,250	1,411,986
Results					
Segment profit (loss)	650,847	642,281	531,801	(25,915)	1,799,014
Other income and gains					99,548
Unallocated corporate expenses					(96,306)
Finance costs					(136,377)
Share of profit (loss) of associates	(838)	2,566	—	—	1,728
Share of profit of jointly controlled entities	150,539	113,882	—	116	264,537
Profit before tax					1,932,144
Taxation					(310,423)
Profit for the year					1,621,721

	Property development HK$'000	Property investment HK$'000	Manufacture and sale of cement, clinker and construction materials HK$'000	Other operations HK$'000	Consolidated HK$'000
Consolidated statement of financial position as at 31st December, 2010					
Assets					
Segment assets	7,736,045	6,856,813	632,462	386,270	15,611,590
Interests in associates	10,595	—	—	57	10,652
Interests in jointly controlled entities	439,817	428,628	—	9,896	878,341
Unallocated corporate assets					4,072,972
Consolidated total assets					20,573,555
Liabilities					
Segment liabilities	1,415,808	190,497	15,594	281,258	1,903,157
Unallocated corporate liabilities					5,304,235
Consolidated total liabilities					7,207,392
Other information for the year ended 31st December, 2010					
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets	459,401	67,117	125,754	13,182	665,454
Depreciation and amortisation	64,603	4,647	12,445	8,035	89,730
Loss (gain) on disposal and write off of property, plant and equipment	3,348	401	6,302	(518)	9,533
Fair value gain on transfer of inventories of completed properties to investment properties	—	7,211	—	—	7,211
Increase in fair value of investment properties	—	386,824	—	—	386,824
Write-down inventories of completed properties	30,517	—	—	—	30,517
Reversal of (allowance for) bad and doubtful debts	4,898	541	162	(2,991)	2,610
Decrease in fair value of held-for-trading investments	—	—	—	7,915	7,915
Gain on disposal of subsidiaries	536,469	77,196	—	—	613,665
Gain on disposal of an associate	—	12,297	—	—	12,297
Gain on site relocation compensation	—	—	513,851	—	513,851

	Property development HK$'000	Property investment HK$'000	Manufacture and sale of cement, clinker and construction materials HK$'000	Other operations HK$'000	Consolidated HK$'000
Consolidated income statement for the year ended 31st December, 2009					
Segment revenue					
External sales	627,576	216,788	149,894	89,270	1,083,528
Results					
Segment profit (loss)	276,004	705,738	162,543	(63,175)	1,081,110
Other income and gains					118,260
Unallocated corporate expenses					(46,629)
Change in fair value of derivative financial instrument					9,066
Finance costs					(84,837)
Share of profit (loss) of associates	506	(9,073)	—	542	(8,025)
Share of profit of jointly controlled entities	233,165	63,443	—	2,277	298,885
Profit before tax					1,367,830
Taxation					(284,837)
Profit for the year					1,082,993
Consolidated statement of financial position as at 31st December, 2009					
Assets					
Segment assets	6,823,683	6,083,267	778,053	350,796	14,035,799
Interests in associates	9,705	231,432	—	56	241,193
Interests in jointly controlled entities	417,459	540,621	—	12,688	970,768
Unallocated corporate assets					3,737,273
Consolidated total assets					18,985,033
Liabilities					
Segment liabilities	1,527,504	187,220	5,246	203,635	1,923,605
Unallocated corporate liabilities					5,675,911
Consolidated total liabilities					7,599,516

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income and gains, finance costs, share of profit (loss) of associates and jointly controlled entities and unallocated corporate expenses. This is the measure reported to the management for the purposes of resource allocation and performance assessment.

	Property development	Property investment	Manufacture and sale of cement, clinker and construction materials	Other operations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other information for the year ended 31st December, 2009					
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets	505,656	1,060,746	117,580	3,557	1,687,539
Depreciation and amortisation	62,810	3,693	7,522	7,390	81,415
Loss (gain) on disposal and write off of property, plant and equipment	477	(3)	—	44	518
Fair value gain on transfer of inventories of completed properties to investment properties	—	8,710	—	—	8,710
Increase in fair value of investment properties	—	575,765	—	—	575,765
Write-down inventories of completed properties	16,809	—	—	—	16,809
Reversal of (allowance for) bad and doubtful debts	4,968	—	1,033	(3,737)	2,264
Increase in fair value of held-for-trading investments	—	—	—	9,218	9,218
Discount on acquisition of subsidiaries	—	—	156,451	—	156,451
Gain on disposal of subsidiaries	49,091	—	—	7,933	57,024
Gain on disposal of interest in a property development project	77,727	—	—	—	77,727

Geographical information

The Group's operations are located in the PRC. All of the Group's revenue from external customers is determined based on the location at which the services were provided or the goods were delivered. The Group's non-current assets are located in the PRC.

Information about major customers

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue for the year.

7. OTHER INCOME AND GAINS

	2010	2009
	HK$'000	*HK$'000*
Dividend income		
— unlisted shares	3,657	2,424
— listed shares	172	299
Interest income on bank deposits and receivables	38,419	31,172
Interest income from jointly controlled entities	7,641	27,135
Interest income from loans receivable	4,657	27,070
Imputed interest income on non-current interest-free receivables	628	1,204
Fair value gain on financial assets designated as at fair value through profit or loss	5,538	—
Subsidy income	18,383	—
Other income	20,453	28,956
	99,548	118,260

8. GAIN ON DISPOSAL OF SUBSIDIARIES

During the year ended 31st December, 2010, the Group disposed of its entire interests in, and shareholder's loans to, two subsidiaries to independent third parties. One of the subsidiaries is established in the British Virgin Islands and its jointly controlled entity is engaged in property development. The other subsidiary is established in the British Virgin Islands and its jointly controlled entity is engaged in property investment.

During the year ended 31st December, 2009, the Group disposed of its entire interests in and shareholder's loan to certain subsidiaries which are established in the PRC. A subsidiary was disposed of to a jointly controlled entity as disclosed in note 51(h). The subsidiaries are engaged in property development. Details of these disposals are as follows:

The net assets of the subsidiaries at the date of disposal were as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	—	605
Property for development	—	144,768
Interest in an associate	—	446
Interest in jointly controlled entities	350,389	12,657
Property under development	—	83,752
Amount due from a jointly controlled entity	15,623	205,756
Other receivables, deposits and prepayments	—	4,147
Bank balances and cash	—	52,571
Trade and other payables	—	(12,296)
Interest-bearing borrowings	—	(85,228)
Interest-free borrowings	—	(35,553)
Deferred tax liabilities	—	(3,977)
	366,012	367,648
Exchange translation reserve reclassified to profit or loss	—	1,500
Non-controlling interests	—	15,215
	366,012	384,363
Gain on disposal	613,665	57,024
Net proceeds on disposals, comprising	979,677	441,387
— Cash consideration	1,035,778	441,387
— Transaction costs payable	(56,101)	—
	979,677	441,387
Exchange translation reserve transferred to retained earnings *(Note)*	10,947	24,971
Net cash inflow arising on disposal:		
Cash consideration	1,035,778	441,387
Bank balances and cash disposed of	—	(52,571)
	1,035,778	388,816

Note: Since the functional currencies of the disposed subsidiaries and the Company are the same, exchange differences accumulated in exchange translation reserve relating to the disposed subsidiaries are reclassified from exchange translation reserve to retained earnings at the time of disposal.

9. GAIN ON DISPOSAL OF AN ASSOCIATE

During the year ended 31st December, 2010, the Group disposed of all of its 31.25% interest in and shareholder's loan to an associate that holds 80% equity in a subsidiary for a cash consideration of HK$271,003,000, resulting in a gain on disposal of HK$12,297,000. The associates are engaged in property investment (note 54).

10. GAIN ON SITE RELOCATION COMPENSATION

On 27th November, 2009, the Group entered into a site relocation compensation agreement with Shanghai Municipal Government for land resumption in respect of land use right which was held by a non-wholly owned subsidiary. This was disclosed as assets and liabilities classified as held for sale as at 31st December, 2009 as set out in note 37(d). During the year ended 31st December, 2010, the Group had completed the required relocation. The compensation resulted in a gain of HK$513,851,000 to the Group. Profit after tax attributable to the owners of the Company in respect of site relocation amounted to HK$192,617,000 for the year ended 31st December, 2010.

11. DISCOUNT ON ACQUISITION OF SUBSIDIARIES

On 21st May, 2009, the Group acquired, from Shanghai Allied Cement Limited ("SAC"), the entire issued share capital of Shanghai Allied Cement Holdings Limited ("SACHL") including assignment of shareholders' loans for a total consideration of HK$200,000,000, which held the entire registered capital of two subsidiaries and a non-wholly owned subsidiary. A director of the Company is also a director of SAC. The principal businesses of SACHL and its subsidiaries are the manufacture and sale of cement and clinker. The amount of discount on acquisition arising as a result of the acquisition was HK$156,451,000. Subsequent to the acquisition, one of the subsidiaries of SACHL has entered into a site demolition compensation agreement. Details of the site demolition compensation are disclosed in note 37(d).

The net assets acquired in the transaction are as follows:

	Acquiree's carrying amount before combination *HK$'000*	**Fair value adjustments** *HK$'000*	**Fair value** *HK$'000*
Net assets acquired:			
Property, plant and equipment	461,571	(32,802)	428,769
Prepaid lease payments on land use rights	16,637	88,949	105,586
Inventories of completed properties	1,333	2,817	4,150
Other inventories	50,728	79	50,807
Trade and other receivables, deposits and prepayments	236,258	—	236,258
Prepaid tax	159	—	159
Bank balances and cash	71,944	—	71,944
Trade and other payables	(106,623)	24	(106,599)
Bank borrowings	(171,795)	—	(171,795)
Interest-free borrowings	(3,750)	—	(3,750)
Amounts due to the Group	(18,817)	—	(18,817)
Deferred taxation	(27,423)	(14,761)	(42,184)
	510,222	44,306	554,528
Non-controlling interests			(198,077)
Discount on acquisition of subsidiaries			(156,451)
			200,000
Total consideration, satisfied by:			
Cash			200,000
Net cash outflow arising on acquisition:			
Cash consideration paid			(200,000)
Bank balances and cash acquired			71,944
			(128,056)

The fair value of the property, plant and equipment and prepaid lease payments on land use rights at the date of acquisition have been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited, a firm of independent and qualified professional valuers not connected with the Group. The valuation of property, plant and equipment was principally based on the depreciated replacement cost approach by considering the costs to reproduce or replace in new condition the assets appraised in accordance with the current market prices for similar assets, with allowance for accrued depreciation and also make reference to the market approach. The fair value of prepaid lease payments on land use rights was principally based on direct comparison approach by making reference to comparable transactions as available in the locality.

The management of the Group expects that property development in the PRC will continue to grow and the demand for construction materials will remain strong based on the long term growth prospects of the PRC economy. The management of the Group also believes that it is a good opportunity to acquire the cement business from SAC.

SACHL and its subsidiaries contributed HK$1,315,000 to the Group's profit for the period between the date of acquisition and the end of 2009.

If the acquisition had been completed on 1st January, 2009, total group revenue for the year of 2009 would have been HK$1,425,014,000, and profit for the year of 2009 would have been HK$994,608,000. The pro forma information is for illustration purposes only and is not necessarily an indication of revenue and results of 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.

12. FINANCE COSTS

	2010	**2009**
	HK$'000	*HK$'000*
Interest on:		
Bank loans	159,117	115,094
Other loans	700	894
Imputed interest expenses on non-current interest-free borrowings	2,094	4,853
	161,911	120,841
Less: amount capitalised on properties under development	(25,534)	(36,004)
	136,377	84,837

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.97% (2009: 4.41%) to expenditure on qualifying assets.

13. TAXATION

	2010	**2009**
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax and LAT		
— current year provision	263,878	159,621
— under provision in prior years	4,843	7,177
	268,721	166,798
Deferred tax *(note 45)*	41,702	118,039
	310,423	284,837

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profit for both years. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. In accordance with the tax legislations applicable to foreign investment enterprises, a subsidiary is entitled to exemptions from the PRC Enterprise Income Tax for the two years commencing from the first profit-making year of operation in 2007 and thereafter, entitled to a 50% relief from the PRC Enterprise Income Tax for the following three years. The subsidiary can continue to entitle such tax concession according to the Law of the PRC on Enterprise Income Tax promulgated on 16th March, 2007 and the charge of PRC Enterprise Income Tax for the year has been provided for after taking these tax incentive into account.

According to a joint circular of the Ministry of Finance and State Administration of Taxation — Cai Shui 2008 No. 1, dividend distributed out of the profits generated by its subsidiaries incorporated in the PRC to "non-residential" investors since 1st January, 2008 shall be subject to PRC Enterprise Income Tax and which held by the PRC entity pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment Enterprises and Foreign Enterprises. Deferred tax charge of HK$15,521,000 and HK$16,548,000 on the undistributed earnings has been recognised in the consolidated income statement for the year ended 31st December, 2010 and 31st December, 2009 respectively.

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

	2010	**2009**
	HK$'000	*HK$'000*
Profit before taxation	1,932,144	1,367,830
Tax at the domestic income tax rate of 25% (2009: 25%)	483,036	341,958
Tax effect of share of profit of associates and jointly controlled entities	(66,566)	(72,715)
Tax effect of expenses not deductible for tax purpose	25,701	19,656
Tax effect of income not taxable for tax purpose	(156,626)	(78,925)
Tax effect of tax losses and other deductible temporary differences not recognised	33,234	30,984
Tax effect of utilisation of taxes losses and other deductible temporary differences previously not recognised	(12,568)	(36,692)
Effect on tax exemption granted to a PRC subsidiary	(4,610)	—
Withholding tax on undistributed earnings	15,521	16,548
Effect on land appreciation tax	(10,799)	56,883
Under provision in prior years	4,843	7,177
Others	(743)	(37)
Tax charge for the year	310,423	284,837

The domestic tax rate (which is PRC Enterprise Income Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

14. PROFIT FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	34,780	22,305
Less: amount capitalised on properties under development	(1,580)	(1,892)
	33,200	20,413
Amortisation of:		
Properties for development	53,991	58,957
Prepaid lease payments on land use rights	2,539	2,045
Total depreciation and amortisation	89,730	81,415
Auditor's remuneration	3,977	3,644
Cost of inventories recognised as an expenses	604,818	436,510
Exchange loss included in other operating expenses *(Note a)*	28,287	—
Urban land use tax included in other operating expenses	26,035	21,224
Loss on disposal and write-off property, plant and equipment	9,533	518
Operating lease charges in respect of land and buildings	3,101	3,610
Staff costs (including directors' emoluments) *(Note b)*		
— Salaries and other costs	96,151	69,120
— Retirement benefits costs	10,894	8,024
Share of tax of associates (included in share of profit (loss) of associates)	1,819	(1,411)
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	325,499	290,288
Gross rental income from investment properties	(346,747)	(216,788)
Less: direct operating expenses from investment properties that generated rental income during the year	94,873	53,167
	(251,874)	(163,621)

Notes:

(a) Exchange loss mainly represented the net foreign exchange loss on translation of bank balances and pledged bank deposits denominated in Hong Kong dollars and United States dollars into the Group's functional currency Renminbi, which had appreciated against Hong Kong dollars and United States dollars during the year ended 31st December, 2010.

(b) The staff costs have excluded the apportionment of management fee as disclosed in note 15 and note 51(b) to the consolidated financial statements for certain directors as well as management personnel who are not directors or staff of the Company.

15. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the fourteen (2009: fifteen) directors were as follows:

			2010		
	Directors' fee	Salaries and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000*	*HK$'000*
Hu Aimin	7	1,417	—	—	1,424
Song Zengbin	10	2,000	1,000	—	3,010
Patrick Lee Seng Wei *(Note b)*	10	2,003	—	75	2,088
Ng Qing Hai	10	1,816	2,407	83	4,316
Ma Sun	10	2,774	—	243	3,027
Edwin Lo King Yau	10	745	900	34	1,689
Tao Tsan Sang	10	1,170	300	92	1,572
Lee Seng Hui	10	2,314	2,400	20	4,744
Moses Cheng Mo Chi	10	—	—	—	10
Francis J. Chang Chu Fai	10	70	—	—	80
Jin Hui Zhi	7	50	—	—	57
Ngai Wah Sang	10	90	—	—	100
Lisa Yang Lai Sum	10	70	—	—	80
Xu Su Jing	3	20	—	—	23
	127	14,539	7,007	547	22,220

			2009		
	Directors' fee	Salaries and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000*	*HK$'000*
Patrick Lee Seng Wei	10	1,015	—	26	1,051
Ng Qing Hai *(Note c)*	10	624	—	24	658
Ma Sun	10	2,774	—	243	3,027
Edwin Lo King Yau	10	711	405	32	1,158
Tao Tsan Sang *(Note d)*	2	182	—	13	197
Li Chi Kong	8	540	225	27	800
Yasushi Ichikawa	8	316	—	—	324
Lee Seng Hui	10	2,370	—	19	2,399
Song Zengbin	10	2,000	—	—	2,010
Moses Cheng Mo Chi	10	—	—	—	10
Kazunori Okimoto	3	—	—	—	3
Francis J. Chang Chu Fai	10	70	—	—	80
Ngai Wah Sang	10	90	—	—	100
Xu Su Jing	10	70	—	—	80
Lisa Yang Lai Sum	10	70	—	—	80
	131	10,832	630	384	11,977

Notes:

(a) The amounts represented the actual bonus of the preceding year paid to respective directors during the year. The bonus of the year 2010 has yet to be decided.

(b) On 28th January, 2011, an employment contract was entered into between the Company and Mr. Patrick Lee Seng Wei ("Mr. Lee"), the Managing Director of the Company, subsequent to his retirement as an executive director of Allied Properties (H.K.) Limited (a substantial shareholder of the Company) and devotion of his time on a full time basis on the Company with retrospective effect from 18th June, 2010, pursuant to which Mr. Lee is entitled to receive (i) a monthly salary of HK$173,000 (other than the Company's provision of accommodation to him in Shanghai); (ii) a discretionary bonus which is based on the performance of both Mr. Lee and the Company; and (iii) a thirteen-month salary payment that is made each December in respect of that year. The remuneration of Mr. Lee was determined with reference to the prevailing market conditions and based on the performance and contribution of Mr. Lee in the Company.

(c) On 16th September, 2009, an employment contract was entered into between Mr. Ng Qing Hai ("Mr. Ng") and the Company, pursuant to which (i) Mr. Ng was seconded to SACHL as chief executive subsequent to the Company's acquisition of SACHL on 16th September, 2009; and (ii) Mr. Ng is entitled to receive (a) a monthly salary of HK$138,736 (inclusive of all salaries and allowances to be received with the Group in Hong Kong and the PRC); (b) a discretionary bonus which is based on the performance of both Mr. Ng and the Company; and (c) a thirteen-month salary payment that is made each December in respect of that year. The remuneration of Mr. Ng was determined with reference to the prevailing market conditions and based on the performance and contribution of Mr. Ng in the Company.

(d) As Mr. Tao Tsan Sang's appointment takes effect in 2009, his emoluments shown above for the year 2009 is a lump sum portion and the emoluments prior to his director's appointment is HK$1,100,460.

Subsequent to the year end date, the service fee of each of the Independent Non-Executive Directors, namely Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum, was increased by 10% with effect from 1st January, 2011 as compared with 2010.

Certain directors of the Company received remuneration from a company, or a wholly owned subsidiary of such company which has significant beneficial interests in the Company. Such company provided management services to the Group and charged the Group a fee, which has been included in management fee as disclosed in note 51(b), for services provided by those directors as well as other management personnel who were not directors and staff of the Company.

The above-mentioned management fee is calculated by reference to the time devoted by the management personnel on the affairs of the Group and can be apportioned to the directors mentioned above. The total of such apportioned amounts, which has been included in the above table, is HK$5,686,000 (2009: HK$3,341,000).

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2009: four) were directors of the Company whose emoluments are included in note 15 above. The emoluments of the remaining one (2009: one) individuals were as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Salaries and other benefits	2,040	1,879
Performance related incentive payments	2,500	—
Retirement benefits scheme contributions	102	100
	4,642	1,979

Their emoluments were within the following bands:

	2010	**2009**
	Number of employees	*Number of employees*
HK$1,500,001 to HK$2,000,000	—	1
HK$4,500,001 to HK$5,000,000	1	—

The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective group companies and individual employees. During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group.

17. DIVIDEND

	2010	**2009**
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Final dividend paid of HK7 cents (2009: HK3 cents) per share	105,474	45,203
Final dividend proposed of HK10 cents (2009: HK7 cents) per share	150,677	105,474

The final dividend of HK10 cents (2009: HK7 cents) per share in respect of the financial year ended 31st December, 2010 has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	1,432,455	1,067,379

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,506,769	1,506,751

No diluted earnings per share has been presented for the year ended 31st December, 2010 as there were no outstanding potential ordinary shares during the year ended 31st December, 2010.

The computation of diluted earnings per share for the year ended 31st December, 2009 does not assume the exercise of the Company's outstanding warrants as the exercise price was higher than the average market price per share for the year ended 31st December, 2009. All the warrants were expired in 2009.

19. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings in the PRC on medium-term lease HK$'000	Golf course on medium-term lease HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP							
COST							
At 1st January, 2009	51,498	70,196	13,148	—	23,598	23,768	182,208
Additions	89,080	—	5,112	1,358	17,462	3,259	116,271
Acquired on acquisition of subsidiaries	178,558	—	9,388	235,928	1,001	3,894	428,769
Reclassified as assets held for sale	(87,902)	—	—	(116,655)	(2,619)	(656)	(207,832)
Disposals and write-off	—	(590)	—	—	(533)	(1,595)	(2,718)
Eliminated on disposal of subsidiaries	—	—	—	—	(1,061)	(615)	(1,676)
At 31st December, 2009	231,234	69,606	27,648	120,631	37,848	28,055	515,022
Exchange adjustments	9,189	7,891	641	4,304	1,877	1,168	25,070
Additions	25,651	—	97,217	1,684	14,410	14,420	153,382
Transfer from investment properties	33,132	—	—	—	—	—	33,132
Reclassification	—	—	(10,427)	924	9,503	—	—
Reclassified as assets held for sale	(954)	(4,911)	—	—	(2,314)	(247)	(8,426)
Disposals and write-off	(9,450)	—	—	—	(1,139)	(5,093)	(15,682)
At 31st December, 2010	288,802	72,586	115,079	127,543	60,185	38,303	702,498
DEPRECIATION							
At 1st January, 2009	750	3,279	—	—	10,996	13,204	28,229
Provided for the year	4,711	5,181	—	4,552	4,143	3,718	22,305
Reclassified as assets held for sale	(1,969)	(3,804)	—	(2,642)	(2,171)	(691)	(11,277)
Eliminated on disposals and write-off	—	(18)	—	—	(482)	(1,376)	(1,876)
Eliminated on disposal of subsidiaries	—	—	—	—	(721)	(350)	(1,071)
At 31st December, 2009	3,492	4,638	—	1,910	11,765	14,505	36,310
Exchange adjustments	380	718	—	84	619	582	2,383
Provided for the year	6,987	5,160	—	7,212	9,882	5,539	34,780
Reclassified as assets held for sale	(586)	(3,847)	—	—	(1,253)	(246)	(5,932)
Eliminated on disposals and write-off	(345)	—	—	—	(684)	(3,219)	(4,248)
At 31st December, 2010	9,928	6,669	—	9,206	20,329	17,161	63,293
CARRYING VALUES							
At 31st December, 2010	278,874	65,917	115,079	118,337	39,856	21,142	639,205
At 31st December, 2009	227,742	64,968	27,648	118,721	26,083	13,550	478,712

	Leasehold improvements, furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*
THE COMPANY			
COST			
At 1st January, 2009	19,673	5,679	25,352
Additions	1,096	1,195	2,291
Disposals and write-off	(103)	—	(103)
At 31st December, 2009	20,666	6,874	27,540
Exchange adjustments	729	243	972
Additions	8,617	2,619	11,236
Disposals and write-off	—	(1,011)	(1,011)
At 31st December, 2010	30,012	8,725	38,737
DEPRECIATION			
At 1st January, 2009	15,916	4,754	20,670
Provided for the year	201	398	599
Eliminated on disposals and write-off	(103)	—	(103)
At 31st December, 2009	16,014	5,152	21,166
Exchange adjustments	565	182	747
Provided for the year	219	1,021	1,240
Eliminated on disposals and write-off	—	(856)	(856)
At 31st December, 2010	16,798	5,499	22,297
CARRYING VALUES			
At 31st December, 2010	13,214	3,226	16,440
At 31st December, 2009	4,652	1,722	6,374

20. INVESTMENT PROPERTIES

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
FAIR VALUE		
At 1st January	6,004,810	4,352,200
Exchange adjustments	221,469	—
Additions	62,714	1,060,405
Transferred from inventories of completed properties	19,242	43,495
Transferred to property, plant and equipment	(33,132)	—
Disposals	(17,798)	(35,765)
Fair value gain on transfer of inventories of completed properties to investment properties	7,211	8,710
Net increase in fair value recognised in the income statement	386,824	575,765
At 31st December	6,651,340	6,004,810

The fair value of the Group's investment properties at the date of transfer, 31st December, 2010 and 31st December, 2009 have been arrived at on the basis of a valuation carried out on 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 each of the property interests by capitalisation of the hypothetical and reasonable market rents with a typical lease term and also make reference to the direct comparison approach. For the properties which were transferred from inventories of completed properties to investment properties, the valuation was based on direct comparison approach.

Investment properties are all located in the PRC and comprise properties held under:

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Long lease	3,193,600	2,701,600
Medium-term lease	3,457,740	3,303,210
	6,651,340	6,004,810

21. PROPERTIES FOR DEVELOPMENT

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Properties in the PRC, at cost		
Balance at 1st January	3,502,250	3,657,323
Exchange adjustments	62,280	—
Additions	410,993	374,617
Transferred to inventories of properties under development	(12,446)	(368,354)
Reclassified as assets held for sale	(20,564)	(11,500)
Elimination on disposal of subsidiaries	—	(149,836)
Balance at 31st December	3,942,513	3,502,250
Amortisation and Impairment		
Balance at 1st January	300,415	268,779
Exchange adjustments	4,876	—
Amortisation for the year	53,991	58,957
Transferred to inventories of properties under development	(51)	(19,121)
Reclassified as assets held for sale	(3,346)	(3,132)
Elimination on disposal of subsidiaries	—	(5,068)
Balance at 31st December	355,885	300,415
Carrying values	3,586,628	3,201,835

The Group's properties for development comprise:

Leasehold land in the PRC		
Long lease	2,911,513	2,732,756
Medium-term lease	675,115	469,079
	3,586,628	3,201,835

22. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
The Group's prepaid lease payments on land use rights comprise:		
Leasehold land in the PRC		
Long lease	49,613	50,197
Medium-term lease	42,964	42,524
	92,577	92,721
Analysed for reporting purposes as:		
Non-current asset	90,753	90,928
Current asset	1,824	1,793
	92,577	92,721

23. INTERESTS IN SUBSIDIARIES

	The Company	
	2010	**2009**
	HK$'000	*HK$'000*
Unlisted investments	3,002,753	2,900,387
Less: accumulated impairment	(113,968)	(97,622)
	2,888,785	2,802,765

Details of the principal subsidiaries at 31st December, 2010 are set out in note 53.

24. INTERESTS IN ASSOCIATES

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Cost of investment in unlisted associates *(Note a)*	7,203	25,394
Share of post-acquisition profits and losses and other comprehensive income, net of dividends received	205	213,177
Amounts due from associates *(Note b)*	—	2,622
	7,408	241,193

Details of the principal associates at 31st December, 2010 are set out in note 54.

Notes:

(a) Included in the cost of investment in associates is goodwill of HK$46,000 (2009: HK$674,000) arising on acquisitions of associates in prior years.

(b) The associates are not expected to repay the advances within twelve months from the end of the reporting period and the balances are classified as non-current. The amounts are unsecured and interest-free.

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

	2010	2009
	HK$'000	*HK$'000*
Total assets	46,781	1,071,190
Total liabilities	(8,974)	(159,582)
Non-controlling interests	—	(149,815)
Net assets	37,807	761,793
Group's share of net assets of associates	7,408	238,571
Revenue	89,304	102,079
Profit (loss) for the year	8,506	(28,921)
Group's share of profits (loss) and other comprehensive income of associates for the year	1,728	(8,025)

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Cost of investment in unlisted jointly controlled entities *(Note a)*	384,101	347,380
Share of post-acquisition profits and losses and other comprehensive income, net of dividends received	392,737	374,924
Amounts due from jointly controlled entities *(Note b)*	38,607	57,592
Less: allowance for doubtful debts	(38,607)	(38,607)
	776,838	741,289

	The Company	
	2010	2009
	HK$'000	*HK$'000*
Cost of investment in unlisted jointly controlled entities	10,393	10,339

Details of the principal jointly controlled entities at 31st December, 2010 are set out in note 55.

Notes:

(a) Included in the cost of investment of jointly controlled entities is goodwill of HK$409,000 (2009: HK$409,000) arising on acquisitions of jointly controlled entities in prior years.

(b) The jointly controlled entities are not expected to repay the advances within twelve months from the end of the reporting period and the balances are classified as non-current. The amounts are unsecured and interest-free.

The summarised financial information in respect of the Group's interests in jointly controlled entities is set out below:

	2010	2009
	HK$'000	*HK$'000*
Total assets	6,538,632	4,991,028
Total liabilities	(4,951,017)	(3,515,280)
Non-controlling interests	(34,205)	(24,953)
Net assets	1,553,410	1,450,795
Group's share of net assets of jointly controlled entities	776,838	722,304
Revenue	2,061,692	2,086,878
Profit for the year	633,196	605,046
Other comprehensive income	117,487	71,260
Group's share of profits and other comprehensive income of jointly controlled entities for the year	306,178	298,953

26. AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Equity securities listed outside Hong Kong	17,481	26,825
Unlisted equity securities	26,867	6,937
Unlisted equity fund	67,992	60,942
	112,340	94,704

Equity securities listed outside Hong Kong are stated at fair value which is determined based on the quoted market bid price available on the relevant exchanges.

Unlisted equity securities and unlisted equity fund represent investments in unlisted equity securities issued by the entities established in the PRC and unlisted equity fund established in Hong Kong. Unlisted equity securities are stated at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably. The unlisted equity fund is measured at fair value at the end of the reporting period. Based on the relevant agreements, the Group can require the relevant investment manager to redeem the units at net asset value by giving a written redemption notice not less than 90 business days. The fair value of the unlisted equity fund is provided by the relevant investment manager.

27. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL

For the purpose of impairment testing, goodwill has been allocated to an individual cash-generating unit ("CGU"), including a subsidiary in property development segment. The carrying amount of goodwill as at 31st December, 2010 allocated is as follows:

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Property development	640	640

During the year ended 31st December, 2010, management of the Group determines that there is no impairment of its CGU that contains goodwill.

28. INVENTORIES OF PROPERTIES

The Group's inventories of properties are situated in the PRC. All of the inventories of properties are stated at the lower of cost and net realisable value. Properties under development with carrying amount of HK$477,136,000 (2009: HK$175,885,000) are expected not to be realised within twelve months from the end of the reporting date.

29. OTHER INVENTORIES

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Raw materials	27,314	14,841
Work in progress	339	293
Finished goods	16,341	5,533
	43,994	20,667

30. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates are unsecured, interest-free and repayable on demand.

31. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

Amounts due from jointly controlled entities of HK$101,503,000 (2009: HK$92,467,000) are interest-free. At 31st December, 2009, the remaining of HK$137,012,000 is interest bearing at 6.37% to 7.99% per annum. The amounts are unsecured and expected to be repaid within twelve months from the end of the reporting date.

32. AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER

Amount due from a non-controlling shareholder is unsecured, interest-free and repayable on demand.

33. LOANS RECEIVABLE

At 31st December, 2010, loans receivable of HK$100,023,000 (2009: HK$353,311,000) bear interests ranging from 4.5% to 20% (2009: ranging from 4.5% to 24%) per annum, are secured by land and share mortgage and repayable between March to December 2011. Loans receivable of HK$107,541,000 (2009: nil) bear interests ranging from 3.5% to 4.25% per annum, are unsecured and repayable between March 2011 to November 2012.

34. TRADE AND OTHER RECEIVABLES

Rental receivables from tenants are payable upon presentation of invoice. The Group generally allows a credit period of 30 to 120 days to property purchasers and other customers. The following is an aged analysis of trade receivables at the end of the reporting period:

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Not yet due	35,648	19,556
Within 3 months	138,322	140,893
Between 4 and 6 months	28,107	44,475
Between 7 and 12 months	11,422	24,116
Over 12 months	22,546	15,836
	236,045	244,876

As at 31st December, 2010, other receivables include two deposits. One deposit of HK$390,000,000 was paid as auction tender deposit for acquiring a parcel of land at an open auction. The Group had not bidden the land during the auction and the deposit was refunded in February 2011. The other deposit of HK$290,041,000 was paid for acquisition of properties held for sales and the transaction is expected to be completed in 2011.

35. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT AND LOSS

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Structured deposit	35,608	—

During the year ended 31st December, 2010, the Group entered into principal protected-structured deposit that is denominated in RMB with the aggregate principal amount of RMB30,000,000 (equivalent to HK$35,294,000) with banks with maturity date in March 2011. Interest of the structured deposit vary depending on the exchange rate movement between the United States Dollars and the Euro. Hence the structured deposit contains embedded foreign exchange derivatives that are not closely related to the host contract. The entire structured deposit is designated as financial asset at fair value through profit or loss on initial recognition.

The fair value of structured deposit designated as financial asset carried at fair value through profit or loss at the end of the reporting period is assessed by the management of the Company by reference to the foreign exchange rate changes.

36. HELD-FOR-TRADING INVESTMENTS

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Equity securities listed outside Hong Kong	16,201	24,098
Unlisted equity securities	2,403	2,403
Unlisted debt securities	5,527	5,378
	24,131	31,879

Equity securities listed outside Hong Kong are stated at fair value which is determined based on the quoted market bid price available on the relevant exchanges.

Unlisted equity securities represent investments in unlisted equity securities issued by the entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably.

Unlisted debt securities represent investments in unlisted debt securities issued by bank in the PRC. The fair value is provided by the counterparty bank. The fair value was principally taken at the last bid or traded price as at the close of business at 31st December, 2010.

37. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) On 3rd December, 2007, the Group entered into a sale and purchase agreement with a related company, of which a director of the subsidiary to be disposed of is a beneficial owner. Pursuant to the sale and purchase agreement, the Group agreed to sell the subsidiary which is engaged in golf course operation and property development. On 30th January, 2008, the ordinary resolution for approving the sale and purchase agreement was duly passed by the shareholders of the Company at extraordinary general meeting. Pursuant to the sale and purchase agreement, the completion date of sale and purchase of the subsidiary shall not be later than 7th December, 2008. The related company requested to extend the completion date in order to obtain financing for the payment of the balance of the consideration of HK$560,000,000. As at 31st December, 2010 and 31st December, 2009, the Group was in the process of negotiating supplemental agreement to extend the payment due date for the balance payable as consideration and the completion date. The Group remains committed to its plan to sell the subsidiary.

(b) On 23rd January, 2009, the Group entered into a sale and purchase agreement with a third party. Pursuant to the sale and purchase agreement, the Group agreed to sell a subsidiary, which is engaged in property development for consideration of HK$11,635,000. The transaction has not been completed at the end of the reporting date.

(c) On 13th October, 2009, the Group entered into a settlement deed with a third party. Pursuant to the settlement deed, the Group agreed to surrender a put option and sell a subsidiary, which is engaged in property development through its jointly controlled entity. The completion date of the settlement deed shall be upon full payment of settlement amount and the fulfilment of the surrender conditions precedent. During the year ended 31st December, 2010, the settlement was completed and resulted in gain on disposal of HK$536,469,000. Such a gain was included in gain on disposal of subsidiaries as set out in note 8.

(d) On 27th November, 2009, the Group entered into a site demolition compensation agreement ("Compensation Agreement") with Shanghai Municipal Government. Pursuant to the Compensation Agreement, the total compensation to be payable to the Group by the Shanghai Municipal Government, as a result of the land resumption, shall be approximately HK$941,059,000. The relocation was completed and resulted in a gain on site relocation compensation of HK$513,851,000 upon completion of conditions set out in the Compensation Agreement as disclosed in note 10. Up to 31st December, 2010, the Group has received compensation of HK$882,235,000 (2009: HK$568,382,000) from Shanghai Municipal Government to the Group. The remaining balance of HK$58,824,000 is included in other receivables as at 31st December, 2010.

(e) On 15th July, 2010, the Group entered into a sale and purchase agreement with a related company, of which a director of the subsidiary to be disposed of is a beneficial owner. Pursuant to the sale and purchase agreement, the Group agreed to sell the subsidiary which is engaged in property development at the consideration of RMB235,000,000 (equivalent to approximately HK$276,471,000). The transaction has not been completed at the end of the reporting date.

(f) On 8th July, 2008, the Group entered into a sale and purchase agreement with a related company, of which a director of the subsidiary to be disposed of is a beneficial owner. Pursuant to the sale and purchase agreement, the Group agreed to sell a property interest of residential property development operations. On 5th September, 2008, the ordinary resolution for approving the sale and purchase agreement was duly passed by the shareholders of the Company at extraordinary general meeting. During the year ended 31st December, 2009, the disposal was completed and resulted in gain on disposal of HK$77,727,000.

The assets and liabilities attributable to the three (2009: four) subsidiaries have been classified assets and liabilities as disposal group held for sale as at 31st December, 2010 and 31st December, 2009 (see below). The operations are included in the Group's property development and other operations for segment reporting purposes (see note 6). The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale. The Group has already received HK$208,747,000 (2009: HK$315,246,000) as non-refundable deposits and included in trade and other payables.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Property, plant and equipment	128,831	329,846
Properties for development	204,717	187,502
Prepaid lease payments on land use rights	15,941	82,397
Interest in a jointly controlled entity	—	180,605
Inventories of properties under development	363,391	—
Other inventories	897	21,634
Bank balances and cash	22,336	3,347
Other assets	—	52
Assets classified as held for sale	736,113	805,383
Trade and other payables	87,147	31,626
Pre-sale deposits	21,239	21,566
Tax liabilities	102	102
Interest-bearing borrowings	176,258	17,967
Interest-free borrowings	6,564	6,456
Membership debentures *(note 44)*	43,576	40,268
Deferred tax liabilities	57,716	63,799
Liabilities associated with assets classified as held for sale	392,602	181,784

38. TRADE PAYABLES

The following is an aged analysis of trade payables by age, presented based on the invoice date, which are included in trade and other payables, at the end of the reporting period:

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Within 3 months	229,741	122,675
Between 4 and 6 months	7,649	4,185
Between 7 and 12 months	2,648	7,511
Over 12 months	233,399	249,897
	473,437	384,268

39. SHARE CAPITAL

	The Group and The Company	
	Number of ordinary shares	**Nominal value**
		HK$'000
Authorised:		
Ordinary shares of HK$0.20 each at 31st December, 2009 and 31st December, 2010	2,000,000,000	400,000
Issued and fully paid:		
At 1st January, 2009	1,506,751,315	301,350
Shares issued on exercise of warrants	18,176	4
At 31st December, 2009 and 31st December, 2010	1,506,769,491	301,354

Ordinary shares

During the year ended 31st December, 2009, 18,176 shares of HK$0.20 each were issued at HK$10 for cash as a result of the exercise of warrants by warrant holders. The new shares rank pari passu with other shares in issue in all respects.

Share Option Scheme of the Company

The Company's share option scheme ("Scheme") was adopted pursuant to a resolution passed by the Company's shareholders on 27th January, 1999 for the primary purpose of providing incentives to eligible employees (including executive directors), and expired on 26th January, 2009. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of grant excluding any shares issued pursuant to the Scheme. The number of shares in respect of which options may be granted to any eligible employee is not permitted to exceed 25% of the total number of shares of the Company issued and issuable under the Scheme.

A consideration of HK$10 is payable on the grant of an option. Options granted must be held for a minimum period of six months before they can be exercised. A maximum of 50% of the options may be exercised during the first to sixth month of the 2-year exercisable period (commencing on the expiry of six months after the date of grant) and the remaining 50% are exercisable during the thirteenth to twenty-fourth month of the 2-year period. If no option or less than 50% of the options are exercised during the first to sixth month, these unexercised options can be carried forward to the thirteenth to twenty-fourth month.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's share or 80% of the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of the grant.

No options were granted nor were exercised during the year ended 31st December, 2010 and 2009.

40. RESERVES

The Group

Other reserves comprise the fair value adjustment on properties arising from acquisition of additional interests in subsidiaries.

The remittance outside of the PRC of accumulated profits of the subsidiaries, associates and joint ventures established in the PRC is subject to approval of the local authorities and the availability of foreign currencies generated and retained by these companies.

Revaluation reserves of The Group

	Property revaluation reserve	Investment revaluation reserve	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st January, 2009	3,614	10,736	14,350
Increase in fair value of available-for-sale investments	—	12,102	12,102
At 31st December, 2009	3,614	22,838	26,452
Decrease in fair value of available-for-sale investments	—	(3,251)	(3,251)
At 31st December, 2010	3,614	19,587	23,201

The Company

	Share premium reserve	Special capital reserve	Capital redemption reserve	Exchange translation reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2009	3,352,603	1,417,669	134,679	558,239	4,712,762	10,175,952
Issue of shares on exercise of warrants	178	—	—	—	—	178
Loss attributable to owners	—	—	—	—	(122,772)	(122,772)
Dividend recognised as distribution	—	—	—	—	(45,203)	(45,203)
At 31st December, 2009	3,352,781	1,417,669	134,679	558,239	4,544,787	10,008,155
Exchange difference arising on translation	—	—	—	354,150	—	354,150
Loss attributable to owners	—	—	—	—	(307,396)	(307,396)
Dividend recognised as distribution	—	—	—	—	(105,474)	(105,474)
At 31st December, 2010	3,352,781	1,417,669	134,679	912,389	4,131,917	9,949,435

The Company's reserves available for distribution to shareholders as at 31st December, 2010 represent the retained earnings of HK$4,131,917,000 (2009: HK$4,544,787,000).

When sanctioning a reduction in nominal value of the Company's shares in 2004, the High Court of the Hong Kong Special Administrative Region stipulated that the credit arising on the reduction be transferred to a special capital reserve, and that reserve was not to be regarded as distributable until all of the liabilities of the Company as at the date of the order, 9th March, 2004, were settled. At 31st December, 2010, liabilities of the Company included HK$14,064,000 (2009: HK$14,064,000) in respect of liabilities in existence at 9th March, 2004.

41. INTEREST-BEARING BORROWING

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Bank loans	2,900,981	3,322,236
Other loans	—	2,854
	2,900,981	3,325,090
Secured	2,804,392	3,300,191
Unsecured	96,589	24,899
	2,900,981	3,325,090
Carrying amount repayable:		
Within one year	1,017,703	1,176,588
More than one year but not exceeding two years	883,533	1,015,616
More than two years but not exceeding five years	685,968	824,607
More than five years	191,636	308,279
	2,778,840	3,325,090
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	122,141	—
	2,900,981	3,325,090
Less: Amounts due within one year shown under current liabilities	(1,139,844)	(1,176,588)
Amount due after one year	1,761,137	2,148,502

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates (or repricing dates) are as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Fixed-rate borrowings:		
Within one year	735,816	938,233
In more than one year but not more than two years	809,629	446,273
In more than two years but not more than three years	468,847	617,306
In more than three years but not more than four years	28,235	26,136
In more than four years but not more than five years	29,412	27,273
In more than five years	123,530	147,727
	2,195,469	2,202,948

In addition, the Group has variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate. Interest is repriced every one, three and six months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2010	**2009**
Effective interest rate:		
Fixed-rate borrowings	2.88% to 10.00%	4.78% to 10.00%
Variable-rate borrowings	1.07% to 5.94%	1.17% to 5.94%

The carrying amounts of the Group's interest-bearing borrowings are denominated in the following currencies:

	Renminbi	**Hong Kong dollars**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
2010			
Bank loans	2,416,201	484,780	2,900,981
2009			
Bank and other loans	2,427,490	897,600	3,325,090

During the year, the Group obtained new loans in the amount of HK$1,003,974,000. The loans bear interest at market rates and will be repayable in or before 2015. The proceeds were used to finance the operating activities of the Group.

42. INTEREST-FREE BORROWINGS

	The Group		**The Company**	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Advances from non-controlling shareholders	5,284	4,655	—	—
Amounts due to jointly controlled entities	3,182	8,430	—	5,248
Amounts due to associates	18,186	16,601	—	—
Amounts due to subsidiaries	—	—	55,184	31,681
	26,652	29,686	55,184	36,929
Carrying amount repayable:				
On demand or within one year	26,652	29,211	55,184	36,929
More than one year	—	475	—	—
	26,652	29,686	55,184	36,929
Less: Amounts due within one year shown under current liabilities	(26,652)	(29,211)	(55,184)	(36,929)
Amount due after one year	—	475	—	—

The carrying amounts of the Group's interest-free borrowings are denominated in the following currencies:

	Renminbi	Hong Kong dollars	Total
	HK$'000	*HK$'000*	*HK$'000*
2010			
Interest-free borrowings	5,329	21,323	26,652
2009			
Interest-free borrowings	7,765	21,921	29,686

The amounts are unsecured, interest-free and repayable on demand.

43. DEFERRED RENTAL INCOME FROM A TENANT

On 26th May, 2002, the Group entered into a tenancy agreement with a tenant in respect of leasing of an investment property for a period of 20 years. Pursuant to the agreement, the tenant agreed to bear the costs of fitting out works of the investment property at an agreed amount of HK$197,933,000 payable on behalf of the Group in lieu of paying operating lease rental to the Group for a period of 6 years, and paying a monthly operating lease rental over the remaining lease period. During the year ended 31st December, 2005, the Group revised the terms of the lease and determined with the tenant that the costs of fitting out works of the investment property to be borne by the Group would be revised to HK$67,308,000 and the annual operating rental payable by the tenant for the remaining period would be reduced. Taking consideration of the substance of the arrangements, the reduction of costs of fitting out works to be borne by the Group of HK$130,625,000 was reclassified as deferred rental income from a tenant and is released to the profit or loss as rental income on a straight-line basis over the remaining lease term of 17 years. At 31st December, 2010, deferred rental income from a tenant to be released within one year of HK$8,461,000 (2009: HK$8,173,000) has been included in trade and other payables.

44. MEMBERSHIP DEBENTURES

Membership debentures represent golf guarantee fees which are refundable to members twenty years after joining the golf club or can be used by members to set off against the cost of purchasing villas at the golf course.

At 31st December, 2010, membership debenture amounting to HK$43,576,000 (2009: HK$40,268,000) was reclassified as liabilities associated with assets classified as held for sale.

45. DEFERRED TAXATION

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

	Business combinations *(Note a)* HK$'000	Revaluation of properties HK$'000	Adjustments to conform to the Group's accounting policies *(Note b)* HK$'000	Withholding tax on undistributed earnings HK$'000	Elimination of inter-company charges in properties *(Note c)* HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
The Group								
At 1st January, 2009	903,512	313,339	(26,826)	6,549	(26,751)	(4,200)	—	1,165,623
(Credit) charge to income for the year	(1,585)	143,313	(40,447)	16,548	—	—	210	118,039
Arising on acquisition of a subsidiary *(note 11)*	46,317	—	(4,133)	—	—	—	—	42,184
Addition on deemed acquisition of assets	—	—	36,483	—	—	—	—	36,483
Elimination on disposal of subsidiaries *(note 8)*	—	—	(3,977)	—	—	—	—	(3,977)
Elimination on disposal of a property development project	—	—	2,471	—	—	—	—	2,471
Reclassified as held for sale	—	—	(6,934)	—	—	—	—	(6,934)
At 31st December, 2009	948,244	456,652	(43,363)	23,097	(26,751)	(4,200)	210	1,353,889
Exchange adjustments	1,819	18,686	(1,969)	—	—	(148)	—	18,388
(Credit) charge to income for the year	(12,297)	109,725	(71,153)	15,521	—	—	(94)	41,702
Reclassified as held for sale	—	—	836	—	—	—	—	836
At 31st December, 2010	937,766	585,063	(115,649)	38,618	(26,751)	(4,348)	116	1,414,815

	Undistributed earnings of subsidiaries
	HK$'000
The Company	
At 1st January, 2009	1,557
Credit to income for the year	(1,557)
At 31st December, 2009 and at 31st December, 2010	—

Notes:

(a) This represents the tax effect of the temporary differences arising from the fair value adjustments to the carrying amounts of assets and liabilities upon acquisition of subsidiaries.

(b) This mainly represents the tax effect of the temporary differences arising from the adjustments to management accounts of certain subsidiaries to conform to the Group's policies of revenue recognition and capitalisation of property development cost.

(c) This represents the tax effect of the temporary differences arising from the elimination of inter-company charges originally capitalised as cost of properties under development, inventories of completed properties and investment properties of subsidiaries.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010	2009
	HK$'000	*HK$'000*
Deferred tax liabilities	1,452,374	1,372,273
Deferred tax assets	(37,559)	(18,384)
	1,414,815	1,353,889

At the end of the reporting period, the Group has unused tax losses of HK$376,020,000 (2009: HK$350,418,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$17,392,000 (2009: HK$16,800,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$358,628,000 (2009: HK$333,618,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$320,408,000 (2009: HK$300,803,000) that will gradually expire until 2015. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has other deductible temporary differences of HK$524,230,000 (2009: HK$542,550,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

46. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2010, a jointly controlled entity of the Group distributed properties with fair value of HK$139,765,000 (equivalent to RMB118,800,000) as dividend paid to the Group. The Group included the properties received (net of unrealised gain on the properties attributable to the Group's interest in jointly controlled entity) in inventories of properties in the consolidated statement of financial position.

47. LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, certain investment properties are leased out for a period of 20 years from the date of commencement of operation of a lessee that occupies the properties, with a renewal option at the end of the lease. The rentals are calculated at a certain percentage of the revenue (net of value added tax) of the lessee, with a minimum annual rental. Other investment properties were leased out for periods ranging from 1 to 10 years and the majority of the leases did not have any renewal options given to the lessees. The Group had contracted with tenants for the following future minimum lease payments:

	The Group	
	2010	**2009**
	HK$'000	*HK$'000*
Within one year	197,717	206,852
In the second to fifth years inclusive	310,817	302,576
After five years	220,426	264,956
	728,960	774,384

Contingent rents recognised in income for the period amounted to HK$25,118,000 (2009: HK$22,750,000).

The Group as lessee

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

	2010	**2009**
	HK$'000	*HK$'000*
Within one year	3,374	3,051
In the second to fifth years inclusive	7,598	2
After five years	9,085	—
	20,057	3,053

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for a term ranging from one to twenty years at fixed rentals.

48. CAPITAL COMMITMENTS

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure in respect of contracted commitments for:				
— acquisition of land use rights in the PRC	1,202,328	840,884	—	—
— acquisition of property, plant and equipment	2,075	34,542	—	—
— acquisition of a subsidiary	—	6,023	—	—
— acquisition of available-for-sale investment	128,310	148,200	—	—

49. CONTINGENT LIABILITIES

(a) At 31st December, 2010, the Company and the Group had guarantees as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given to banks in respect of mortgage loans granted to property purchasers	209,924	153,863	—	—
Guarantees given to banks in respect of banking facilities granted and utilised by the subsidiaries	—	—	1,649,540	1,608,392

(b) A portion of a property for development that is held by a jointly controlled entity with carrying value of HK$7,035,000 is under idle land investigation by the local authority. The piece of land owned by the jointly controlled entity was entitled for several land use right certificates. The development of approximately half of the piece of land was either completed or under development, except for a portion of the land with 2 land use right certificates for the remaining development of the whole project.

Further development of another property for development of the Group with carrying value of HK$204,717,000 (included in assets classified as held for sale) has been overdue. In order to comply with the requirements of local authorities, the Group has made application to restructure the ownership of that property for development and new subsidiaries will be established to hold and develop that property.

A land site included in investment property of the Group with carrying value of HK$679,000,000 is under idle land investigation by the local authority. Foundation works for the first phase of development was commenced during the year.

The Group is currently working diligently to prevent the possible classification as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and considers that the idle land confiscation may not materialise.

(c) A property purchaser who previously purchased a property in Shenzhen initiated legal proceedings against a wholly owned subsidiary of the Company to rescind the sale contracts and claim for total sales proceeds paid of approximately HK$135,327,000 together with compensation. Inventories of completed properties with carrying amount of HK$44,117,000 were held in the custody of the court. In 2007 and 2008, conditional settlement agreements had reached between the parties whereby the property purchaser agreed to settle the case on condition that the Group has to arrange the issue of ownership certificates of the subject properties under the name of the property purchaser. In March 2010 and January 2011, portions of the properties held in custody of the court with total carrying amount of HK$25,527,000 were released to the Group as a result of the issue of ownership certificates of part of the subject properties to the property purchaser. It is expected that the remaining properties held in custody of the court with carrying amount of HK$18,590,000 will be released to the Group following the issue of ownership certificates of the remaining subject properties under the name of the property purchaser.

(d) A contractor has applied for arbitration against a subsidiary claiming for outstanding construction costs and compensation of totally approximately HK$29,800,000 which are being disputed. The arbitration is still in progress, but based on legal opinions, the Group has assessed the claim and considers that the final outcome of the claim will not have material effect on the financial position of the Group.

(e) In 1998, the Company acquired a subsidiary that held a land site in the PRC with the consideration partially satisfied by disposing of its interest in a jointly controlled entity to the vendor. A person who claimed to be the beneficial owner of the vendor has initiated legal proceeding against the Company, for which proceedings a writ was received by the Company in March 2008, claiming the transfer of the interest in the jointly controlled entity and losses in Renminbi of HK$22,400,000 equivalent plus interest and other costs on the grounds that the Company had not effectively transferred the legal title to the interest in that jointly controlled entity to the vendor. The court judgement made in July 2009 was held in favour of the Company and the plaintiff had appealed. In November 2010, the Higher Court had ordered retrial to the case. The Group has assessed the claim and obtained legal advice, and considers that the final outcome of the claim will not have material effect on the financial position of the Group.

(f) A former material supplier of cement business has initiated legal proceeding against subsidiaries of the Company claiming for outstanding construction and material supply costs and compensation of HK$8,212,000 which are being disputed. The court judgement was held in favour of the former material supplier. The Group had appealed and the Higher Court had ordered retrial to the case. The Group has assessed the claims and obtained legal advice, and considers that it is too early to assess the possible liability at this stage.

50. RETIREMENT BENEFIT PLANS

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (“ORSO Scheme”) and a Mandatory Provident Fund Scheme (“MPF Scheme”) established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, both employees’ and the Group’s contributions are calculated at 5% of the employee’s monthly relevant income, with the mandatory cap of HK$20,000, and the Group will make 5% top-up contribution if an employee’s monthly basic salary exceeds HK$20,000.

The ORSO Scheme is funded by monthly contributions from the employees at rates ranging from 0% to 5% and from the Group at rates ranging from 5% to 10% of the employee’s basic salary, depending on the length of service with the Group. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. During the year ended 31st December, 2009 and 31st December, 2010, there was no forfeited contributions used to set off contributions. At the end of the reporting period, no forfeited contributions, which arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in future years.

The employees of the Company’s subsidiaries established in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

During the year ended 31st December, 2010, the Group made contributions to the retirement benefits schemes of HK$22,931,000 (2009: HK$15,877,000).

51. RELATED PARTY TRANSACTIONS AND BALANCES

The Group had material transactions and balances with related parties as follows:

	2010	2009
	HK$'000	*HK$'000*
(a) Sun Hung Kai & Co. Limited ("SHK") *(Note (i))*		
— Insurance paid	2,922	1,129
— Rental income	986	1,299
— Loan arrangement fee income	934	—
— Interest income	217	—
— Amounts payable	2,758	2,242
— Loan receivable *(Note (ii))*	47,059	—
— Loan interest receivable	61	—
(b) Allied Properties (H.K.) Limited ("APL") (and which have common directors with the Company) and its subsidiaries and its ultimate holding company and subsidiaries of its ultimate holding company *(Note (i))*		
— Rent, property management and air-conditioning fees paid	2,465	2,157
— Management fee	14,140	12,880
— Sundry expenses	1,088	—
— Amounts payable	4,960	3,522
(c) Minority shareholders		
— Rental expenses for cement production facilities	—	1,427
— Management fee	1,399	600
(d) A company of which a non-executive director of the Company is a partner		
— Legal and professional fees	2,174	1,963
(e) Key management personnel compensation		
— Salaries and other short-term benefits	23,546	13,302
— Post-employment costs	595	467
(f) A company which has a director common to the Company		
— Interest income	—	489
— Guarantee fee income	—	570
— Acquisition of a subsidiary *(note 11)*	—	200,000
— Other receivable	—	3
(g) A company which is significantly influenced by an individual who is a close family member of a non-executive director		
— Interest income	10,800	17,859
— Loan arrangement fee income	—	1,600
— Loan receivable	—	270,000
(h) Jointly controlled entities		
— Interest income	7,641	27,135
— Proceed on disposal of a subsidiary received *(note 8)*	—	413,419

Certain key management personnel of the Group received remuneration from a company, or a wholly owned subsidiary of such company, which has significant beneficial interests in the Company. Such company provided management services to the Group and charged the Group a fee, which has been included in management fee as disclosed in part (b) of this note, for services provided by those personnel as well as others who were not key management personnel of the Group.

The above-mentioned management fee is calculated by reference to the time devoted by the management personnel on the affairs of the Group and can be apportioned to the above key management personnel. The total of such apportioned amounts, which has been included in the key management personnel compensation above, is HK$7,609,000 (2009: HK$4,032,000).

At 31st December, 2009, the loan receivable of HK$270,000,000 from the company (which is significantly influenced by an individual who is a close family member of a non-executive director of the Company) as disclosed in part (g) of this note has been fully paid in 2010.

Notes:

(i) On 19th April, 2010, SHK entered into the Acquisition Agreement with its parent company, APL, where SHK disposed of 38.06% of the total issued share capital of the Company which represents the entire interest of SHK in the Company. Upon completion on 28th June, 2010, APL became a major shareholder with significant influence on the Company.

(ii) The loan receivable bear interest at 4.25% per annum, is unsecured and repayable in November 2012.

52. PLEDGED ASSETS

At 31st December, 2010,

(a) Bank deposits, property, plant and equipment, properties for development, properties under development, inventories of completed properties, investment properties and held-for-trading investments of certain subsidiaries with carrying values of HK$241,433,000 (2009: HK$537,316,000), HK$254,904,000 (2009: HK$141,939,000), HK$600,552,000 (2009: HK$763,706,000), HK$1,234,304,000 (2009: HK$667,360,000), HK$374,370,000 (2009: HK$404,821,000), HK$5,268,151,000 (2009: HK$4,435,357,000) and HK$4,987,000 (2009: nil) respectively were pledged to banks for banking facilities granted to the Group.

(b) Properties for development (included in assets classified as held for sale) with carrying value of HK$1,792,000 (2009: HK$1,641,000) were pledged against other loans.

(c) Pledged of bank deposits and property, plant and equipment with carrying value of HK$45,882,000 (2009: nil) and HK$115,690,000 (2009: nil) respectively were pledged against the bills payable.

(d) Bank deposits with carrying value of HK$867,000 (2009: HK$6,202,000) were pledged against mortgage loans granted to property purchasers.

(e) Certain assets of the Group are under the custody of courts, as described in note 49(c).

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries which are incorporated and are operating principally in Hong Kong except where otherwise indicated are as follows:

Name of subsidiary	Paid up issued ordinary share capital/Paid up registered capital	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company*/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activities
AII – Shanghai Inc.[(iii)]	US$15,376,500	83.33	83.33	83.33	83.33	Cement business
AII – cement Limited[(iii)]	US$1	100	100	100	100	Investment holding
Beijing Nanhu Huayuan Apartment Co., Ltd. [(ii)]	US$15,600,000	100	100	100	100	Property development and investment
CBI Investment Limited	HK$151,031,629	99.97	99.97	99.97	99.97	Investment holding
Changchun Tian An Real Estate Development Co., Ltd. [(ii)]	RMB50,000,000	100	100	100	100	Property development
Changzhou Tian An City Development Co., Ltd. [(ii)]	US$2,650,000	100	100	100	100	Property development
Changzhou Tian An Landmark Co., Ltd. [(ii)]	US$8,000,000	100	100	100	100	Property development and investment
Changzhou Tian An Yuan Cheng Real Estate Development Company Limited [(ii)]	US$32,300,000	100	100	100	100	Property development
Cheerchoice Limited [(i) & (iii)]	US$1	100	—	100	—	Property investment
Chinaland Management Limited	HK$200	100*	100*	100	100	Investment holding
Cornell Properties Services (Shanghai) Co., Ltd. [(ii)]	US$620,000	100	100	100	100	Property management and investment holding
Dalian Tian An Property Development Co., Ltd. [(ii)]	US$6,800,000	60	60	60	60	Property development
Dalian Tian An Tower Co., Ltd. [(ii)]	US$29,000,000	100	100	100	100	Property development and investment
Grandview Square Limited	HK$2	100	100	100	100	Property investment
Grand Kings Limited	HK$2	100	100	100	100	Property investment
Grand Rise Investments Limited [(iii)]	US$1	100	100	100	100	Investment holding
GRP VI Limited	HK$3,756	100	100	100	100	Property investment

Name of subsidiary	Paid up issued ordinary share capital/Paid up registered capital	Proportion of nominal value of issued ordinary share capital/ registered capital — held by the Company*/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activities
Huiyang Danshui Xinyangcheng Construction Company Limited(ii)	HK$50,000,000	100	100	100	100	Property investment
Jack Rock Development Limited	HK$550,756,798	68.40	68.06	68.40	68.06	Investment holding
Jiangmen City Tian An Property Development Co., Ltd.(ii)	RMB20,000,000	100	100	100	100	Property development
Join View Development Limited	HK$2	100	100	100	100	Money lending services
Kylie Nominees Limited	HK$2	100	100	100	100	Provision of nominee services
Nanjing Tiandu Industry Co., Ltd.(ii)	US$13,500,000	100	100	100	100	Property development and investment
Pacific (Fuzhou) Golf Club Ltd.(ii)	US$3,000,000	100	100	68.40	68.06	Golf course operation
Shandong Allied Wangchao Cement Limited(ii)	US$13,582,000	100	100	100	100	Manufacture and distribution of cement and clinker
Shandong Shanghai Allied Cement Co., Ltd.(ii)	US$1,000,000	100	100	100	100	Manufacture and distribution of cement and clinker
Shanghai Allied Cement Co., Ltd.(ii)	US$24,000,000	60	60	50	50	Manufacture and distribution of cement and clinker
Shanghai Allied Cement Holdings Limited	HK$10,000,000	100	100	100	100	Investment holding
Shanghai Greentree I Company, Ltd.(ii)	RMB275,933,200	100	100	100	100	Property development
Shanghai Greentree II Company, Ltd.(ii)	RMB266,315,300	100	100	100	100	Property development
Shanghai Haibo Real Estate Limited(ii)	RMB260,000,000	100	100	100	100	Property investment
Shanghai Haiguang Real Estate Holdings Limited(ii)	RMB37,000,000	100	100	100	100	Property investment
Shanghai Haisen Real Estate Limited(ii)	RMB140,000,000	100	100	100	100	Property investment
Shanghai Haiyi Real Estate Limited(ii)	RMB66,000,000	100	100	100	100	Property investment

Name of subsidiary	Paid up issued ordinary share capital/Paid up registered capital	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company*/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activities
Shanghai Sheshan Country Club Company Limited[(ii)]	US$36,240,000	100	100	100	100	Property development
Shanghai Tian An Centre Building Co., Ltd.[(ii)]	US$28,000,000	98	98	98	98	Property development and investment
Shanghai Tianan Riverview Co., Ltd.[(ii)]	RMB50,000,000	99	99	99	99	Property development and investment
Shanghai Tianyang Real Estate Co., Ltd.[(ii)]	RMB50,000,000	80	80	80	80	Property development and investment
Sky Full Enterprises Limited	HK$10	100	100	100	100	Investment holding
Strait Investments (Shanghai) Limited[(iii)]	US$47,500,000	99.99	99.99	99.99	99.99	Investment holding
Sun Hai Tung Co., Ltd.[(ii)]	US$30,000,000	100	100	100	100	Property development and investment holding
Sun Hung Kai (China) Limited[(i)]	HK$2,000,000	100*	100*	100	100	Property investment
T.A. Secretarial Services Limited	HK$2	100	100	100	100	Provision of secretarial services
Tanya Nominees Limited	HK$2	100	100	100	100	Provision of nominee services
Tian An China Enterprise Limited	HK$2	100*	100*	100	100	Investment holding and securities dealing
Tian An China Hotel and Property Investments Company Limited	HK$2	100*	100*	100	100	Investment holding
Tian An Pearl River Company Limited	HK$2	100*	100*	100	100	Investment holding
Tian An (Shanghai) Investments Co., Ltd. ("TASH")[(ii)]	US$30,000,000	100[(iv)]	100[(iv)]	100	100	Property development and investment and investment holding
Tian An (Shenzhen) Enterprise Development Ltd.[(ii)]	HK$150,000,000	100	100	100	100	Property development
Tianan Intelligent Park Sensory Technology (Wuxi) Co., Ltd.[(ii)]	RMB74,854,876	100	100	100	100	Property development
Tianan Summit (Fujian) Real Estate Development Co., Ltd.[(ii)]	US$12,000,000	100	100	68.40	68.06	Property development

Name of subsidiary	Paid up issued ordinary share capital/Paid up registered capital	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company*/ subsidiaries 2010 %	2009 %	attributable to the Group 2010 %	2009 %	Principal activities
Value Harvest Real Estate (Shanghai) Co., Ltd.(ii)	US$16,000,000	100	100	100	100	Property development
Wuhan Changfu Property Development Co., Ltd.(ii)	RMB10,000,000	90	90	90	90	Property development
Wuxi Redhill Properties Co., Ltd(ii)	US$5,000,000	95	95	95	95	Property development
Wuxi Tianxin Properties Co., Ltd.(ii)	US$18,400,000	100	100	100	100	Property development
Zhao Qing Golf and Development Co., Ltd.(ii)	US$12,000,000	88	88	87.97	87.97	Property development and golf course operation
大連經濟技術開發區金馬大廈企業有限公司(ii)	RMB182,201,790	100	100	100	100	Property development
南京天寧置業有限公司(ii)	US$41,000,000	100	100	100	100	Property development
南通天安數碼城開發有限公司(ii)	RMB66,761,650	100	—	100	—	Property development
上海海峽思泉房地產有限公司(ii)	US$50,000,000	100	100	99.99	99.99	Property development
上海凱旋門企業發展有限公司(ii)	RMB50,000,000	100	100	100	100	Property development
天安置業發展（深圳）有限公司(ii)	HK$50,000,000	100	—	100	—	Investment holding and management

Notes:

(i) Operating principally in the PRC.

(ii) Established and operating principally in the PRC.

(iii) Incorporated in the British Virgin Islands.

(iv) The 60% interest in TASH is held directly by the Company and the remaining 40% is held by a subsidiary.

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

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

54. PARTICULARS OF PRINCIPAL ASSOCIATES

At the end of the reporting period, the Group had interests in the following associates, all of which are incorporated and are operating principally in Hong Kong except as otherwise indicated:

Name of associate	Proportion of nominal value of issued ordinary share capital/registered capital held by the Group 2010 %	2009 %	Principal activities
Consco Investment Company Limited	—	31.25	Investment holding
Tianjin International Building Co., Ltd.(i) & (ii) & note 9	—	25	Property investment

Notes:

(i) Established and operating in the PRC.

(ii) Subsidiaries held by the associates of the Group.

55. PARTICULARS OF PRINCIPAL JOINTLY CONTROLLED ENTITIES

At the end of the reporting period, the Group had interests in the following jointly controlled entities which are limited liability companies established in the PRC:

Name of jointly controlled entity	Principal place of operation	Proportion of registered capital held by the Group 2010 %	2009 %	Principal activities
Beijing Tian An Building Company Limited	Beijing	40(i)	40(i)	Property investment
Guangzhou Panyu Hi-Tech Ecological Park Development Co., Ltd.	Panyu	50(ii)	50(ii)	Property development and investment
常州天安數碼城置業有限公司	Changzhou	50(ii)	50(ii)	Property development
重慶天安數碼城有限公司	Chongqing	50(ii)	—	Property development
東莞市天安數碼城有限公司	Dongguan	39(ii)	39(ii)	Property development
佛山市天安數碼城有限公司	Foshan	45(ii)	45(ii)	Property development and investment
江陰天安數碼城置業有限公司	Jiangyin	50(ii)	—	Property development
深圳市天安物業管理有限公司	Shenzhen	50	50	Property development and investment holding

Name of jointly controlled entity	Principal place of operation	Proportion of registered capital held by the Group 2010 %	2009 %	Principal activities
深圳市龍崗天安數碼新城有限公司	Shenzhen	50(ii)	50(ii)	Property development and investment
深圳天安駿業投資發展有限公司	Shenzhen	50	—	Property development
天安數碼城（集團）有限公司（前稱：深圳天安數碼城有限公司）	Shenzhen	50	50	Property development and investment and investment holding
天津天安數碼城有限公司	Tianjin	50(ii)	—	Property development

Notes:

(i) Based on the contractual agreement between the venturers, the Group and other venturers have joint control over the financial and operating policies of the company.

(ii) The company is a subsidiary of a jointly controlled entity.

3. FINANCIAL INFORMATION OF TIAN AN FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

Set out below is the full text of the unaudited consolidated financial statements of Tian An Group for the six months ended 30th June, 2011 extracted from the interim report of Tian An for the six months ended 30th June, 2011.

Condensed Consolidated Income Statement
(For the six months ended 30th June, 2011)

		Six months ended 30th June,	
		2011	**2010**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*
Revenue	3	812,659	735,487
Cost of sales		(525,877)	(381,464)
Gross profit		286,782	354,023
Other income and gains	4	64,762	41,164
Marketing and distribution expenses		(16,939)	(16,589)
Administrative expenses		(142,223)	(114,996)
Other operating expenses		(26,521)	(16,219)
Net increase (decrease) in fair value of held-for-trading investments		936	(7,561)
Fair value gain on transfer of inventories of completed properties to investment properties		12,275	4,763
Increase in fair value of investment properties		241,724	134,381
Reversal of write-down of inventories of completed properties		169	—
Recovery of bad and doubtful debts		41,065	2,373
Amortisation of properties for development		(28,257)	(27,658)
Gain on disposal of a subsidiary	5	118,785	—
Gain on site relocation compensation	6	—	507,505
Finance costs	7	(73,572)	(64,651)
Share of (loss) profit of associates		(18)	1,397
Share of profit of jointly controlled entities		259,952	150,690
Profit before tax		738,920	948,622
Taxation	8	(168,716)	(229,135)
Profit for the period	9	570,204	719,487
Profit for the period attributable to:			
Owners of the Company		564,564	541,087
Non-controlling interests		5,640	178,400
		570,204	719,487
		HK cents	*HK cents*
Earnings per share	10		
Basic		37.47	35.91

Condensed Consolidated Statement of Comprehensive Income
(For the six months ended 30th June, 2011)

	Six months ended 30th June,	
	2011	**2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	570,204	719,487
Other comprehensive income (expenses)		
Exchange differences arising on translation of foreign operations	263,808	(487)
Share of other comprehensive income of jointly controlled entities	35,487	3
Decrease in fair value of available-for-sale investments	(9,397)	(5,737)
Reserves released upon disposal of properties	53	139
Other reserves realised on disposal of a subsidiary	30,843	—
Surplus on revaluation of properties upon transfer to investment properties	7,339	—
Other comprehensive income (expenses) for the period	328,133	(6,082)
Total comprehensive income for the period	898,337	713,405
Total comprehensive income attributable to:		
Owners of the Company	881,133	535,027
Non-controlling interests	17,204	178,378
	898,337	713,405

Condensed Consolidated Statement of Financial Position

(At 30th June, 2011)

	Notes	30th June, 2011 HK$'000 (Unaudited)	31st December, 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	784,450	639,205
Deposits for acquisition of property, plant and equipment		2,292	41
Investment properties	13	7,126,590	6,651,340
Properties for development		3,997,951	3,586,628
Deposits for acquisition of properties for development		2,018,009	1,426,113
Prepaid lease payments on land use rights		106,047	90,753
Interests in associates		7,390	7,408
Interests in jointly controlled entities		762,790	776,838
Loans receivable	14	48,250	47,059
Available-for-sale investments		99,668	112,340
Goodwill		640	640
Deferred tax assets		47,125	37,559
		15,001,202	13,375,924
Current assets			
Inventories of properties			
— under development		1,097,414	1,169,064
— completed		874,280	601,011
Other inventories		42,717	43,994
Amounts due from associates		3,244	3,244
Amounts due from jointly controlled entities		382,521	101,503
Amount due from non-controlling shareholders		12,459	12,166
Loans receivable	14	44,011	160,505
Trade and other receivables, deposits and prepayments	15	1,161,137	1,080,966
Prepaid lease payments on land use rights		2,504	1,824
Financial assets designated as at fair value through profit or loss	16	332,185	35,608
Held-for-trading investments		25,200	24,131
Prepaid tax		21,173	15,810
Pledged bank deposits	24	128,177	288,183
Bank balances and cash		2,510,675	2,923,509
		6,637,697	6,461,518
Assets classified as held for sale	17	1,634	736,113
		6,639,331	7,197,631

	Notes	30th June, 2011 HK$'000 (Unaudited)	31st December, 2010 HK$'000 (Audited)
Current liabilities			
Trade and other payables	18	1,632,072	1,262,893
Pre-sale deposits		543,777	482,199
Tax liabilities		563,049	578,552
Interest-bearing borrowings	20	846,330	1,139,844
Interest-free borrowings	21	34,387	26,652
		3,619,615	3,490,140
Liabilities associated with assets classified as held for sale	17	7,291	392,602
		3,626,906	3,882,742
Net current assets		3,012,425	3,314,889
Total assets less current liabilities		18,013,627	16,690,813
Capital and reserves			
Share capital	19	301,354	301,354
Reserves		13,021,691	12,291,235
Equity attributable to owners of the Company		13,323,045	12,592,589
Non-controlling interests		790,778	773,574
Total equity		14,113,823	13,366,163
Non-current liabilities			
Interest-bearing borrowings	20	2,113,214	1,761,137
Deferred rental income from a tenant		90,985	93,074
Rental deposits from tenants		20,716	18,065
Membership debentures	22	45,427	—
Deferred tax liabilities		1,629,462	1,452,374
		3,899,804	3,324,650
		18,013,627	16,690,813

Condensed Consolidated Statement of Changes in Equity

(For the six months ended 30th June, 2011)

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium account *HK$'000*	Special capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange translation reserve *HK$'000*	Revaluation reserves *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1st January, 2010 (audited)	301,354	3,352,781	1,417,669	134,679	874,890	26,452	(61,354)	4,837,845	10,884,316	501,201	11,385,517
Exchange differences arising on translation	—	—	—	—	(465)	—	—	—	(465)	(22)	(487)
Share of other comprehensive income of jointly controlled entities	—	—	—	—	3	—	—	—	3	—	3
Decrease in fair value of available-for-sale investments	—	—	—	—	—	(5,737)	—	—	(5,737)	—	(5,737)
Reserves released upon disposal of properties	—	—	—	—	—	—	139	—	139	—	139
Profit for the period	—	—	—	—	—	—	—	541,087	541,087	178,400	719,487
Total comprehensive income for the period	—	—	—	—	(462)	(5,737)	139	541,087	535,027	178,378	713,405
Realised on disposal of an associate	—	—	—	—	(826)	—	—	826	—	—	—
Realised on disposal of a jointly controlled entity	—	—	—	—	(2,198)	—	—	2,198	—	—	—
Dividend recognised as distribution	—	—	—	—	—	—	—	(105,474)	(105,474)	—	(105,474)
Dividend distributed to non-controlling interest	—	—	—	—	—	—	—	—	—	(5,088)	(5,088)
At 30th June, 2010 (unaudited)	301,354	3,352,781	1,417,669	134,679	871,404	20,715	(61,215)	5,276,482	11,313,869	674,491	11,988,360
Exchange differences arising on translation	—	—	—	—	343,228	—	—	—	343,228	12,819	356,047
Share of other comprehensive income of jointly controlled entities	—	—	—	—	41,638	—	—	—	41,638	—	41,638
Increase in fair value of available-for-sale investments	—	—	—	—	—	2,486	—	—	2,486	—	2,486
Profit for the period	—	—	—	—	—	—	—	891,368	891,368	10,866	902,234
Total comprehensive income for the period	—	—	—	—	384,866	2,486	—	891,368	1,278,720	23,685	1,302,405
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	96,872	96,872
Realised on disposal of subsidiaries	—	—	—	—	(1,525)	—	—	1,525	—	—	—
Realised on disposal of an associate	—	—	—	—	(7,182)	—	—	7,182	—	—	—
Realised on disposal of a jointly controlled entity	—	—	—	—	(9,421)	—	—	9,421	—	—	—
Dividend distributed to non-controlling interests	—	—	—	—	—	—	—	—	—	(21,474)	(21,474)
At 31st December, 2010 (audited)	301,354	3,352,781	1,417,669	134,679	1,238,142	23,201	(61,215)	6,185,978	12,592,589	773,574	13,366,163

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium account *HK$'000*	Special capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange translation reserve *HK$'000*	Revaluation reserves *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1st January, 2011 (audited)	301,354	3,352,781	1,417,669	134,679	1,238,142	23,201	(61,215)	6,185,978	12,592,589	773,574	13,366,163
Exchange differences arising on translation	—	—	—	—	252,244	—	—	—	252,244	11,564	263,808
Share of other comprehensive income of jointly controlled entities	—	—	—	—	35,487	—	—	—	35,487	—	35,487
Decrease in fair value of available-for-sale investments	—	—	—	—	—	(9,397)	—	—	(9,397)	—	(9,397)
Reserves released upon disposal of properties	—	—	—	—	—	—	53	—	53	—	53
Realised on disposal of a subsidiary	—	—	—	—	—	—	30,843	—	30,843	—	30,843
Surplus on revaluation of properties upon transfer to investment properties	—	—	—	—	—	7,339	—	—	7,339	—	7,339
Profit for the period	—	—	—	—	—	—	—	564,564	564,564	5,640	570,204
Total comprehensive income for the period	—	—	—	—	287,731	(2,058)	30,896	564,564	881,133	17,204	898,337
Realised on disposal of a subsidiary	—	—	—	—	(9,145)	—	—	9,145	—	—	—
Dividend recognised as distribution	—	—	—	—	—	—	—	(150,677)	(150,677)	—	(150,677)
At 30th June, 2011 (unaudited)	301,354	3,352,781	1,417,669	134,679	1,516,728	21,143	(30,319)	6,609,010	13,323,045	790,778	14,113,823

Condensed Consolidated Statement of Cash Flows

(For the six months ended 30th June, 2011)

		Six months ended 30th June,	
		2011	**2010**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*
Net cash used in operating activities		(629,575)	(62,845)
Net cash from investing activities			
Interest received		18,246	24,144
Dividends received from jointly controlled entities		63,477	56,819
Dividend received from available-for-sale investments		9,735	146
Purchases of property, plant and equipment	12	(35,776)	(71,957)
Proceeds on disposal of property, plant and equipment		3,247	1,538
Purchases of investment properties		(41,632)	(38,481)
Proceeds from disposal of investment properties, net of business tax		4,548	17,923
Acquisition of a jointly controlled entity		(42,370)	—
Net cash inflow from disposal of a subsidiary	5	141,182	—
Purchases of available-for-sale investment		(12,801)	(194)
Purchases of financial assets designated as at fair value through profit or loss		(551,807)	(289,773)
Purchase of other investments		—	(56,818)
Proceeds from disposal of held-for-trading investment		—	105
Proceeds from redemption of financial assets designated as at fair value through profit or loss		267,566	—
Proceeds from site relocation compensation		—	283,776
Payment of transaction costs for site relocation compensation		—	(72,681)
Deposits received in relation to disposal of subsidiaries		261,067	175,000
Repayment from jointly controlled entities		7,362	2,764
Advances to non-controlling shareholders		(293)	—
Loans repayment		119,206	285,584
Withdrawal of pledged bank deposits		238,315	—
Placement of pledged bank deposits		(77,108)	(31,327)
Other investing cash flows		—	(371)
		372,164	286,197

		Six months ended 30th June,	
		2011	**2010**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*
Net cash (used in) from financing activities			
Interest paid		(83,747)	(80,079)
Dividend paid		(150,677)	(105,474)
Dividend paid to non-controlling shareholders		—	(5,281)
New bank and other loans raised		533,312	575,133
Repayment of bank and other loans		(520,428)	(311,006)
Advances from jointly controlled entities		2,888	—
Advances from associates		158	1,470
(Repayment to) advances from non-controlling shareholders		(1,875)	527
Other financing cash flows		749	145
		(219,620)	75,435
Net (decrease) increase in cash and cash equivalents		(477,031)	298,787
Cash and cash equivalents at the beginning of the period		2,945,845	2,510,926
Effect of foreign exchange rate changes		42,678	(534)
Cash and cash equivalents at the end of the period		2,511,492	2,809,179
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		2,510,675	2,805,293
Bank balances and cash included in assets classified as held for sale	17	817	3,886
		2,511,492	2,809,179

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30th June, 2011)

1. BASIS OF PREPARATION

The 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 ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

2. SIGNIFICANT ACCOUNTING POLICIES

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

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, 2010.

In the current period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the new or revised standards and amendments that have been issued but are not yet effective. The following new or revised standards and amendments have been issued after the date of the consolidated financial statements for the year ended 31st December, 2010, which were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised in 2011)	Employee Benefits[1]
HKAS 27 (Revised in 2011)	Separate Financial Statements[1]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods on or after 1st January, 2013
[2] Effective for annual periods on or after 1st July, 2012

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 11 replaces HKAS 31 "*Interests in Joint Ventures*". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments. Specifically, the Group's jointly controlled entities that are currently accounted for using the equity method of accounting may be classified as joint operations in accordance with HKFRS 11.

These new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for the financial year ending 31st December, 2013.

The Group is in the process of assessing the potential impact of the new or revised standards and amendments. The Group is not yet in position to determine the impact of these new or revised standards on the results of operations and financial position of the Group. These new or revised standards may result in changes in the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group's revenue for the period was derived mainly from activities carried out and located in the People's Republic of China ("PRC") other than Hong Kong. The Group's basis of organisation is determined based on four main operating divisions: property development, property investment, manufacture, sale and trading of cement, clinker and construction materials and other operations, that includes property management and golf course operation. Similarly, the Group's operating segments, reported to the Board of the Company for the purposes of resource allocation and performance assessment, also focused on the four main operating divisions.

The following is an analysis of the Group's revenue, results and assets by reportable and operating segments for the period under review:

	Property development *HK$'000*	Property investment *HK$'000*	Manufacture, sale and trading of cement, clinker and construction materials *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
For the six months ended 30th June, 2011					
SEGMENT REVENUE					
External sales	191,980	181,459	391,674	47,546	812,659
RESULTS					
Segment profit	121,662	363,681	43,585	26,817	555,745
Other income and gains					64,762
Unallocated corporate expenses					(67,949)
Finance costs					(73,572)
Share of loss of associates	(18)	—	—	—	(18)
Share of profit (loss) of jointly controlled entities	159,064	113,177	—	(12,289)	259,952
Profit before tax					738,920
Taxation					(168,716)
Profit for the period					570,204
As at 30th June, 2011					
ASSETS					
Segment assets	8,184,207	7,330,434	810,740	164,579	16,489,960
Interests in associates	10,577	—	—	57	10,634
Interests in jointly controlled entities	645,332	462,791	—	37,188	1,145,311
Unallocated corporate assets					3,994,628
Consolidated total assets					21,640,533

	Property development *HK$'000*	Property investment *HK$'000*	Manufacture, sale and trading of cement, clinker and construction materials *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
For the six months ended 30th June, 2010					
SEGMENT REVENUE					
External sales	359,814	166,982	161,884	46,807	735,487
RESULTS					
Segment profit (loss)	131,163	236,465	499,364	(13,693)	853,299
Other income and gains					41,164
Unallocated corporate expenses					(33,277)
Finance costs					(64,651)
Share of profit (loss) of associates	(816)	2,213	—	—	1,397
Share of profit of jointly controlled entities	94,090	54,832	—	1,768	150,690
Profit before tax					948,622
Taxation					(229,135)
Profit for the period					719,487
As at 31st December, 2010					
ASSETS					
Segment assets	7,736,045	6,856,813	632,462	386,270	15,611,590
Interests in associates	10,595	—	—	57	10,652
Interests in jointly controlled entities	439,817	428,628	—	9,896	878,341
Unallocated corporate assets					4,072,972
Consolidated total assets					20,573,555

4. OTHER INCOME AND GAINS

	Six months ended 30th June,	
	2011	**2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Dividend income on available-for-sale investments	12,315	146
Interest income on bank deposits and receivables	20,661	22,093
Imputed interest income on non-current interest-free receivables	—	2,712
Gain on disposal of held-for-trading investments	—	83
Fair value gain on financial assets designated as at fair value through profit or loss	11,477	5,171
Other income	20,309	10,959
	64,762	41,164

5. GAIN ON DISPOSAL OF A SUBSIDIARY

During the six months ended 30th June, 2011, the Group disposed of its entire interests in and shareholder's loan to a subsidiary which is incorporated in the British Virgin Islands and is engaged in property development in the PRC. The subsidiary is disposed of to a company, of which its 50% interest is held by a director of a subsidiary of the disposed subsidiary. Details of the disposal are as follows:

The net assets of the subsidiary which were classified as held for sale as at 31st December, 2010, at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	370
Trade and other receivables, deposits and prepayments	12,793
Inventories of properties under development	487,049
Bank balances and cash	74,044
Trade and other payables	(64)
Pre-sale deposits	(231,629)
Non-current interest-bearing borrowings	(192,771)
	149,792
Other reserves reclassified to profit or loss	30,843
	180,635
Gain on disposal	118,785
	299,420
Total consideration, satisfied by cash:	
Consideration received in current period	215,226
Consideration received in prior year	84,194
	299,420
Net cash inflow arising on disposal:	
Cash consideration received during the current period	215,226
Bank balances and cash disposed of	(74,044)
	141,182

6. GAIN ON SITE RELOCATION COMPENSATION

On 27th November, 2009, the Group entered into a site relocation compensation agreement with Shanghai Municipal Government for land resumption in respect of land use right which was held by a non wholly-owned subsidiary. During the six months ended 30th June, 2010, the Group had completed the required relocation. The compensation resulted in a gain of HK$507,505,000 to the Group. Profit after tax attributable to the owners of the Company in respect of the site relocation amounted to HK$190,238,000 for the six months ended 30th June, 2010.

7. FINANCE COSTS

	Six months ended 30th June,	
	2011	**2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest on:		
Bank loans	82,739	78,920
Other loans	—	692
Loans arrangement fee	5,852	—
Imputed interest expenses on non-current interest-free borrowings	1,102	1,151
	89,693	80,763
Less: amount capitalised on properties under development	(16,121)	(16,112)
	73,572	64,651

8. TAXATION

	Six months ended 30th June,	
	2011	**2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
The charge comprises:		
PRC Enterprise Income Tax and Land Appreciation Tax		
— current period provision	68,434	212,153
— under provision in prior years	3,852	5,525
	72,286	217,678
Deferred tax	96,430	11,457
	168,716	229,135

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profit for both periods. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. In accordance with the tax legislations applicable to foreign investment enterprises, a subsidiary is entitled to exemptions from the PRC Enterprise Income Tax for the two years commencing from the first profit-making year of operation in 2007 and thereafter, entitled to a 50% relief from the PRC Enterprise Income Tax for the following three years. The subsidiary can continue to entitle such tax concession according to the Law of the PRC on Enterprise Income Tax promulgated on 16th March, 2007 and the charge of PRC Enterprise Income Tax for the period has been provided for after taking these tax incentive into account.

9. PROFIT FOR THE PERIOD

	Six months ended 30th June, 2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	19,110	15,418
Less: amount capitalised on properties under development	(705)	(845)
	18,405	14,573
Amortisation of:		
Properties for development	28,257	27,658
Prepaid lease payments on land use rights	1,570	1,259
Total depreciation and amortisation	48,232	43,490
Cost of inventories recognised as expenses	417,387	302,678
Exchange loss (gain) included in other operating expenses	7,785	(121)
Share of tax of associates (included in share of profit of associates)	—	1,149
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	280,574	174,115

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following:

	Six months ended 30th June, 2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to owners of the Company)	564,564	541,087

	Six months ended 30th June, 2011	2010
	'000	*'000*
	(Unaudited)	*(Unaudited)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,506,769	1,506,769

No diluted earnings per share has been presented for both periods as there were no outstanding potential ordinary shares during the six months ended 30th June, 2011 and 30th June, 2010.

11. DIVIDEND

	Six months ended 30th June,	
	2011	**2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Dividend recognised as distribution during the period:		
Final dividend paid of HK10 cents in respect of 2010 (2010: HK7 cents in respect of 2009) per share	150,677	105,474

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2011, the Group acquired property, plant and equipment for a cash consideration of HK$33,525,000 (31st December, 2010: HK$153,382,000).

13. INVESTMENT PROPERTIES

During the six months ended 30th June, 2011,

(a) Investment properties with carrying amount of HK$4,548,000 were disposed of for a cash consideration of HK$4,804,000. Inventories of completed properties with fair value of HK$15,538,000 at the date of transfer were transferred to investment properties. Property, plant and equipment with fair value of HK$20,711,000 at the date of transfer were transferred to investment properties.

(b) The fair value of the Group's investment properties at the date of transfer and on 30th June, 2011 have been arrived at on the basis of a valuation carried out on 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 each of the property interests by capitalisation of the hypothetical and reasonable market rents with a typical lease term and also make reference to the direct comparison approach. For the properties which were transferred from inventories of completed properties to investment properties, the valuation was based on direct comparison approach.

14. LOANS RECEIVABLE

At 30th June, 2011, a loan receivable of HK$23,529,000 (31st December, 2010: HK$64,729,000) bears interests at 4.5% (31st December, 2010: 4.5%) per annum, is secured by share mortgage and repayable in December 2011 (31st December, 2010: repayable in December 2011).

Loans receivable of HK$48,250,000 (31st December, 2010: HK$107,541,000) bear interests at 4.25% per annum (31st December, 2010: ranging from 3.5% to 4.25%) per annum, are unsecured and repayable in November 2012 (31st December, 2010: repayable between March 2011 to November 2012).

A loan receivable of HK$20,482,000 (31st December, 2010: HK$35,294,000) bears interests at 25% (31st December, 2010: 20%) per annum is repayable in April 2011 (31st December, 2010: repayable in March 2011), which is partially repaid during the period ended 30th June, 2011 and secured by land.

15. TRADE AND OTHER RECEIVABLES

Rental receivables from tenants are payable upon presentation of invoice. The Group generally allows a credit period of 30 to 120 days to property purchasers and other customers. The following is an aged analysis of trade receivables by invoice date at the end of the reporting period:

	30th June, 2011	31st December, 2010
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Not yet due	26,407	35,648
Within 3 months	295,897	138,322
Between 4 and 6 months	37,092	28,107
Between 7 and 12 months	9,415	11,422
Over 12 months	3,910	22,546
	372,721	236,045

As at 30th June, 2011, other receivables included a deposit of HK$553,176,000 (31st December, 2010: HK$290,224,000). The deposit was paid for acquisition of properties from an independent third party and the transaction is expected to be completed by the end of 2011. In addition, other receivables also included site relocation compensation receivable of HK$60,241,000 (31st December, 2010: HK$58,824,000) and is expected to be received within twelve months from the end of the reporting period.

16. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th June, 2011	31st December, 2010
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Structured deposits	332,185	35,608

During the six months ended 30th June, 2011, the Group entered into principal protected-structured deposits that are denominated in RMB with the aggregate principal amount of RMB268,000,000 (equivalent to HK$322,892,000) with banks with maturity dates ranging from October, 2011 to March, 2012. Interests of the structured deposits vary depending on the exchange rate movement between the United States Dollars, the Euro and Shanghai Interbank Offered Rate. Hence the structured deposits contain embedded foreign exchange derivatives that are not closely related to the host contracts. The entire structured deposits are designated as financial assets at fair value through profit or loss on initial recognition.

The structured deposits that are designated as financial assets carried at fair value through profit or loss at the end of the reporting periods are assessed by the management of the Company by reference of foreign exchange rate changes and the Shanghai Interbank Offered Rate. The management of the Company considers the fair value of the structured deposits is approximately to its principal amount as the interest range is narrow which is only ranging from 3% to 6%.

17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) On 3rd December, 2007, the Group entered into a sale and purchase agreement with a related company, of which a director of the subsidiary to be disposed of is a beneficial owner. Pursuant to the sale and purchase agreement, the Group agreed to sell the subsidiary which is engaged in golf course operation and property development. On 30th January, 2008, the ordinary resolution for approving the sale and purchase agreement was duly passed by the shareholders of the Company at an extraordinary general meeting. Pursuant to the sale and purchase agreement, the completion date of sale and purchase of the subsidiary shall not be later than 7th December, 2008. The related company requested to extend the completion date in order to obtain financing for the payment of the balance of the consideration. A non-refundable deposit of HK$111,418,000 was received in the previous years and had been included in trade and other payables.

On 10th June, 2011, the Group entered into a new sale and purchase agreement. Pursuant to the new sale and purchase agreement, the total consideration has been revised to HK$810,000,000. A further payment of HK$195,000,000 is scheduled to be paid on or before 30th September, 2011 and the remaining balance of HK$510,000,000 is scheduled to be paid by instalments on or before September 2013.

As at 30th June, 2011, the Group has not yet obtained independent shareholders' approval with respect to the new agreement. As at 30th June, 2011, the directors of the Company do not expect that the transaction will be completed within twelve months from the end of the reporting period. Therefore, as at 30th June, 2011, the Group ceased to classify assets and liabilities of the subsidiary as assets and liabilities as held for sale. The Group remains committed to its plan to sell the subsidiary and expect the transaction to be completed in 2013. The new sale and purchase agreement was passed by independent shareholders at an extraordinary general meeting on 1st August, 2011.

(b) On 23rd January, 2009, the Group entered into a sale and purchase agreement with a third party. Pursuant to the sale and purchase agreement, the Group agreed to sell its entire interest in a subsidiary, which is engaged in property development for a cash consideration of HK$11,635,000. Full consideration has been received and included in trade and other payables. The transaction has not been completed at the end of the reporting date.

(c) On 15th July, 2010, the Group entered into a sale and purchase agreement with a related company, of which its 50% interest is held by a director of a subsidiary of the subsidiary to be disposed of. Pursuant to the sale and purchase agreement, the Group agreed to sell the subsidiary which is engaged in property development for a cash consideration of RMB235,000,000 (equivalent to approximately HK$283,133,000). During the period ended 30th June, 2011, the disposal was completed and resulted in gain on disposal of HK$118,785,000. Such a gain was included in gain on disposal of a subsidiary as set out in note 5.

The assets and liabilities attributable to one subsidiary (31st December, 2010: three subsidiaries) has been classified as assets and liabilities as disposal group held for sale as at 30th June, 2011 (see below). The operations are included in the Group's property development and other operations for segment reporting purposes (see note 3). The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale. The Group has already received the full consideration as non-refundable deposits and included in trade and other payables.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows (see note (b) above):

	30th June, 2011	**31st December, 2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Property, plant and equipment	817	128,831
Property for development	—	204,717
Prepaid lease payments on land use rights	—	15,941
Inventories of properties under development	—	363,391
Other inventories	—	897
Bank balances and cash	817	22,336
Assets classified as held for sale	1,634	736,113
Trade and other payables	7,078	87,147
Pre-sale deposits	111	21,239
Tax liabilities	102	102
Interest-bearing borrowings	—	176,258
Interest-free borrowings	—	6,564
Membership debentures	—	43,576
Deferred tax liabilities	—	57,716
Liabilities associated with assets classified as held for sale	7,291	392,602

18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date, which are included in trade and other payables, at the end of the reporting period:

	30th June, 2011	**31st December, 2010**
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Within 3 months	280,321	229,741
Between 4 and 6 months	11,049	7,649
Between 7 and 12 months	8,588	2,648
Over 12 months	256,039	233,399
	555,997	473,437

On 23rd March, 2011, the Group entered into a sale and purchase agreement with a third party. Pursuant to the sale and purchase agreement, the Group agreed to sell the 50% shareholding and the shareholder's loan in a subsidiary which is engaged in property investment for a cash consideration of RMB450,000,000 (equivalent to approximately HK$542,169,000). A non-refundable deposit of HK$256,067,000 was received during the current period and had been included in trade and other payables. Pursuant to the agreement, the remaining consideration will be received on or before 22nd September, 2012. As at 30th June, 2011, the transaction is not expected to be completed within twelve months from the end of the reporting period and hence the assets and liabilities of the subsidiary are not classified as held for sale as at 30th June, 2011.

19. SHARE CAPITAL

	Number of ordinary shares	**Nominal value**
		HK$'000
Authorised:		
Ordinary shares of HK$0.20 each at 31st December, 2010 and 30th June, 2011	2,000,000,000	400,000
Issued and fully paid:		
At 1st January, 2011 and 30th June, 2011	1,506,769,491	301,354

20. INTEREST-BEARING BORROWINGS

During the six months ended 30th June, 2011, the Group obtained new bank and other loans of HK$533,312,000 and repaid bank and other loans of HK$520,428,000. The majority of the loans are repayable within 5 years and bear interest at fixed or floating market rates which on average range from 1.17% to 10%. Proceeds from new borrowings were used to finance the payment of investment properties, progress payments for properties under development and the acquisition of new property projects in the PRC.

21. INTEREST-FREE BORROWINGS

	30th June, 2011 HK$'000 (Unaudited)	31st December, 2010 HK$'000 (Audited)
Advances from non-controlling shareholders	3,409	5,284
Amounts due to jointly controlled entities	6,070	3,182
Amounts due to associates	24,908	18,186
	34,387	26,652

22. MEMBERSHIP DEBENTURES

Membership debentures represent membership fees which are refundable to members twenty years after joining the golf club or can be used by members to set off against the cost of purchasing villas at the golf course.

23. CONTINGENT LIABILITIES

(a) At 30th June, 2011, the Group had guarantees as follows:

	30th June, 2011 HK$'000 (Unaudited)	31st December, 2010 HK$'000 (Audited)
Guarantees given to banks in respect of bank facilities utilised by an investee classified as available-for-sale investments	13,209	—
Guarantees given to banks in respect of mortgage loans granted to property purchasers	215,723	209,924

(b) A portion of a property for development that is held by a jointly controlled entity with carrying value of HK$7,118,000 is under idle land investigation by the local authority. The piece of land owned by the jointly controlled entity was entitled for several land use right certificates. The development of approximately half of the piece of land was either completed or under development, except for a portion of the land with 2 land use right certificates for the remaining development of the whole project.

The development progress of properties for development of several jointly controlled entities with carrying value of totally HK$221,325,000 cannot wholly fulfill building covenants under land grant contracts. The whole pieces of land of these jointly controlled entities are under phased construction stage and portions of them are either completed or under development, except for a portion of vacant land for the remaining development of the whole project.

Further development of another property for development of the Group with carrying value of HK$267,995,000 has been overdue. In order to comply with the requirements of local authorities, the Group has made application to restructure the ownership of that property for development and new subsidiaries will be established to hold and develop that property.

A land site included in investment property of the Group with carrying value of HK$320,351,000 had been identified as idle land by the local authority. The Group has invited another investor to develop this land site jointly. Foundation works for the first phase of development is in progress.

The Group is currently working diligently to prevent the possible classification as idle land for the above land development, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and considers that the idle land confiscation may not materialise.

(c) A property purchaser who previously purchased a property in Shenzhen initiated legal proceedings against a wholly-owned subsidiary of the Company to rescind the sale contracts and claim for total sales proceeds paid of approximately HK$138,588,000 together with compensation. Inventories of completed properties with carrying amount of HK$45,180,000 were held in the custody of the court. In 2007 and 2008, conditional settlement agreements had reached between the parties whereby the property purchaser agreed to settle the case on condition that the Group has to arrange the issue of ownership certificates of the subject properties under the name of the property purchaser. In March 2010 and January 2011, portions of the properties held in custody of the court with total carrying amount of HK$26,140,000 were released to the Group as a result of the issue of ownership certificates of part of the subject properties to the property purchaser. It is expected that the remaining properties held in custody of the court with carrying amount of HK$19,040,000 will be released to the Group following the issue of ownership certificates of the remaining subject properties under the name of the property purchaser.

(d) A contractor has applied for arbitration against a subsidiary claiming for outstanding construction costs and compensation of totally approximately HK$30,518,000 which are being disputed. The arbitration is still in progress, but based on legal opinions, the Group has assessed the claim and considers that the final outcome of the claim will not have material effect on the financial position of the Group.

(e) In 1998, the Company acquired a subsidiary that held a land site in the PRC with the consideration partially satisfied by disposing of its interest in a jointly controlled entity to the vendor. A person who claimed to be the beneficial owner of the vendor has initiated legal proceedings against the Company, for which proceeding a writ was received by the Company in March 2008, claiming the transfer of the interest in the jointly controlled entity and losses in Renminbi of HK$22,940,000 equivalent plus interest and other costs on the grounds that the Company had not effectively transferred the legal title to the interest in that jointly controlled entity to the vendor. The court judgement made in July 2009 was held in favour of the Company and the plaintiff had appealed. In November 2010, The Higher Court had ordered retrial to the case. The Group has assessed the claim and obtained legal advice, and considers that the final outcome of the claim will not have material effect on the financial position of the Group.

(f) A former material supplier of cement business has initiated legal proceeding against subsidiaries of the Company claiming for outstanding construction and material supply costs and compensation of approximately HK$8,410,000 which are being disputed. The court judgement was held in favour of the former material supplier. The defendants had appealed and the Higher Court had ordered retrial to the case. A total of approximately HK$4,442,000 was recognised as trade and other payable in relation to these claims. The Group has assessed the claims and obtained legal advice, and considers that no further provision was required in relation to the potential compensation payable.

24. PLEDGED ASSETS

At 30th June, 2011,

(a) Bank deposits, property, plant and equipment, properties for development, properties under development, inventories of completed properties, investment properties and held-for-trading investments of certain subsidiaries with carrying values of HK$3,193,000 (31st December, 2010: HK$241,433,000), HK$273,618,000 (31st December, 2010: HK$254,904,000), HK$606,953,000 (31st December, 2010: HK$600,552,000), HK$603,251,000 (31st December, 2010: HK$1,234,304,000), HK$871,141,000 (31st December, 2010: HK$374,370,000), HK$5,659,583,000 (31st December, 2010: HK$5,268,151,000) and HK$5,553,000 (31st December, 2010: HK$4,987,000) respectively were pledged to banks for banking facilities granted to the Group.

(b) Properties for development with carrying value of HK$1,839,000 (31st December, 2010: HK$1,792,000) were pledged against other loans.

(c) Bank deposits and property, plant and equipment with carrying value of HK$124,096,000 (31st December, 2010: HK$45,882,000) and HK$115,520,000 (31st December, 2010: HK$115,690,000) respectively were pledged against the bills payable.

(d) Bank deposits with carrying value of HK$888,000 (31st December, 2010: HK$867,000) were pledged against mortgage loans granted to property purchasers.

(e) Certain assets of the Group are under the custody of courts, as described in note 23(c).

25. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended 30th June 2011, the Group had transactions and balances with related parties as follows:

		Six months ended 30th June, 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
(a)	Sun Hung Kai & Co. Limited ("SHK") *(Note (i))*		
	— Insurance paid	1,475	61
	— Rental income	—	650
	— Interest income	1,019	—
(b)	Allied Properties (H.K.) Limited ("APL") and its subsidiaries and its ultimate holding company and subsidiaries of its ultimate holding company *(Note (i))*		
	— Rent, property management and air-conditioning fees paid	1,269	1,304
	— Management fee	8,100	7,070
	— Sundry expenses	233	—
(c)	Non-controlling shareholders of the Group's subsidiary		
	— Management fee	—	815
	— Sundry expenses	—	7
(d)	A company of which a non-executive director of the Company is a partner		
	— Legal and professional fee	1,159	370
(e)	Key management personnel compensation		
	— Salaries and other short-term benefits	21,933	9,973
	— Post-employment costs	349	531
(f)	A company which is significantly influenced by an individual who is a close family member of a non-executive director of the Company		
	— Interest income	—	10,800
(g)	A jointly controlled entity		
	— Interest income	—	3,418

Certain key management personnel of the Group received remuneration from a company, or a wholly-owned subsidiary of such company, which has significant beneficial interests in the Company. Such company provided management services to the Group and charged the Group a fee, which has been included in management fee as disclosed in part (b) of this note, for services provided by those personnel as well as others who were not key management personnel of the Group.

The above-mentioned management fee is calculated by reference to the time devoted by the management personnel on the affairs of the Group and can be apportioned to the above key management personnel. The total of such apportioned amounts, which has been included in the key management personnel compensation above, is HK$8,329,000 (2010: HK$5,683,000).

		30th June, 2011 HK$'000 (Unaudited)	31st December, 2010 HK$'000 (Audited)
(h)	SHK *(Note (i))*		
	— Amounts payable	2,883	2,758
	— Loan receivable *(Note (ii)) (note 14)*	48,193	47,059
	— Loan interest receivable *(note 14)*	57	61
(i)	APL and its subsidiaries and its ultimate holding company and subsidiaries of its ultimate holding company *(Note (i))*		
	— Amounts payable	4,461	4,960

Notes:

(i) On 19th April, 2010, SHK entered into the Acquisition Agreement with its parent company, APL, whereby SHK disposed of 38.06% of the total issued share capital of the Company which represents the entire interest of SHK in the Company. Upon completion on 28th June, 2010, APL became a major shareholder with significant influence over the Company. SHK is a subsidiary of APL as at 30th June, 2011 and 31st December, 2010.

(ii) The loan receivable bear interest at 4.25% per annum, is unsecured and repayable in November 2012.

4. INDEBTEDNESS

As at the close of business on 31st August, 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document:

Tian An Group had outstanding borrowings of approximately HK$3,292.73 million comprising secured bank loans of approximately HK$2,752.19 million, other secured loans of approximately HK$1.20 million, unsecured bank loans of approximately HK$472.07 million, unsecured loans from certain non-controlling shareholders of approximately HK$3.41 million, unsecured loans from jointly controlled entitles of approximately HK$6.07 million, unsecured loans from associates of approximately HK$24.91 million, and other unsecured loans of approximately HK$32.88 million. Tian An Group's banking facilities and other loans were secured by charges over its assets, including bank deposits, property, plant and equipment, properties for development, properties under development, inventories of completed properties, investment properties and held-for-trading investments.

A 50% owned jointly controlled entity of Tian An Group received idle land enquiries from the local authority in late 2009 and early 2010 in respect of a portion (10% of the total site area) of the property project held and located in the Guangdong province in the PRC. The carrying value of the site concerned attributable to the Tian An Group is approximately HK$3.55 million as at 31st August, 2011. The jointly controlled entity has obtained a total of 10 land use right certificates for the whole project, which is under phased construction stage. The site area under 8 land use right certificate is currently being developed and the vacant site area under the remaining 2 land use right certificates are scheduled to be developed at a later stage of the project according to the overall construction planning of the project. Subsequent to the latest response of the joint controlled entity to such enquires in mid 2010 no further enquiry has been received from the local authority. Having considered that (i) the subject site area under the 2 land use right certificates represents only 10% of total site area of the whole project; (ii) absent further enquiry from the local authority since mid 2010; and (iii) the ongoing development of the site concerned in accordance with the phased construction planning of the Tian An, the management of Tian An Group is of the view that the possibility of classification of the subject site as idle land is low and it is not possible to assess the potential liability at this stage.

Two 50% owned jointly controlled entities of the Tian An Group held property projects located in Guangdong and Jiangsu provinces of the PRC with carrying value attributable to the Tian An Group of approximately HK$51.6 million and HK$60.84 million which could not fully fulfill building covenants under the land grant contracts mainly due to postponed development schedule made in accordance with development strategy of Tian An Group in light of the prevailing property market demands. Since no written enquiry was received in respect of the two development projects concerning development progress, Tian An Group consider the possibility of idle land confiscation is low and possibility of it affecting value is low.

According to the relevant PRC regulations, if a property is classified as idle land, the owner may be subject to penalty or in the worst case scenario the property may be confiscated by the local government without consideration. In the worst case scenario, the maximum financial impact on the Tian An Group would be a total write-off of the carrying value of the above three properties attributable to the Tian An Group in the amount of approximately HK$115.99 million. As at the Latest Practicable Date, the above three properties has not been classified as idle land.

A land site in Guangdong province of the PRC owned by Tian An Group as an investment property with carrying value of approximately HK$320.77 million had been identified as idle land by the local authority in June 2011. The Tian An Group has invited another investor to develop this land site jointly. A sale and purchase agreement was entered in March 2011 to dispose 50% interests in the land site to a third party investor and the disposal is expected to be completed on or before September 2012. Since the foundation works for the first phase of development is in progress, Tian An Group together with the third party investor are currently applying to the local authority to withdraw the classification as idle land. As such, Tian An Group consider the possibility of idle land confiscation is low and possibility of it affecting value is low.

In addition, the Tian An Group had contingent liabilities in the sum of approximately HK$225.92 million in respect of guarantees for banking facilities granted to property purchasers and an investee classified as available-for-sale investments. There were also claims totalling approximately HK$196.01 million arising from litigations with a property purchaser, claimed beneficial owner of the vendor in an acquisition, a former material supplier of cement business and a contractor, further particulars of these litigations are set out in the section headed "Litigation" in Appendix VII to this Composite Document.

Save as aforesaid or as otherwise disclosed herein, Tian An Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness including bank overdrafts, loans or other similar indebtedness and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantee at the close of business on 31st August, 2011.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31st August, 2011.

5. MATERIAL CHANGE

The Tian An Directors confirmed that there was no material change in the financial and trading position or outlook of the Tian An Group since 31st December, 2010 (being the date to which the latest published audited consolidated financial statements of the Tian An Group have been made up) and up to the Latest Practicable Date.

The following information are extracted from the full valuation report received from Norton Appraisals, an independent property valuer, in connection with its valuation as at 31st August, 2011 of the property interests of the APL Group in Hong Kong, the PRC, Macau, Singapore, the United States of America and the Philippines for the purpose of inclusion in this Composite Document, which includes: (i) full text of a letter; (ii) summary of values of properties of the APL Group with commercial values; (iii) brief overview of leased properties by the APL Group which has no commercial values; and (iv) valuation certificates for properties with valuations of 5% or more of the APL Group's total valued property interests as at 31st August, 2011.

The full valuation report on properties of the APL Group will be available as a document on display and for inspection during the period from the date of this Composite Document up to and including the closing date of the Partial Share Exchange Offer. Please refer to "Documents available for inspection" in Appendix VI to this Composite Document for further details. Tian An Shareholders are advised to refer to the full valuation report for details of the properties of the APL Group.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers

Unit 01, 21/F, Emperor Group Center
288 Hennessy Road
Wanchai, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

18th November, 2011

The Directors
Allied Properties (H.K.) 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 Properties (H.K.) Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as "APL Group") in Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC"), Macao Special Administrative Region ("Macau"), Singapore, the United States of America ("USA") and the Philippines. 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, 2011 (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 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. A13) which are held for investment purposes by APL 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 VII which are held for sale and owner occupation by APL Group, we have adopted Direct Comparison Approach by making reference to comparable transactions as available in the relevant market. For valuation of property No. A22 under Group IV which is held for sale by APL Group in the USA, we have relied to a considerable extent on the appraisal report provided by APL Group's independent property valuer, Jack L. Hughey & Associates, regarding the valuation of the said property located in the USA.

In arriving at our opinion of the property interest of property No. A13 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 VIII to XI which are rented by APL 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 caused title searches at the relevant Land Registries and no title search has been made for rented properties which are located in the PRC, 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 APL Group and the legal opinion provided by its PRC legal advisers, Tenet & Partners Law Firm (Shanghai Branch) and Hallmark & Hugh Law Firm, regarding titles to the property Nos. A18 to A20 and A25 to A27 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 form 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 use 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 APL Group and are therefore only approximations.

We have had no reason to doubt the truth and accuracy of the information provided to us by APL Group. We were also advised by APL 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 APL 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 APL Group in Hong Kong under Groups I and V; stamp duty and profit tax (16.5% on profit amount) for properties held for sale by APL Group in Hong Kong under Group III; federal tax (34% on profit amount) and franchise tax (1% on profit amount) for properties held for sale by APL Group in the USA under Group IV. For properties under Groups II and VI which are held for investment/owner occupation by APL 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 APL Group in Macau under Group VII, 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 APL Group for properties held under Groups I to VII are estimated to be approximately HK$271,843,000, HK$16,214,000, HK$17,529,000, HK$21,622,000, HK$5,079,000, HK$22,851,000 and HK$630,000 respectively and no potential tax liabilities will be incurred to APL Group for rented properties held under Groups VIII to XI as no properties interest held by APL Group. APL Group has further confirmed that it has intention to dispose the properties held for sale in Hong Kong and in the USA under Groups III and IV whilst it has neither plan nor any intention to dispose the remaining properties held under Groups I, II, V, VI and VII. Thus save for properties held for sale in Hong Kong and in the USA under Groups III and IV, the likelihood of potential tax liabilities arising from disposal of these properties being crystallized is remote in the near future.

In our valuations, we have complied with the requirements set out in The Codes on Takeovers 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 = RMB0.83, HK$1 = MOP1.03, SGD1 = HK$6.48, USD1 = HK$7.793 and HK$1 = PHP5.42 which were approximately the prevailing exchange rates at the date of valuation.

Our summary of values on properties held by APL Group which have commercial values, overview summary of leased properties by APL Group which carry no commercial values and the valuation certificates for properties held by APL Group with valuation of 5% or more of APL Group's total valued property interests as at 31st August, 2011 are enclosed herewith. Tian An Shareholders are advised to refer to our full valuation report, which is made available as a document on display and for inspection, for details of the properties held by APL Group.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited
Paul M. K. Wong *MRICS, MHKIS, RPS (G.P.)*
Director

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 20 years' experience in valuation of properties in Hong Kong, Macau, the PRC and the Asian Pacific Region.

A. SUMMARY OF VALUES

The following is a summary of values of properties held by the APL Group which carry commercial values.

* Certificate for Real Estate Ownership is the title document combined with Certificate for State-owned Land Use Rights and Building Ownership Certificate issued by certain local government authorities in the PRC.

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	% Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title obtained (Registered Owner (R)/ Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group I — Property interests held for investment by APL 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	Residential Car park	3,475.29 sq.m./ N.A.	16	34	100	2056	1985	1,341,000	R	998,000,000
A2	Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories	Industrial Car park	46,602.56 sq.m. plus flat roof 1,448.35 sq.m./ N.A.	Whole Building	47	100	2047	1991	2,114,772	R	555,000,000

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title obtained (Registered Owner (R)/ Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 *(HK$)*
A3	House No. 2 and Garden, Terrace and Swimming Pool and Other Area, No. 60 Plantation Road, The Peak, Hong Kong	Residential Car park	639.36 sq.m. together with 275.64 sq.m. for carport, 470.46 sq.m. for garden/ terrace and 73.11 sq.m. for roofs/N.A.	1	1	100	2066	1993	380,000	R	423,000,000
A4	House No. 2, Palm Drive, The Redhill Peninsula, Site D, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	Residential Car park	286.33 sq.m. together with 203.64 sq.m. for yard, 74.79 sq.m. for carport and 19.23 sq.m. for roof/N.A.	1	1	100	2056	1990	140,000	R	70,600,000
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	Car park	N.A.	N.A.	79	100	2056	1992	27,800	R	25,300,000

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area (*sq.m.*)	Number of rooms/units	Number of car parks	% Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent (*HK$*)	Title obtained (Registered Owner (R)/ Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 (*HK$*)
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	Residential Car park	310.20 sq.m. together with 129.60 sq.m. for garden, 126.07 sq.m. for yard, 25.73 sq.m. for carport and 137.13 sq.m. for flat roof/ N.A.	1	1	100	2056	1990	132,500	R	73,000,000
A7	China Online Centre (excluding the whole of 28th Floor), No. 333 Lockhart Road, Wanchai, Hong Kong	Commercial Office Car park	15,187.94 sq.m./N.A.	Whole Building excluding 28th Floor	60	100	2026	2000	4,903,653	R	1,340,000,000
A8	44 residential units and 6 duplex units together with 60 car parking spaces of St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	Residential Car park	6,821.63 sq.m./ N.A.	50	60	100	2081	2002	1,298,700	R	899,000,000
A9	Shops 1 to 5 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	Retail Residential	1,212.20 sq.m. plus roof 53.42 sq.m./N.A.	5 (Shops) 23 (Residential)	N.A.	100	2049	1997	206,900	R	61,000,000

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent (HK$)	Title obtained (Registered Owner (R)/ Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 (HK$)
A10	Century Court, No. 239 Jaffe Road, Wanchai, Hong Kong	Commercial Residential	3,903.20 sq.m./ N.A.	Whole Building	N.A.	100	2027	1975	1,046,800	R	352,000,000
A11	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	Residential Car park	744.90 sq.m. plus flat roof 109.44 sq.m./ N.A.	1	3	100	2051/2062/2897	1993	Vacant except parking space no. 11 subject to a monthly licence fee of HK$3,000	R	195,000,000
A12	The whole of 22nd Floor, No. 9 Queen's Road Central, Hong Kong	Commercial	1,276.57 sq.m./ N.A.	Whole Floor	N.A.	100	2854/2856	1991	667,540	R	331,000,000
A13	Ibis North Point, No. 138 Java Road, North Point, Hong Kong	Hotel	6,824.79 sq.m. together with 235.88 sq.m. for back of house facilities/ N.A.	275	N.A.	100	2083	2004	N.A.	R	540,000,000
A14	Suite 3306 on 33rd Floor, J Residence, No. 60 Johnston Road, Wan Chai, Hong Kong	Residential	49.70 sq.m./ N.A.	1	N.A.	100	2054	2007	21,000	R	8,400,000

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent (HK$)	Title obtained (Registered Owner (R)/ Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 (HK$)
A15	The whole of 8th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Commercial Office	N.A./824.97 sq.m.	Whole of 8/F	N.A.	52.63	2053	1980	403,826	R	83,892,220
A16	The whole of 11th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Commercial Office	N.A./824.97 sq.m.	Whole of 11/F	N.A.	52.63	2053	1980	403,826	R	89,471,000
A17	Office Nos. 2201, 2201A and 2202 on 22nd Floor of Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Commercial Office	N.A./836.32 sq.m.	3	N.A.	52.63	2053	1980	398,888	R	103,470,580
										Sub-total:	6,148,133,800
Group II — Property interests held for investment by APL Group in the PRC											
A18	Room 1901, 19th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Commercial	204.63 sq.m./ N.A.	1	N.A.	52.63	2044	2004	28,145	C	6,315,600

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title obtained (Registered Owner (R)/ Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 *(HK$)*
A19	Rooms 1101–1109, 11th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Commercial	1,359.54 sq.m./ N.A.	Whole Floor	N.A.	52.63	2044	2004	323,846	C	40,946,140
A20	Unit 2001 in Eastern Block and Unit 2002 in Western Block, Phase II of 天安創新科技廣場 (Innovation Science and Technology Plaza), Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Industrial	938.56 sq.m./ N.A.	2	N.A.	30.62	2052	2005	129,714	C	9,461,580
										Sub-total:	56,723,320

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title obtained (Registered Owner (R)/Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group III — Property interest held for sale by APL Group in Hong Kong										
A21	5 residential units and 6 duplex units together with 9 car parking spaces of St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	Residential Car park	1,941.93 sq.m./N.A.	11	9	100	2081	2002	R	304,900,000
									Sub-total:	304,900,000
Group IV — Property interest held for sale by APL Group in the USA										
A22	Three tracts of land located in west of Diamondhead Boulevard and FM 2100 Road, Harris County, Texas, the USA	Unrestricted	13,888,933 sq.m./ N.A.	N.A.	N.A.	100	freehold	N.A.	R	155,860,000
									Sub-total:	155,860,000
Group V — Property interests held for owner occupation by APL Group in Hong Kong										
A23	The whole of 28th Floor of China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong	Commercial Office	492.38 sq.m./N.A.	Whole of 28/F	N.A.	100	2026	2000	R	40,700,000
A24	The whole of 4th Floor of Tower II including Portion of the Roof of Podium, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Commercial Office	N.A./483.84 sq.m. plus flat roof 1,292.28 sq.m.	Whole of 4/F	N.A.	52.63	2053	1980	R	41,472,440
									Sub-total:	82,172,440

Property No. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to APL Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title obtained (Registered Owner (R)/Certificate for State-owned Land Use Rights or Real Estate Ownership* (C))	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group VI — Property interests held for owner occupation by APL Group in the PRC										
A25	Rooms 1902–1903, 19th Floor of Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Commercial Office	308.85 sq.m./N.A.	2	N.A.	52.63	2044	2004	C	9,894,440
A26	Units 2003 and 2005 in Western Block, Phase II of 天安創新科技廣場 (Innovation Science and Technology Plaza), Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Industrial	1,053.19 sq.m./N.A.	2	N.A.	30.62	2052	2005	C	10,533,280
A27	4 units of Eastern and Western Blocks, Phase II of 天安創新科技廣場 (Innovation Science and Technology Plaza), Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Industrial	1,820.91 sq.m./N.A.	4	N.A.	30.62	2052	2005	C	18,341,380
									Sub-total:	38,769,100
Group VII — Property interest held for owner occupation by APL Group in Macau										
A28	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	Retail	N.A./195.48 sq.m.	1	N.A.	52.63	2013	1993	R	11,052,300
									Sub-total:	11,052,300
									Grand Total:	6,797,610,960

B. OVERVIEW SUMMARY OF LEASED PROPERTIES FOR APL GROUP

The following is a brief overview of properties leased by APL Group which carry no commercial values to APL Group.

Property No. as stated in the full valuation report	Location of properties	Form of holding	Uses	Size range (sq.m.)	Total number of leased properties
Group VIII — Property rented by APL Group in Hong Kong					
B1 to 73	Hong Kong	Lease	Retail/Office/ Domestic	55.74 sq.m. to 9,028.61 sq.m.	73
Group IX — Property rented by APL Group in the PRC					
B74 to 75	Guangzhou	Lease	Office	64.66 sq.m. to 125.98 sq.m.	2
B76	Nanjing	Lease	Office	144.05 sq.m.	1
B77	Beijing	Lease	Office	9 sq.m.	1
B80, 134, 135 and 136	Dalian	Lease	Office	70.19 sq.m. to 734.21 sq.m.	4
B81	Ningbo	Lease	Office	161.33 sq.m.	1
B119, 120 and 121	Shenyang	Lease	Office	170 sq.m. to 781.43 sq.m.	3
B122, 123 and 124	Chongqing	Lease	Office/Retail	107.47 sq.m. to 500 sq.m.	3
B125, 126 and 127	Tianjin	Lease	Office	225 sq.m. to 741.76 sq.m.	3
B128, 129 and 130	Chengdu	Lease	Office/Retail	134 sq.m. to 704.52 sq.m.	3
B131, 132 and 133	Kunming	Lease	Office/Retail	47.13 sq.m. to 1,237.71 sq.m.	3
B78, 79 and 82 to 118	Shenzhen	Lease	Office/Retail	70.13 sq.m. to 292.16 sq.m.	39
Group X — Property rented by APL Group in Macau					
B137	Macau	Lease	Office	40.98 sq.m.	1
Group XI — Property rented by APL Group in Overseas Countries					
B138	Singapore	Lease	Office	7.43 sq.m.	1
B139	Philippines	Lease	Office	65 sq.m.	1

C. VALUATION CERTIFICATE

The following are the valuation certificates as extracted from our valuation report on properties of APL Group with their respective individual valuation equal to 5% or more of APL Group's total valued property interests as at 31st August, 2011.

Group I — Property interests held for investment by APL Group in Hong Kong

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
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 Certain parts or shares of and in Rural Building Lot No. 1055 (the "Lot")	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). 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. The government rent payable for the Lot is HK$1,000 per annum.	16 apartment units together with 22 car parking spaces are leased to various tenants with the latest residential tenancy expiring on 27th August, 2013 yielding a total monthly rental of HK$1,315,000. 10 car parking spaces are subject to various tenancies at a total monthly rental of HK$26,000 whilst the remaining 2 car parking spaces are vacant.	HK$998,000,000 (100% interest attributable to APL Group: HK$998,000,000)

Notes:

1. The registered owner of the property is Sierra Joy Limited, a wholly-owned subsidiary of the Company, vide Memorial Nos. UB2887556 and UB3519234 dated 10th September, 1985 and 30th September, 1987 respectively.

2. 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.

3. The property is subject to the following encumbrances:

   (i) Mortgage in favour of Citic Ka Wah Bank Limited (renamed as Citic Bank International Limited) for a consideration of HK$200,000,000 vide Memorial No. 08111001750074 dated 29th October, 2008;

   (ii) Second Mortgage in favour of Citic Ka Wah Bank Limited (renamed as Citic Bank International Limited) to secure all sums of money including general banking facilities granted vide Memorial No. 08111001750086 dated 29th October, 2008; and

   (iii) Assignment of Sales Proceeds and Rentals in favour of Citic Ka Wah Bank Limited (renamed as Citic Bank International Limited) vide Memorial No. 09011601600064 dated 29th October, 2008.

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
A2	Allied Cargo Centre, Nos. 150–164 Texaco Road, Tsuen Wan, New Territories The Remaining Portion of Lot No. 285 in Demarcation District 446	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. 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 Demarcaton District 446 is HK$348 per annum.	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$2,114,772. The majority of the tenancies are for 3 years with the latest expiry date on 31st March, 2013.	HK$555,000,000 (100% interest attributable to APL Group: HK$555,000,000)

Notes:

1. The registered owner of the property is San Pack Properties Limited, a wholly-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 (renamed as Bank of China (Hong Kong) Limited) 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.

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
A3	House No. 2 and Garden, Terrace and Swimming Pool and Other Area, No. 60 Plantation Road, The Peak, Hong Kong 1/2th equal and undivided share of and in Rural Building Lot No. 139	The property comprises a 5-storey detached house completed in 1993. 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. 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.	The property is subject to a tenancy for 2 years commencing from 1st January, 2010 and expiring on 31st December, 2011 at a monthly rental of HK$380,000.	HK$423,000,000 (100% interest attributable to APL Group: HK$423,000,000)

Notes:

1. The registered owner of the subject property is Hillcrest Development Limited, a wholly-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 (renamed as Public Bank (Hong Kong) Limited) for all moneys vide Memorial No. 05042602440126 dated 13th April, 2005; and

   (ii) Assignment of Rental in favour of Asia Commercial Bank Limited (renamed as Public Bank (Hong Kong) Limited) vide Memorial No. 05042602440133 dated 13th April, 2005.

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
A7	China Online Centre (excluding the whole of 28th Floor), 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 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 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.	The property is subject to various tenancies yielding a total monthly rental of HK$4,903,653. The majority of the tenancies are from 2 to 3 years with the latest expiring on 31st May, 2015.	HK$1,340,000,000 (100% interest attributable to APL Group: HK$1,340,000,000)

Notes:

1. The registered owner of the property is Jaffe Development Limited, a wholly-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 (renamed as Citic Bank International Limited) vide Memorial No. 07061402570763 dated 4th June, 2007; and

   (ii) Supplement to Security Documents in favour of Citic Ka Wah Bank Limited (renamed as Citic Bank International Limited) vide Memorial No. 07091701970323 dated 5th September, 2007.

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
A8	44 residential units and 6 duplex units together with 60 car parking spaces of 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 a total of 50 residential units and 60 car parking spaces 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 (exclusive of car parking spaces) is approximately 73,428 sq.ft. (6,821.63 sq.m.). The Lot is held under Conditions of Sale No. 3121 for a term of 75 years commencing on 16th November, 1931 renewable for a further term of 75 years.	Except with 17 residential units and 2 car parking spaces which were vacant, the remaining portion of the property was subject to various 1 to 3 years tenancies/licences yielding a total monthly rental of HK$1,298,700 with the latest expiring on 22nd June, 2013.	HK$899,000,000 (100% interest attributable to APL Group: HK$899,000,000)

Notes:

1. The registered owner of the subject property is AP Diamond Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB7285549 dated 12th September, 1997.

2. The property comprises residential Units A on 9th to 12th, 15th to 22nd, 25th to 27th Floors, Units B on 9th to 12th, 15th to 20th, 22nd to 23rd and 27th Floors, Units C on 15th, 18th, 20th to 23rd and 25th Floors, Units D on 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 the Building.

3. The property comprises Car Parking Space Nos. P2-P4, P6-P19 and P21 on Level 1; Nos. P1–P23 and P25–P27 on Level 2; Nos. P1, P11–P14, P21–P23, P25 and P27 on Level 3 and Nos. P1–P3 and P5–P7 on Level 4 of the Building.

4. 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 to whatever extent 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.

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
A10	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	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. 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.). 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. The government rent payable for Inland Lot No. 2756 is HK$340 per annum.	Except with 7 residential units having a total gross floor area of approximately 4,352 sq.ft. (404 sq.m.) which is vacant, the property is subject to various licences with the latest residential licence expiring on 17th August, 2012 yielding a total monthly licence fees of HK$726,500. 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$310,200 with the latest tenancy expiring on 15th July, 2014. In addition, four sign boxes are subject to two monthly licences yielding a total monthly licence fees of HK$10,100.	HK$352,000,000 (100% interest attributable to APL Group: HK$352,000,000)

Notes:

1. The registered owner of the property is King Policy Development Limited, a wholly-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;

   (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; and

   (iv) Second Legal Charge is favour of Bank of China (Hong Kong) Limited vide Memorial No. 09020200620031 dated 22nd January, 2009.

Property No. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
A13	Ibis North Point, No. 138 Java Road, North Point, Hong Kong 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	"Ibis North Point" is a 29-storey hotel development accommodating a total of 275 guestrooms completed in 2 phases in 2000 and 2004 respectively. 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.). 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. The government rent payable for Inland Lot No. 3540 is HK$61,932 per annum.	The property is currently operated by AAPC Hong Kong Limited, a third party to the Company and the management company of Ibis North Point.	HK$540,000,000 (100% interest attributable to APL Group: HK$540,000,000)

Notes:

1. The registered owner of the subject property is Ontone Limited, a wholly-owned subsidiary of the Company.

2. The property (except the Remaining Portion of Sub-Section 4 of Section H of Inland Lot No. 3540) is subject to the following encumbrances:

   (i) 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

   (ii) 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.

3. The Remaining Portion of Sub-Section 4 of Section H of Inland Lot No. 3540 is subject to the following encumbrances:

   (i) Mortgage in favour of Bank of China (Hong Kong) Limited for all moneys vide Memorial No. 08010300630107 dated 19th December, 2007; and

   (ii) 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.

The following information are extracted from the full valuation report received from Norton Appraisals, an independent property valuer, in connection with their valuation as at 31st August, 2011 of the property interests of the Tian An Group in the PRC for the purpose of inclusion in this Composite Document, which includes: (i) full text of a letter; (ii) summary of values of properties of the Tian An Group with commercial values; (iii) summary of properties of the Tian An Group with no commercial value; (iv) brief overview of leased properties by the Tian An Group which has no commercial values; and (v) valuation certificates for properties held by the Tian An Group under development or properties with valuations of 5% or more of the Tian An Group's total valued property interests as at 31st August, 2011.

The full valuation report on properties of the Tian An Group will be available as a document on display and for inspection during the period from the date of this Composite Document up to and including the closing date of the Partial Share Exchange Offer. Please refer to "Documents available for inspection" in Appendix VII to this Composite Document for further details. Tian An Shareholders are advised to refer to the full valuation report for details of the properties of the Tian An Group.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers

Unit 01, 21/F, Emperor Group Center
288 Hennessy Road
Wanchai, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

18th November, 2011

The Directors
Tian An China Investments Company Limited
22nd Floor, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with the instructions from Tian An China Investments Company Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as "Tian An Group") for us to value the properties held by Tian An Group in the People's Republic of China (hereinafter referred to as the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of values of such property interests as at 31st August, 2011 (hereinafter referred to as the "date of valuation") for public documentation purpose.

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".

In valuing the property interests, we have assumed that Tian An Group has valid and enforceable title to the property interests which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the land use terms granted subject to payment of annual land use fees and all requisite premium payable have been fully paid.

Our valuations have been made on the assumption that Tian An Group sells the property interests on the open market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to affect the value of such property interests.

In the course of our valuation of the property interests, we have relied on the advice given by Tian An Group and its legal adviser on PRC laws, 福建天衡聯合律師事務所上海分所 (Tenet & Partners Law Firm (Shanghai Branch) (hereinafter referred to as the "PRC Legal Adviser") for the titles to each of the property interests. For the purpose of our valuation, we have assumed that Tian An Group has legal and enforceable title to the property interests in Groups I, II, III, IV and V of this valuation report.

In valuing the property interests in Group I which are held under development by Tian An Group in the PRC, we have valued each of these property interests on the basis that these properties will be developed and completed in accordance with Tian An Group's latest development proposals provided to us. In arriving at our opinion of values, we have valued them by Direct Comparison Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the developments to reflect the development potential of the properties and the quality of the completed developments. The "capital value when completed" represents our opinion of the aggregate selling prices of the development assuming that it would have been completed at the date of valuation.

In valuing the property interests in Group II which are held for future development by Tian An Group in the PRC, we have also valued each of these property interests by Direct Comparison Approach assuming sale of each of these property interests in their existing states with the benefit of vacant possession and by making reference to comparable sale evidence as available in the relevant markets.

In valuing the property interests in Group III which are held for investment by Tian An Group in the PRC, we have adopted Investment Approach by taking into account the current rents passing and the reversionary income potential of the tenancies or, wherever appropriate, the Direct Comparison Approach by making reference to comparable sale evidence as available in the relevant markets.

In valuing the property interests in Group IV which are held for sale by Tian An Group in the PRC, we have valued each of these property interests by Direct Comparison Approach assuming such property interests are capable of being sold in their existing states and on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sale evidence as available in the relevant markets.

In valuing the property interests under Group V which are held for owner occupation by Tian An Group in the PRC, we have adopted Direct Comparison Approach by making reference to comparable transactions as available in the relevant markets.

In valuing Property No. 99 which is currently operated as a cement-manufacturing plant in Zaozhuang City, Shandong Province, the PRC, we have valued the property interest on the basis of its continued existing use. Due to the nature of buildings and structures constructed, there is no readily identifiable market sales comparable, and the buildings and structures cannot be valued by comparison with cost. The depreciated replacement cost method sums our opinion of the land value of the property in its existing use and the cost to reproduce or replace in new condition the buildings and structures of the property valued in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes.

For the properties in Group VI, we have attributed no commercial value to them due to the fact that no Certificates for State-owned Land Use Rights have been obtained or the property interests are non-transferable as at the date of valuation.

We have not attributed any commercial value to the property interests in Group VII which are rented by Tian An 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.

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.

Furthermore, we did not carry out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of/or suitability for services, etc. for future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

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 areas shown on the documents and official site plans handed to use are correct. All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by Tian An Group and therefore only approximations.

We have relied to a considerable extent on the information provided by Tian An Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, development proposals, construction costs already expended, estimated outstanding construction costs, site and floor areas and all other relevant matter in the identification of the properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by Tian An Group. We were also advised by Tian An 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 the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values. As advised by the management of Tian An Group, in the event that the properties are sold at the amount of the valuation, 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 realization 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. 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 attributable to Tian An Group for properties held under Groups I to V are estimated to be approximately HK$1,026 million, HK$2,609 million, HK$2,654 million, HK$674 million and HK$119 million respectively. Tian An Group has further confirmed that it has intention to dispose the properties held for sale in the PRC under Group IV whilst it has neither plan nor any intention to dispose the remaining properties held under Groups I, II, III and V. Thus save for properties held for sale in the PRC under Group IV, the likelihood of potential tax liabilities arising from disposal of these properties being crystallized is remote in the near future.

In our valuations, we have complied with all the requirements set out in The Codes on Takeovers and Mergers and Share Repurchases issued by The Securities and Futures Commission and the Chapter 5 and Practice Note 12 to 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 (“HKIS”).

Unless otherwise stated, all sums stated in our valuations are in Hong Kong dollars. The exchange rate adopted in our valuations are approximately HK$1 = RMB0.83 which was approximately the prevailing exchange rate as at the date of valuation.

Our summary of values on properties held by Tian An Group which have commercial values, summary of properties held by Tian An Group with no commercial value, a overview summary of leased properties held by Tian An Group which carry no commercial values and the valuation certificates for properties held by Tian An Group under development and properties with valuation of 5% or more of Tian An Group’s total valued property interests as at 31st August, 2011 are enclosed herewith. Tian An Shareholders are advised to refer to our full valuation report, which is made available as a document on display and for inspection, for details of properties held by Tian An Group.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited
Paul M. K. Wong
MRICS, MHKIS, RPS (G.P.)
Director

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 20 years’ experience in valuation of properties in Hong Kong and in the PRC

A. SUMMARY OF VALUES

* Certificate for Real Estate Ownership is the title document combined with Certificate for State-owned Land Use Rights and Building Ownership Certificate issued by certain local government authorities in the PRC.

** Building Ownership Certificate is the title document for ownership over individual property in a particular unit/building in the PRC.

*** Land Grant Contracts are contracts signed with local government for granting/transfer the land to the transferee in the PRC. For properties marked with "L" in this summary, all land premium under the Land Grant Contract has been paid to relevant government authorities, applications for State-owned Land Use Right Certificate have been made to the local authority and the obtaining of the Land Use Right Certificate is subject to administrative procedures for approval.

A1. The following is a summary of values of properties held by Tian An Group which carry commercial values.

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Total development cost/expended cost *(HK$)*	Valuation after development *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group I — Property interests held under development in the PRC												
1	Phase II Part I of Shanghai Tian An Villa, Dongjing Town, Songjiang District, Shanghai, the PRC	Villa Houses	25,397 sq.m. (including 9,058 sq.m. for basement/N.A.)	65	N.A.	100%	27th June, 2075	2nd Q 2012	175,048,192/ 104,748,441	734,000,000	C	504,000,000
2	Phase I Part 2 of the Manhattan, the junction of Taihu Main Road and Hubin Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	Residential Clubhouse	27,122 sq.m./N.A.	116 residential units 1 club house	N.A.	100%	30th August, 2044, 30th August, 2074 and 30th August, 2054	3rd Q 2012	152,941,915/ 58,884,670	416,000,000	C	225,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Total development cost/expended cost (HK$)	Valuation after development (HK$)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
3	Sale Office of Shanghai Tian An Place, Caobao Road, Qibao Town, Minhang District, Shanghai, the PRC	Commercial	3,340 sq.m. (including 1,160 sq.m. for basement)/N.A.	N.A.	N.A.	99.99%	14th March, 2076	2nd Q 2012	38,771,987/ 14,038,281	105,000,000	C	62,993,700
4	Phase I Parts 1 and 2 of Shanghai Tian An Place, Caobao Road, Qibao Town, Minhang District, Shanghai, the PRC	Residential	69,672 sq.m (including 8,489 sq.m. for basement)/N.A.	738	N.A.	99.99%	2nd June, 2073	4th Q 2013	354,404,470/ 120,360,052	1,579,000,000	C	828,917,100
5	Phase IV Part 2 of Nantong Tian An Garden, Gongnong Road, Nantong City, Jiangsu Province, the PRC	Terrace House	19,031 sq.m. (including 7,645 sq.m. for basement)/N.A.	29	N.A.	100%	25th November, 2070	4th Q 2011	64,744,096/ 59,754,043	257,000,000	C	229,000,000
6	Phase V Part 1 of Nantong Tian An Garden, Gongnong Road, Nantong City, Jiangsu Province, the PRC	Residential Retail	31,730 sq.m. (including 4,856 sq.m. for basement)/N.A.	145	97	100%	25th November, 2070	1st Q 2012	144,244,103/ 101,395,511	371,000,000	C	256,000,000
7	Phase II Part 1 of Tian An Villa, Wujin District, Changzhou City, Jiangsu Province, the PRC	Villa House	33,566.65 sq.m. (including 7,086 sq.m. for basement)/N.A.	66	N.A.	100%	27th February, 2044 and 27th February, 2074	1st Q 2012	148,606,024/ 114,218,595	566,000,000	C	409,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Total development cost/expended cost *(HK$)*	Valuation after development *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
8	Phase V of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Industrial/ Ancillary Office	113,147 sq.m. (including 21,330 sq.m. for basement)/N.A.	N.A.	378	50%	50 years up to 2052	4th Q 2011	369,517,000/ 182,793,000	940,000,000	C	267,500,000
9	E1 Building of Nanjing Tian An Cyber Park of Nanjing Baixia Hi-Technology Industrial Development Area, Guanghua Road, Shishan Village, Baixia District, Nanjing City, Jiangsu Province, the PRC	Industrial	7,215.2 sq.m./N.A.	N.A.	N.A.	100%	19th June, 2057	4th Q 2011	26,381,928/ 25,450,949	67,000,000	C	60,000,000
10	Phase I Parts II to IV of Changzhou Tian An Cyber Park, Wujin District, Changzhou City, Jiangsu Province, the PRC	Residential/ Industrial	200,574 sq.m. (including 35,231 sq.m. for basement)/N.A.	N.A.	N.A.	50%	10th September, 2077 10th February, 2057	3rd Q 2012	542,706,000/ 137,419,000	1,138,000,000	C	173,000,000
11	Phase IV of Foshan Tian An Nanhai Cyber Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, the PRC	Industrial/ Ancillary Office	69,155 sq.m. (including 13,148 sq.m. for basement)/N.A.	N.A.	N.A.	45%	28th November, 2056	4th Q 2012	237,833,000/ 46,264,000	536,000,000	C	81,900,000
12	Phase III of Tian An Longgang Cyber Park, Zhong Xin Cheng, Longgang District, Shenzhen, the PRC	Industrial/ Ancillary Office/Refuge Floor	117,884 sq.m. (including 18,028 sq.m. for basement.)/N.A.	N.A.	407	50%	26th April, 2055 22nd December, 2052 22nd December, 2042	4th Q 2012	269,108,000/ 69,426,000	1,221,000,000	C	311,500,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Total development cost/expended cost (HK$)	Valuation after development (HK$)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
13	Phase I of Jiangyin Tian An Cyber Park, east of Changshan Road and north of Dongsheng Road, Jiangyin City, Jiangsu Province, the PRC	Industrial/ Ancillary Office	102,406.02 sq.m. (including 21,342.47 sq.m. for basement)/N.A.	N.A.	N.A.	50%	14th September, 2060 14th September, 2080	4th Q 2012	357,307,000/ 97,715,000	588,000,000	C	75,500,000
14	Phase I Part I of Wuxi Tian An Intelligent Park, south of Kelang Road and north of Guanshan Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	Industrial/ Ancillary Office	131,299.7 sq.m. (including 24,057.4 sq.m. for basement)/N.A.	310	661	100%	29th April, 2060	1st Q 2013	438,956,626/ 92,963,823	795,000,000	C	164,000,000
15	Phase I of Dongguan Tian An Cyber Park, Nancheng District, Dongguan City, Guangdong Province, the PRC	Industrial	98,572.65 sq.m. (including 20,573.86 sq.m. for basement)/N.A.	N.A.	N.A.	39%	14th October, 2060 14th October, 2080	1st Q 2013	292,167,000/ 33,966,000	607,000,000	C	55,380,000
16	Phase I of Tianjin Tian An Cyber Park, Tianjin Zhangjiawo Shifan Gongyequ, Xiqing District, Tianjin, the PRC	Industrial	136,390 sq.m. (including 16,790 sq.m. for basement)/N.A.	N.A.	N.A.	50%	27th December, 2060	2nd Q 2012	545,566,000/ 138,536,000	897,000,000	C	118,500,000
											Sub-total:	3,822,190,800

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	% Attributable to Tian An Group	Tenure (year or leasehold expiry)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group II — Property interests held for future development in the PRC									
17	Shanghai Tian An Sunshine Peninsula, Moganshan Road, Putuo District, Shanghai, the PRC	Retail/Entertainment Retail Office Servicing Apartment Hotel Protected Buildings	178,000 sq.m. (together with 100,500 sq.m. for basement)/N.A.	N.A.	N.A.	100%	25th April, 2051 25th April, 2061	C	2,293,000,000
18	Remaining site of Shanghai Tian An Place, Caobao Road, Qibao Town, Minhang District, Shanghai, the PRC	Residential Commercial Management Office Public/Utility	240,480 sq.m./N.A.	N.A.	N.A.	99.99%	14th March, 2076 2nd June, 2073	C	1,162,883,700
19	Remaining site in Phase II of Shanghai Tian An Villa, Dongjing Town, Songjiang District, Shanghai, the PRC	Residential/Resort	292,361 sq.m./N.A.	N.A.	N.A.	100%	27th June, 2075 30th October, 2075	C	2,073,000,000
20	Remaining site of Changchun Tian An City One, High-Tech Industrial Development Zone, Changchun City, Jilin Province, the PRC	Residential Commercial	326,000 sq.m. (including 80,000 sq.m. for basement)/N.A	N.A.	N.A.	100%	7th November, 2050	C	300,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	% Attributable to Tian An Group	Tenure (year or leasehold expiry)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
21	Phase IV of Dalian Tian An Seaview Garden, Liaohe West Road, Economic and Technical Development Zone, Dalian City, Liaoning Province, the PRC	Residential Facilities Car Park	45,400 sq.m. (including 7,280 sq.m. for carpark)/N.A.	N.A.	N.A.	60%	25th August, 2043	C	103,800,000
22	Phase II of the Manhattan, the junction of Taihu Main Road and Hubin Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	Residential Retail Management and Other Car Parking	109,834 sq.m. (including 30,007 sq.m. for basement)/N.A.	N.A.	660	100%	30th August, 2044 30th August, 2074 30th August, 2054	C	341,000,000
23	Remaining site of Changzhou Tian An Villa, Wujin District, Changzhou City, Jiangsu Province, the PRC	Villa	94,345 sq.m. (including 22,360 sq.m. for basement)/N.A.	N.A.	N.A.	100%	12th January, 2044 27th February, 2044 12th January, 2074 27th February, 2074	C	436,000,000
24	Remaining site of Tian An Longgang Cyber Park at Zhong Xin Cheng, Longgang District, Shenzhen, the PRC	Industrial Commercial	111,305.69 sq.m./ N.A.	N.A.	N.A.	50%	26th April, 2055 22nd December, 2052 22nd December, 2042	C	151,500,000 *(Note 1)*

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	% Attributable to Tian An Group	Tenure (year or leasehold expiry)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
25	Remaining site of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Ancillary Residential Ancillary Office	371,198.68 sq.m./ N.A.	N.A.	N.A.	50%	50 years up to 2052	C	307,000,000 *(Note 2)*
26	Remaining site of Nantong Tian An Garden, Gongnong Road, Nantong City, Jiangsu Province, the PRC	Residential	27,013.43 sq.m./N.A.	N.A.	N.A.	100%	25th November, 2070	C	117,000,000
27	Remaining site of Foshan Tian An Nanhai Cyber Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, the PRC	Industrial	39,854 sq.m. (including 3,445 sq.m. for basement)/N.A.	N.A.	N.A.	45%	28th November, 2056	C	39,150,000
28	Remaining site of Nanjing Tian An Cyber Park of Nanjing Baixia Hi-Technology Industrial Development Area, Guanghua Road, Shishan Village, Baixia District, Nanjing City, Jiangsu Province, the PRC	Industrial	177,620.8 sq.m./N.A.	N.A.	N.A.	100%	19th June, 2057	C	263,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	% Attributable to Tian An Group	Tenure (year or leasehold expiry)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
29	Remaining site of Changzhou Tian An Cyber Park, Wujin District, Changzhou City, Jiangsu Province, the PRC	Industrial Residential Basement	739,330.51 sq.m. (including 129,367.29 sq.m. for basement)/N.A.	N.A.	N.A.	50%	10th September, 2077 10th February, 2057	C	192,500,000 *(Note 1)*
30	Remaining site of Wuxi Tian An Intelligent Park, south of Kelang Road and north of Guanshan Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	Industrial	106,669.11 sq.m./ N.A.	N.A.	N.A.	100%	29th April, 2060	C	114,000,000
31	Remaining site of Dongguan Tian An Cyber Park, Nancheng District, Dongguan City, Guangdong Province, the PRC	Industrial Residential	385,476 sq.m./N.A.	N.A.	N.A.	39%	14th October, 2060 14th October, 2080	C	167,700,000
32	Remaining site of Tianjin Tian An Cyber Park, Tianjin Zhangjiawo Shifan Gongyequ, Xiqing District, Tianjin, the PRC	Industrial Basement	923,934 sq.m. (including 153,980 sq.m. for basement)/N.A.	N.A.	N.A.	50%	27th December, 2060	C	177,500,000
33	Remaining site of Jiangyin Tian An Cyber Park, east of Changshan Road and north of Dongsheng Road, Jiangyin City, Jiangsu Province, the PRC	Industrial Residential	361,228.98 sq.m. (including 78,557.53 sq.m. for basement)/N.A.	N.A.	N.A.	50%	14th September, 2060 14th September, 2080	C	87,500,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	% Attributable to Tian An Group	Tenure (year or leasehold expiry)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
34	Nantong Tian An Cyber Park, south of Changping Road and east of Yongtong Road, Gangzha District, Nantong City, Jiangsu Province, the PRC	Industrial	380,000 sq.m./N.A.	N.A.	N.A.	100%	5th January, 2061	C	170,000,000
35	Lot E46-4/03, Chongqing Tian An Cyber Park, Dadukou District, Chongqing, the PRC	Industrial	134,923.75 sq.m./ N.A.	N.A.	N.A.	50%	28th February, 2061	C	109,000,000
36	天安新陽城 (Tian An Xinyangcheng), Danshui Town, Huiyang District, Huizhou City, Guangdong Province, the PRC	Residential Commercial Villa	783,000 sq.m./N.A.	N.A.	N.A.	100%	1st July, 2074	C	705,000,000 *(Note 3)*
								Sub-total:	9,310,533,700

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group III — Property interests held for investment in the PRC											
37	81 car parking spaces in Shanghai Central Garden, Nos. 2–12, Lane 800, Jinxiu Road, Pudong District, Shanghai, the PRC	Car Parking	N.A.	N.A.	81	80%	4th September, 2068	2000	25,301	C	16,000,000
38	Unsold portions of Shanghai Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Office Shop Car Parking	30,122.97 sq.m. (including basement)/N.A.	98	142	98%	7th July, 2044	2004	6,251,201	C	1,427,860,000
39	6 residential units of Beijing Lakeside Garden, No. 5 Chaoyang Park West Road, Chaoyang District, Beijing, the PRC	Residential	879.95 sq.m./ N.A.	6	N.A.	100%	13th November, 2064	1997	N.A.	C	18,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
40	Basement B2 to Level 12, Nanjing Tian An International Building, No. 122 Zhongshan South Road and Shigu Road, Jianye District, Nanjing City, Jiangsu Province, the PRC	Retail Office Car Parking	81,476.46 sq.m. (including 6,869.50 sq.m. for B1 Retail and 4,793.95 sq.m. for car park in B2 basement)/N.A.	N.A.	N.A.	100%	18th August, 2032; 18th August, 2042 and 18th August, 2062	2003	5,300,230	C	889,000,000
41	Various portions of Dalian Tian An International Tower, Zhongshan Road/Jiefang Road/Wuzhou Road/ Kunming Road, Zhongshan District, Dalian City, Liaoning Province, the PRC	Office Car Parking	62,791 sq.m. (including 10,129 sq.m. for basement car parking)/ N.A.	N.A.	127	100%	10th March, 2035	2005	3,866,265	C	823,000,000
42	Various portions in Futian Tian An Hi-Tech Venture Park, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Ancillary Office	13,759.91 sq.m./N.A.	74	N.A.	50%	23rd January, 2053	2004	1,507,520	C	158,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
43	Unsold portions on Levels 8 to 23 of Wuxi Tian An Building, No. 270 Zhongshan Road, Chongan District, Wuxi City, Jiangsu Province, the PRC	Office Residential	1,417.89 sq.m./ N.A.	8	N.A.	95%	26th December, 2043	2000	N.A.	C	13,015,000
44	62 car parking spaces of Wuxi Tian An Building, No. 270 Zhongshan Road, Chongan District, Wuxi City, Jiangsu Province, the PRC	Car Parking	4,496.80 sq.m./ N.A.	N.A.	62	95%	26th December, 2043	2000	N.A.	C	7,410,000
45	Levels 1 to 8, Changzhou Tian An City Plaza, the junction of Heping North Road and Xinmin Lane, Changzhou City, Jiangsu Province, the PRC	Office Retail	24,400.72 sq.m. /N.A.	N.A.	N.A.	100%	9th December, 2043	1997	481,928	C	136,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
46	Commercial portions of Phase V of Changzhou New City Garden, Changjiang Road/ Zhujiang Road, Xinbei District, Changzhou City, Jiangsu Province, the PRC	Shop	7,139.05 sq.m. /N.A.	12	N.A.	100%	31st March, 2048 31st March, 2068 2nd November, 2067	2007	271,145	C	61,000,000
47	The whole of Levels 1 and 2 of Blocks A and B, Phase I of Innovation Science and Technology Plaza, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Industrial Ancillary Office	10,542.51 sq.m. /N.A.	16	N.A.	50%	15th November, 2038	2002	1,603,495	C	134,000,000
48	Various portions of Cyber Times Building, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Office	20,524.95 sq.m. and a total of 420 car parking spaces/N.A.	11	420	50%	15th November, 2051.	2003	2,244,473	C	277,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
49	20th Floor, Block A of Shenzhen Tian An International Building, Renmin South Road, Luohu District, Shenzhen, the PRC	Office	849.71 sq.m./ N.A.	8	N.A.	100%	17th December, 2041	1993	61,425	C	13,700,000
50	8 shop units at Tianbeiyi Road, Luwu District, Shenzhen, the PRC	Shop	1,457.05 sq.m./ N.A.	8	N.A.	100%	28th November, 2034 29th April, 2033	1988 and 1991	153,549	C	20,200,000
51	Unit 2602 of Main Block of Cyber Times Building, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Office	887.21 sq.m./ N.A.	1	N.A.	100%	15th November, 2051	2003	117,582	C	33,800,000
52	Various portions in Phase I of Changchun Tian An City One, High-Tech Industrial Development Zone, Changchun City, Jilin Province, the PRC	Retail Shops Car Parking	4,778.47 sq.m. /N.A.	13	1	100%	28th November, 2051	2004	75,904	C	30,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
53	Various units of Eastern and Western Blocks, Phase II of Innovation Science and Technology Plaza, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Industrial	4,400.51 sq.m./ N.A.	9	N.A.	50%	9th September, 2052	2005	418,599	C	53,000,000
54	Summit Golf Country Club and Dengyun Resort, No. 388 Dengyun Road, Jinan District, Fuzhou City, Fujian Province, the PRC	Villa Apartment Ancillary Commercial Children and Water Management Office School	748,075 sq.m./ N.A.	N.A.	N.A.	68.4%	2nd April, 2062	N.A.	N.A.	C	1,433,664,000
55	Zhaoqing Resort and Golf Club, Huilong Town, Gaoyao City, Zhaoqing, Guangdong Province, the PRC	Villas Apartments	489,185 sq.m./ N.A.	N.A.	N.A.	87.97%	2035 and 2062	N.A.	N.A.	C	761,820,200 *(Note 4)*

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent (HK$)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
56	Various portion in Phases I, II and III of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Industrial Car Parking	9,306.41 sq.m. for industrial use and 40 car parking spaces in basement./ N.A	11	40	50%	11th June, 2052 and 24th September, 2052	2004, 2006 and 2007	434,422	C	50,000,000
57	78 residential units in Beijing Park Apartments, Nanhu Road, Chaoyang District, Beijing, the PRC	Residential	21,409.46 sq.m./ N.A.	78	N.A.	100%	24th August, 2064	2005	1,834,940	C	693,000,000
58	Part of Ground Floor, Shanghai The Riverside, No. 668 North Suzhou Road, Zhabei District, Shanghai, the PRC	Commercial	1,516.34 sq.m./ N.A.	8	N.A.	99%	23rd September, 2066	1999	40,207	C	19,899,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
59	Various portions of Wuxi Redhill Peninsula, south of Liangxi River, Binhu District, Wuxi City, Jiangsu Province, the PRC	Shop	2,833.55 sq.m./ N.A.	30	N.A.	95%	26th September, 2071, 26th September, 2041 and 26th September, 2051	2003 and 2004	144,648	C	30,305,000
60	The whole of 5th Floor and car parking spaces Nos. 41 to 43 on Basement B2, Shanghai Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Office Car Parking	1,919.58 sq.m. (including 164.25 sq.m. for basement car parking)/ N.A.	N.A.	3	100%	7th July, 2044	2004	492,116	C	95,000,000
61	The whole of 16th Floor and car parking spaces Nos. 13 to 15 on Basement B2, Shanghai Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Office Car Parking	1,792.62 sq.m. (including 164.25 sq.m. for basement car parking)/ N.A.	10	3	100%	7th July, 2044	2004	372,611	C	100,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
62	The whole of 8th Floor, Shanghai Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Office	1,359.54 sq.m./ N.A.	9	N.A.	100%	7th July, 2044	2004	310,717	C	74,000,000
63	Villa No. 28 of Shanghai Mandarin Palace, No. 599 Fangdian Road, Pudong New District, Shanghai, the PRC	Villa	551.03 sq.m. (including 166.88 sq.m. for basement)/ N.A.	1	N.A.	100%	17th June, 2071	2006	N.A.	C	76,300,000
64	Villa No. 57 of Shanghai Mandarin Palace, No. 599 Fangdian Road, Pudong New District, Shanghai, the PRC	Villa	574.41 sq.m. (including 140.29 sq.m. for basement)/ N.A.	1	N.A.	100%	17th June, 2071	2006	N.A.	C	87,100,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
65	10 residential units in Phase III of Dalian Tian An Seaview Garden, Liaohe West Road, Economic and Technical Development Zone, Dalian City, Liaoning Province, the PRC	Residential	2,011.12 sq.m./ N.A.	10	N.A.	60%	25th August, 2043	2009	54,217	C	13,500,000
66	Various portions of Phase IVa of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Industrial Ancillary Office	4,087.79 sq.m./ N.A.	10	N.A.	50%	2052	2008	165,984	C	22,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/ Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Average monthly rent *(HK$)*	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
67	Various portions of Phases I to III of Foshan Tian An Nanhai Cyber Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, the PRC	Industrial	8,938.61 sq.m./ N.A.	26	N.A.	45%	28th November, 2056	2007, 2010 and 2011	367,941	C	32,445,000
68	Various apartments of Shanghai Racquet Club & Apartments, 555 Jinfeng Road, Minhang District, Shanghai, the PRC	Low-rise Residential Storage Rooms Car Parking	71,862.87 sq.m. (including 2,506.17 sq.m. for basement)/ N.A.	residential (261 units) storage rooms (218 units)	116	100%	23rd May, 2071	2000 and 2001	6,613,463	C	1,915,000,000
69	Level 2 in Building No. 4 of Jin Xiu Court, Haonan Road, Chongchuan District, Nantong City, Jiangsu Province, the PRC	Retail	1,295.88 sq.m./ N.A.	N.A.	N.A.	100%	28th February, 2050	2004	40,160	C	13,700,000
										Sub-total:	9,528,718,200

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
Group IV — Property interests held for sale in the PRC										
70	Various units of Jun An Garden, Nong Ke Centre, Longxuan Road, Futian District, Shenzhen, the PRC	Residential Car Parking	8,942.87 sq.m. and 147 basement car parking spaces/N.A.	68	147	65%	29th June, 2068	2002	C	169,000,000
71	Unsold units in Phase I of Shanghai Tian An Villa, Dongjiang Town, Songjiang District, Shanghai, the PRC	Villa	1,012.46 sq.m./N.A	3	N.A.	100%	15th April, 2072	2003	C	32,000,000
72	Unsold portions of Wuxi Redhill Peninsula, south of Liangxi River, Binhu District, Wuxi City, Jiangsu Province, the PRC	Residential	494.26 sq.m./N.A	2	N.A.	95%	26th September, 2071, 26th September, 2041 and 26th September, 2051	2003/2004	C	5,225,000
73	Unsold portions of Nantong Tian An Garden, Gongnong Road, Nantong City, Jiangsu Province, the PRC	Residential	1,642.52 sq.m./N.A	5	N.A.	100%	25th November, 2070	2010	C	22,000,000
74	Villa No. 29 in Phase I of Shanghai Tian An Villa, Dongjiang Town, Songjiang District, Shanghai, the PRC	Villa	370.95 sq.m./N.A.	1	N.A.	100%	15th April, 2072	2003	C	13,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
75	Various portions of Phases I and III of Foshan Tian An Nanhai Cyber Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, the PRC	Industrial Car Parking	7,117.17 sq.m. and car parking spaces/ N.A.	21	680	45%	28th November, 2056	2007, 2010 and 2011	C	65,250,000
76	157 car parking spaces of Shanghai The Riverside, No. 668 North Suzhou Road, Zhabei District, Shanghai, the PRC	Car Parking	N.A	N.A.	157	99%	23rd September, 2066	1999	C	32,670,000
77	Unsold portions in Phases I to III of Dalian Tian An Seaview Garden, Liaohe West Road, Economic and Technical Development Zone, Dalian City, Liaoning Province, the PRC	Residential Car Parking Storerooms	2,532.28 sq.m. together with a total of 111 car parking spaces and 34 storerooms/N.A.	13 residential 34 storerooms	111	60%	25th August, 2043	1998, 2002 and 2005	C	19,380,000
78	Various portions in CRED Forest Villas, No. 3388 Kunyang Road, Minhang District, Shanghai, the PRC	Villa	11,074.34 sq.m. (including 3,477.54 sq.m. for basement)/ N.A.	22	N.A.	100%	24th December, 2070	2006	C	346,900,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
79	Various portions in Phases I to IV of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Ancillary Office/ Dormitory Car Parking	25,332.26 sq.m. together with 835 basement car parking/N.A.	351	835	50%	50 years up to 2052	2004 and 2006 to 2009	C	167,000,000
80	Unsold portions in Phases I to III of Changchun Tian An City One, High-Tech Industrial Development Zone, Changchun City, Jilin Province, the PRC	Residential Shop Car Parking	10,010 sq.m./N.A.	14	144	100%	17th November, 2050 28th November, 2051	2004 and 2008	C	55,500,000
81	Unsold units in Beijing Park Apartments, Nanhu Road, Chaoyang District, Beijing, the PRC	Residential	762.77 sq.m./N.A.	3	N.A.	100%	24th August, 2064	2005	C	25,000,000
82	Various portions of Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Residential Dormitory Factory Car Parking	24,965.41 sq.m. together with 1,259 nos car parking/N.A.	122	1,259	50%	15th November, 2038	1993 to 1995, 1998, 2002 to 2005 and 2008	C	660,000,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
83	Building Nos. 10 to 12 of the Manhattan, the junction of Taihu Main Road and Hubin Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	Residential	33,134.96 sq.m./N.A.	150	N.A.	100%	30th August, 2044, 30th August, 2074 and 30th August, 2054	2011	C	499,000,000
84	Block A of Changzhou Tian An Cyber Park, Wujin District, Changzhou City, Jiangsu Province, the PRC	Industrial Car Parking	29,041.38 sq.m. together with 137 basement car parking spaces./N.A.	93	137	50%	10th September, 2077 to 10th February, 2057	2010	C	90,000,000
85	Various portions of Phase II of Tian An Longgang Cyber Park, Zhong Xin Cheng, Longgang District, Shenzhen, the PRC	Industrial Ancillary Office	12,228.79 sq.m./N.A.	27	N.A.	50%	26th April, 2055	2010	C	79,000,000
86	Unsold units in Nanjing Tian An International Building, No. 122 Zhongshan South Road and Shigu Road, Jianye District, Nanjing City, Jiangsu Province, the PRC	Office Club House	1,792.87 sq.m./N.A.	N.A.	N.A.	100%	18th August, 2032, 18th August, 2042 and 18th August, 2062	2003	C	34,300,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
87	Various portions of Longyuan, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Residential	2,925.38 sq.m./N.A.	15	N.A.	100%	26th January, 2076	2008	C	147,000,000
									Sub-total:	2,462,225,000
Group V — Property interests held for owner occupation in the PRC										
88	Units 2801–2805 and the whole of 30th Floor of Shanghai Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Office	1,624.10 sq.m./N.A.	6	N.A.	98%	7th July, 2044	2004	C	100,940,000
89	Unit 2601, Main Block of Cyber Times Building, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Office	1,087.99 sq.m./N.A.	1	N.A.	100%	15th November, 2051	2003	C	41,900,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
90	5 units in Phase I of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Ancillary Office	981.3 sq.m./N.A.	5	N.A.	50%	50 years up to 2052	2004	C	4,650,000
91	Unit 1606 of Phase I of Foshan Tian An Nanhai Cyber Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, the PRC	Industrial	326.81 sq.m./N.A.	1	N.A.	45%	28th November, 2056	2007	C	1,395,000
92	Club House of Shanghai Racquet Club & Apartments, 555 Jinfeng Road, Minhang District, Shanghai, the PRC	Club House	10,605.32 sq.m./N.A.	1	N.A.	100%	3rd November, 2068	2000 to 2001	C	97,000,000
93	Various portions of Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	Ancillary Office Industrial	2,795.82 sq.m./N.A.	3	N.A.	50%	15th November, 2038	1996 and 2002	C	28,850,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
94	Units 2002 and 2004 Residential Block of Everbright Convention and Exhibition Centre, 86 Caobao Road, Xuhui District, Shanghai, the PRC	Apartment	225.78 sq.m./N.A.	2	N.A.	49.98%	3rd September, 2042	2000	C	2,698,920
95	Unit 1603 of Jin Xuan Buildings, No. 3, Lane 228, East Nandan Road, Xuhui District, Shanghai, the PRC	Residential	110.17 sq.m./N.A.	1	N.A.	49.98%	30th December, 2043	1997	C	1,449,420
96	Units 201 and 202, Jin Cheng Lu Garden No. 69, Lane 398, Shenbei Road, Minhang District, Shanghai, the PRC	Residential	274.57 sq.m./N.A.	2	N.A.	49.98%	30th December, 2043	1995	B	2,299,080
97	Unit 20G, 協和公寓第一號樓 (Xiehe Mansion No. 1 Building), No. 13, Lane 814, North Zhongshan Road, Zhabei District, Shanghai, the PRC	Residential	77.00 sq.m./N.A.	1	N.A.	49.98%	14th October, 2067	2003	C	849,660

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
98	Room 102, Building 27, 張江集電港二期（西塊）(Zhangjiang Semiconductor Industry Park Phase II (West Site)), No. 1388 Zhangdong Road, Pudong District, Shanghai, the PRC	Industrial	857.60 sq.m./N.A	1	N.A.	49.98%	24th May, 2049	2011	C	12,495,000
99	Land, buildings and structures in the factory complex of 山東聯合王晁水泥有限公司 (Shandong Allied Wangchao Cement Limited), Dundong Village, Jiantouji Town, Taierzhuang District, Zaozhuang City, Shandong Province, the PRC	Industrial	20,036 sq.m./N.A.	N.A.	N.A.	100%	6th August, 2056	2005	C	154,000,000
100	Club House of California Court, No. 9-11, Lane 369, Huanghua Road, Minhing District, Shanghai, the PRC	Club House	1,065.13 sq.m./N.A.	1	N.A.	100%	7th March, 2065	2003	C	7,100,000

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C) /Building Ownership Certificate (B)** /Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 (HK$)
101	The whole of 19th Floor, Sun Hai Tung Building, No. 15 Qingnian West Road, Chongchuan District, Nantong City, Jiangsu Province, the PRC	Office	1,124.36 sq.m./N.A.	N.A.	N.A.	100%	14th January, 2043	1995	B	9,500,000
									Sub-total:	465,127,080

A2. The following is a summary of properties held by Tian An Group with no commercial value.

Group VI — Properties held by Tian An Group with no commercial value

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area (sq.m.)	Number of rooms/units	Number of car parks	%Attributable to Tian An Group	Tenure (year or leasehold expiry)	Year of completion/ Expected date of completion/ Letting	Title Obtained	Attributable independent valuation as at 31st August, 2011 (HK$)
102	Unit 1403, 明都公寓 (Mingdu Apartment), No. 83, Anshun Road, Changning District, Shanghai, the PRC	Office	146.48 sq.m./N.A.	1	N.A.	49.98%	N.A.	2000	C (non-transferrable)	No Commercial Value
103	Various portions of Phases I and II of Tian An Longgang Cyber Park, Zhong Xin Cheng, Longgang District, Shenzhen, the PRC	Industrial/ Ancillary Office and Canteen	35,245.14 sq.m. together with 308 underground carparking spaces/N.A.	73	308	50%	26th April, 2055	2007 and 2010	C (non-transferrable)	No Commercial Value
104	4th Floor of Sun Hai Tung Building, No. 15 Qingnian West Road, Chongchuan District, Nantong City, Jiangsu Province, the PRC	Office	713.70 sq.m./N.A.	N.A.	N.A.	100%	14th January, 2043	1995	L	No Commercial Value

Property no. as stated in the full valuation report	Property	Usage	Total Gross Floor Area/Saleable Area *(sq.m.)*	Number of rooms/units	Number of car parks	% Attributable to Tian An Group	Tenure (year or leasehold expiry)	Title Obtained (Certificate for State-owned Land Use Rights or Real Estate Ownership* (C)/Building Ownership Certificate (B)**/Land grant contract (L)*** otherwise specified)	Attributable independent valuation as at 31st August, 2011 *(HK$)*
105	Unit 1501, Block 2, House No. 3 of Jin Quan Jia Yuan, Datun Road, Chaoyang District, Beijing, the PRC	Residential	148.03 sq.m./N.A.	1	N.A.	100%	8th March, 2073	Pre-sale contract signed with consideration fully paid and applying for B	No Commercial Value
106	A development site of Shanghai Tian An Place, Caobao Road, Qibao Town, Minhang District, Shanghai, the PRC	Residential	166,157 sq.m./N.A	N.A.	N.A.	99.99%	Term of 70 years from issuance of C, which is to be obtained	L	No Commercial Value
107	Development site at Economic and Technical Development Zone, Dalian City, Liaoning Province, the PRC	Commercial Residential Car Parking	184,416 sq.m. (including 50,000 sq.m. for basement car parking)/N.A	N.A.	800	100%	40 years for commercial and 50 years for servicing apartment from issuance of C, which is to be obtained	Auction document signed with land premium fully paid and applying for L	No Commercial Value
108	A development site of Tianjin Tian An Cyber Park, Tianjin Zhangjiawo Shifan Gongyequ, Xiqing District, Tianjin, the PRC	Residential Basement	367,781 sq.m. (including 67,247 sq.m. for basement)/ N.A.	N.A.	N.A.	50%	Term of 70 years from issuance of C, which is to be obtained	L	No Commercial Value
								Sub-total:	No Commercial Value
								Grand Total:	25,588,794,780

Notes:

1. Although the whole project is under phased construction, development progress of a portion of this property fall behind the permitted schedule thus could not fully fulfill building covenants under the Land Grant Contracts. In the worst case scenario, if the property were to be classified as idle land and confiscated by the local authority, Tian An Group would lose the ownership of the property, and there would be no commercial value attributable to Tian An Group.

2. Although the whole project is under phased construction, local authority has made idle land enquires regarding a portion of this property in late 2009 and early 2010. Response has been made to the local authorities and no further enquiry was received. In the worst case scenario, if the property were to be classified as idle land and confiscated by the local authority, Tian An Group would lose the ownership of the property, and there would be no commercial value attributable to Tian An Group.

3. Although the whole project is under phased construction, the property had been identified as idle land by the local authority in late June 2011. In the worst case scenario, if the property were to be confiscated by the local authority, Tian An Group would lose the ownership of the property, and there would be no commercial value attributable to Tian An Group.

4. Development period of the property has expired and the land is subject to be transferred to a new development company before the commencement of any construction or development. In the worst case scenario, if the property were to be classified as idle land and confiscated by the local authority, Tian An Group would lose the ownership of the property, and there would be no commercial value attributable to Tian An Group.

B. OVERVIEW SUMMARY OF LEASED PROPERTIES FOR TIAN AN GROUP

The following is a brief overview of properties leased by Tian An Group which carry no commercial values to the Tian An Group.

Group VII — Property interests leased in the PRC

Property no. as stated in the full valuation report	Location of the properties	Form of holding	Uses	Size range *(sq.m.)*	Total Number of leased properties
109	Shanghai	Lease	Residential/ Industrial	250	1
110–111	Shandong Province	Lease	Office	1,400 to 40,000	2

C. VALUATION CERTIFICATE

The following are the valuation certificates as extracted from our valuation report of properties of Tian An Group with (i) their respective individual valuation equal to 5% or more of Tian An Group's total valued property interests as at 31st August, 2011, or (ii) classification as property interests held under development.

Group I — Property interests held under development in the PRC

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 31st August, 2011
1	Phase II Part 1 of Shanghai Tian An Villa, Dongjing Town, Songjiang District, Shanghai, the PRC	Shanghai Tian An Villa (the "Development"), having a total site area of 1,253,340 sq.m., is planned to be developed into a comprehensive residential/resort development with a total gross floor area of approximately 1,065,339 sq.m. by phases. The property comprises Phase II Part 1 of the Development, having a site area of approximately 48,000 sq.m., and is planned to be developed into a 65 villa houses with a total gross floor area of approximately 25,397 sq.m. (including basement area of 9,058 sq.m.). The land use rights of the property have been granted for terms of 70 years commencing from 28th June, 2005 to 27th June, 2075 for residential use.	The property is currently under construction and is scheduled to be completed in 2nd quarter 2012.	HK$504,000,000 (100% interest attributable to Tian An Group: HK$504,000,000)

Notes:

Section I: Title Documents

1. Pursuant to the Contract for Grant of State owned Land Use Rights dated 26th April, 2005, 上海市松江區房屋土地管理局 (Shanghai Housing and Land Administration (Songjiang District) Bureau) agreed to grant the land use rights of Lot No. 654-1 (being portion of Phase II of Development) on its existing state basis, having a site area of 165,920 sq.m., to 上海佘山鄉村俱樂部有限公司 (Shanghai Sheshan Country Club Company Limited) (the "WFOE"), a wholly-owned subsidiary of the Company, with a maximum plot ratio of 0.85 for a term of 70 years for residential use.

2. Pursuant to three Certificates of Real Estate Ownership Nos. 【滬房地松字(2005)第018427 to 018429】 all dated 28th June, 2005, the land use rights for Lot No. 654-1, having a total site area of 165,920 sq.m., have been granted to the WFOE for a term commencing from 28th June, 2005 to 27th June, 2075 for residential use.

3. Pursuant to the Contract for Grant of State owned Land Use Rights dated 1st November, 2005, Shanghai Housing and Land Administration (Songjiang District) Bureau agreed to grant the land use rights of Lot No. 654-2 (being portion of Phase II of the Development) on its existing state basis, having a site area of 197,243 sq.m., to the WFOE with a maximum plot ratio of 0.85 for a term of 70 years for residential use.

4. Pursuant to two Certificates for Real Estate Ownership Nos. 【滬房地松字(2008)第026508 and 026510號】 both dated 8th December, 2008, the land use rights for Lot No. 654-2 (lots A and B), having a total site area of 197,243 sq.m., have been granted to the WFOE for a term commencing from 11th December, 2005 to 30th October, 2075 for residential use.

Section II: Corporate Background

5. Pursuant to the Business Licence No. 310000400262018 (市局) dated 15th July, 2011, the WFOE has been incorporated with a registered capital of US$50,000,000 for an operation period commencing from 6th April, 2001 and expiring on 5th April, 2071. The scope of business includes operation of leisure and holiday community within the property, ecological agriculture, villas and membership club.

6. Pursuant to the approval letter No. 【松規局字(2005)第40號】 issued by 上海市松江區規劃管理局 (Shanghai Urban Planning Administration (Songjiang District) Bureau) on 10th March, 2005, the planning conditions for Phase II of the Development are restricted as not more than 0.85 for plot ratio and 25% for site coverage respectively.

Section III: Status of the Property

7. Pursuant to the Certificate for Commencing Construction No. 0502SJ0115D01310227200506303919 dated 26th September, 2005, construction works of Phase II Part 1 of the Development with a total gross floor area of 25,397 sq.m. has been permitted.

8. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$104,748,441 and the outstanding cost to complete Phase II Part 1 of the Development was approximately HK$70,299,751. In the course of our valuation, we have taken into account the said construction costs.

9. The "capital value when completed" of Phase II Part 1 of the Development is approximately HK$734,000,000.

Section IV: Others

10. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consents from the mortgagee;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is subject to a mortgage in favour of 招商銀行股份有限公司(上海松江支行) (China Merchants Bank Co., Ltd., (Shanghai Songjiang Sub-branch)); and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
2	Phase I Part 2 of the Manhattan, the junction of Taihu Main Road and Hubin Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	The Manhattan (the "Development") comprises 2 parcels of land with a total site area of 59,482 sq.m. and is planned to be developed into a residential development with a total gross floor area of 190,464.69 sq.m. (including 44,278.07 sq.m. for basement). The property comprises Phase I Part 2 of the Development and is to be developed into 2 blocks with the gross floor area breakdown as follows: **Use** — **Approximate Gross Floor Area** *(sq.m.)* Residential (116 units) — 23,455 Clubhouse — 3,667 Total: — 27,122 The land use rights of the property have been granted for terms expiring on 30th August, 2044, 30th August, 2074 and 30th August, 2054 for commercial, residential and others respectively.	The property is currently under construction and is scheduled to be completed in 3rd quarter 2012.	HK$225,000,000 (100% interest attributable to Tian An Group: HK$225,000,000)

Notes:

Section I: Title Documents

1. Pursuant to two Certificates for State-owned Land Use Rights Nos.【錫濱國用(2005)第142 and 143號】issued by 無錫市人民政府 (the People's Government of Wuxi City) both dated 22nd July, 2005, the land use rights of the Development, having a total site area of 59,482 sq.m., are vested in 無錫天信置業有限公司 (Wuxi Tianxin Properties Co., Ltd.) (the "WFOE"), a wholly-owned subsidiary of the Company, for comprehensive residential use.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【錫國土出合(2004)第43號】and the Supplementary Contracts entered into between 無錫市國土資源局 (Wuxi State-owned Land Resources Bureau) (the "Bureau") and the WFOE on 23rd August, 2004, 10th November, 2004 and 19th September, 2006 respectively, the Bureau agreed to grant to the land use rights of the Development to the WFOE. The salient conditions as stipulated in the said contracts are summarised as follows:

(i)	Site area	:	59,482 sq.m.
(ii)	Use	:	residential/commercial

(iii)	Land use term	:	70 years — residential 40 years — commercial
(iv)	Plot ratio	:	not exceeding 2.4
(v)	Site coverage	:	not exceeding 25%
(vi)	Greenery ratio	:	not less than 45%
(vii)	Height restriction	:	not less than 30 storeys along Taihu Main Road

Section II: Corporate Background

3. Pursuant to the Business Licence No. 320200400021497 dated 7th December, 2007, the WFOE has been established with a registered capital of US$18,400,000 for an operation period commencing from 27th September, 2004 to 26th September, 2074. The scope of business is to develop real estate.

Section III: Status of the Property

4. Pursuant to two Certificates of Construction and Land Usage Planning Nos.【錫規建許(2006)第0207號】and【錫規建許(2007)第050號】respectively, approvals have been granted to the WFOE to develop Phase I of the Development with total gross floor areas of 55,038 sq.m. (including 14,081 sq.m. for basement) and 24,885 sq.m. (including 1,636 sq.m. for basement).

5. Pursuant to two Certificates for Commencing Construction Nos. 3202112007092500001A and 3202112007111400001A dated 25th September, 2007 and 14th November, 2007 respectively, construction works of Phase I of the Development with total gross floor areas of 55,038 sq.m. and 24,885 sq.m. have been permitted.

6. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$58,884,670 and the outstanding construction cost to complete Phase I Part 2 of the Development was approximately HK$94,057,245. In the course of our valuation, we have taken into account the said construction costs.

7. The "capital value when completed" of Phase I Part 2 of the Development is approximately HK$416,000,000.

Section IV: Others

8. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consents from the mortgagee;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

   (iii) the property is subject to a mortgage in favour of Bank of East Asia (China) Limited Suzhou Branch; and

   (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
3	Sale Office of Shanghai Tian An Place, Caobao Road, Qibao Town, Minhang District, Shanghai, the PRC	Shanghai Tian An Place (the "Development") comprises an irregular-shaped site with an area of approximately 361,835 sq.m. and is planned to be developed into a comprehensive residential development with a total gross floor area of approximately 470,000 sq.m.. The property comprises a single-storey building of the Development with a gross floor area of approximately 3,340 sq.m. (including 1,160 sq.m. for basement) for commercial use. The land use rights of land no. 52 of the Development have been granted for a term of 70 years for residential use.	The property is currently under construction and is scheduled to be completed in 2nd quarter 2012.	HK$63,000,000 (99.99% interest attributable to Tian An Group: HK$62,993,700)

Notes:

Section I: Title Documents

1. Pursuant to the Certificate for Real Estate Ownership No. 【滬房地閔字(2007)第065725號】 issued by Shanghai Housing and Land Resources Administration Bureau (the "Bureau") on 12th December, 2007, the land use rights of the land 657街坊32/8丘 (land no. 52) of the Development, having a site area of 107,265 sq.m., are vested in 上海海峽思泉房地產有限公司 (the "JV Company"), a subsidiary of 99.99% interest owned by the Company, with the land use term from 15th March, 2006 to 14th March, 2076 for residential use.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【滬房地閔(2003)出讓合同第49號】 entered into between the Bureau and the JV Company on 27th March, 2003, the Bureau agreed to grant the land use rights of Lot A of the Development to the JV Company. The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	Lot A, no. 52, Qibao Town, Minhang District, Shanghai
(ii)	Site area	:	136,340 sq.m. (part of 362,321 sq.m.)
(iii)	Land grant consideration	:	RMB33,866,856
(iv)	Land use	:	residential
(v)	Land use term	:	70 years
(vi)	Gross floor area	:	not exceeding 190,876 sq.m.

(vii) The JV Company shall enter into another Contract for Grant of State-owned Land Use Rights with the Bureau, within 30 days of the notification from the Bureau, for granting the remaining portion of the Development (ie. 225,981 sq.m.) for a consideration of RMB56,133,144.

3. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【滬閔房地(2004)出讓合同第38號】 entered into between the Bureau and the JV Company on 29th March, 2004, the Bureau agreed to grant to the land use rights of Lot B of the Development to the JV Company. The salient conditions as stipulated in the said contract are summarized as follows:

(i)	Location	:	Lot B, no. 52, Qibao Town, Minhang District, Shanghai
(ii)	Site area	:	118,684 sq.m. (part of 362,321 sq.m.)
(iii)	Land grant consideration	:	RMB29,481,105.6
(iv)	Land use	:	residential
(v)	Land use term	:	70 years
(vi)	Gross floor area	:	not exceeding 166,157 sq.m.

4. Pursuant the Contract for Grant of State-owned Land Use Rights No. 【滬閔房地(2006)出讓合同第47號】 entered into between the Bureau and the JV Company on 15th March, 2006, the salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	No. 52, Qibao Town, Minhang District, Shanghai
(ii)	Site area	:	107,264.8 sq.m. (part of 362,321 sq.m.)
(iii)	Land grant consideration	:	RMB26,644,576.32
(iv)	Land use	:	residential
(v)	Land use term	:	70 years
(vi)	Gross floor area	:	not exceeding 150,171 sq.m.

Section II: Corporate Background

5. Pursuant to the Sino-foreign Equity Joint Venture Contract entered into between 上海華寶實業有限公司 (the "PRC partner") and Strait Investments (Shanghai) Limited ("Strait Investments"), a subsidiary of 99.99% interest owned by the Company, on 20th June, 2002, both parties agreed to establish the JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Period of operation	:	70 years from the date of issuance of the business licence
(ii)	Total investment	:	US$10,000,000
(iii)	Registered capital	:	US$10,000,000
(iv)	Scope of operation	:	To construct, sell and lease for commodity housing; provisions of consultancy and management for real estate and operation of the commercial/entertainment services within Minhang District
(v)	Development site	:	A parcel of land having a site area of 720 mu which is to be granted by relevant government to the JV Company
(vi)	Equity interest/contribution	:	the PRC partner : 5% (US$500,000) Strait Investments : 95% (US$9,500,000)
(vii)	Profit/loss sharing	:	As per the ratio of parties' capital contributions in the JV Company

6. Pursuant to the Approval for Shares Transfer of the JV Company issued by 上海市外國投資工作委員會 dated 11th June, 2005, the change of equity parties of the JV Company is approved as 新海通有限公司 (Sunhaitung Co., Ltd.) (5%), a wholly-owned subsidiary of the Company, and Strait Investments (95%).

7. Pursuant to the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC No. 3100066431 issued on 25th October, 2006, the JV Company has been established with a registered capital of US$50,000,000 of which US$2,500,000 contributed by Sunhaitung Co., Ltd. and US$47,500,000 contributed by Strait Investments respectively.

8. Pursuant to the Business Licence No. 【企合滬總字第031658號(閔行)】 dated 18th January, 2007, the JV Company has been established and the operation period is 70 years from 1st August, 2002 to 31st July, 2072. The scope of business is to develop, construct, sell, lease and manage commercial, cultural and entertainment facilities within the subject site.

Section III: Status of the Property

9. Pursuant to the Certificate for Commencing Construction No. 2007-564, construction works of the subject building with a total gross floor area of 3,340 sq.m. (including 1,160 sq.m. for basement) has been permitted.

10. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$14,038,281 and the outstanding construction cost to complete the subject building was approximately HK$24,733,706. In the course of our valuation, we have taken into account the said construction costs.

11. The "capital value when completed" of the subject building is approximately HK$105,000,000.

Section IV: Others

12. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the JV Company. The JV Company is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consent from mortgagee;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is subject to a mortgage in favour of 招商銀行股份有限公司(上海松江支行); and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The JV Company has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
4	Phase I Parts 1 and 2 of Shanghai Tian An Place Caobao Road, Qibao Town, Minhang District, Shanghai, the PRC	Shanghai Tian An Place (the "Development") having an irregular-shaped site with an area of approximately 361,835 sq.m. and is planned to be developed into a comprehensive residential development with a total gross floor area of approximately 470,000 sq.m.. The property comprises Phase I Parts 1 and 2 of the Development and is to be developed 738 units into 9 residential blocks with a total gross floor area of 69,672 sq.m. (including 8,489 sq.m. for basement). The land use rights of the property have been granted for a term of 70 years commencing from 3rd June, 2003 to 2nd June, 2073 for residential use.	The property is currently under construction and is scheduled to be completed in 4th quarter 2013.	HK$829,000,000 (99.99% interest attributable to Tian An Group: HK$828,917,100)

Notes:

Section I: Title Documents

1. Pursuant to the Certificate for Real Estate Ownership No. 【滬房地閔字(2008)第051379號】 issued by Shanghai Housing and Land Resources Administration Bureau (the "Bureau") on 24th December, 2008, the land use rights of the land 657街坊32/8丘 (Lot A, no. 52) of the Development, having a site area of 135,886 sq.m., are vested in 上海海峽思泉房地產有限公司 (the "JV Company"), a subsidiary of 99.99% interest owned by the Company, with the land use term from 3rd June, 2003 to 2nd June, 2073 for residential use.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【滬房地閔(2003)出讓合同第49號】 entered into between the Bureau and the JV Company on 27th March, 2003, the Bureau agreed to grant the land use rights of Lot A of the Development to the JV Company. The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	Lot A, no. 52, Qibao Town, Minhang District, Shanghai
(ii)	Site area	:	136,340 sq.m. (part of 362,321 sq.m.)
(iii)	Land grant consideration	:	RMB33,866,856
(iv)	Land use	:	residential
(v)	Land use term	:	70 years
(vi)	Gross floor area	:	not exceeding 190,876 sq.m.

(vii) The JV Company shall enter into another Contract for Grant of State-owned Land Use Rights with the Bureau, within 30 days of the notification from the Bureau, for granting the remaining portion of the Development (ie. 225,981 sq.m.) for a consideration of RMB56,133,144.

3. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【滬閔房地(2004)出讓合同第38號】 entered into between the Bureau and the JV Company on 29th March, 2004, the Bureau agreed to grant to the land use rights of Lot B of the Development to the JV Company. The salient conditions as stipulated in the said contract are summarized as follows:

(i)	Location	:	Lot B, no. 52, Qibao Town, Minhang District, Shanghai
(ii)	Site area	:	118,684 sq.m. (part of 362,321 sq.m.)
(iii)	Land grant consideration	:	RMB29,481,105.6
(iv)	Land use	:	residential
(v)	Land use term	:	70 years
(vi)	Gross floor area	:	not exceeding 166,157 sq.m.

4. Pursuant the Contract for Grant of State-owned Land Use Rights No. 【滬閔房地(2006)出讓合同第47號】 entered into between the Bureau and the JV Company on 15th March, 2006, the salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	No. 52, Qibao Town, Minhang District, Shanghai
(ii)	Site area	:	107,264.8 sq.m. (part of 362,321 sq.m.)
(iii)	Land grant consideration	:	RMB26,644,576.32
(iv)	Land use	:	residential
(v)	Land use term	:	70 years
(vi)	Gross floor area	:	not exceeding 150,171 sq.m.

Section II: Corporate Background

5. Pursuant to the Sino-foreign Equity Joint Venture Contract entered into between 上海華寶實業有限公司 (the "PRC partner") and Strait Investments (Shanghai) Limited ("Strait Investments"), a subsidiary of 99.99% interest owned by the Company, on 20th June, 2002, both parties agreed to establish the JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Period of operation	:	70 years from the date of issuance of the business licence
(ii)	Total investment	:	US$10,000,000
(iii)	Registered capital	:	US$10,000,000
(iv)	Scope of operation	:	To construct, sell and lease for commodity housing; provisions of consultancy and management for real estate and operation of the commercial/entertainment services within Minhang District
(v)	Development site	:	A parcel of land having a site area of 720 mu which is to be granted by relevant government to the JV Company
(vi)	Equity interest/contribution	:	the PRC partner : 5% (US$500,000) Strait Investments : 95% (US$9,500,000)
(vii)	Profit/loss sharing	:	As per the ratio of parties' capital contributions in the JV Company

6. Pursuant to the Approval for Shares Transfer of the JV Company issued by 上海市外國投資工作委員會 dated 11th June, 2005, the change of equity parties of the JV Company is approved as 新海通有限公司 (Sunhaitung Co., Ltd.) (5%), a wholly-owned subsidiary of the Company, and Strait Investments (95%).

7. Pursuant to the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC No. 3100066431 issued on 25th October, 2006, the JV Company has been established with a registered capital of US$50,000,000 of which US$2,500,000 contributed by Sunhaitung Co., Ltd. and US$47,500,000 contributed by Strait Investments respectively.

8. Pursuant to the Business Licence No. 【企合滬總字第031658號(閔行)】 dated 18th January, 2007, the JV Company has been established and the operation period is 70 years from 1st August, 2002 to 31st July, 2072. The scope of business is to develop, construct, sell, lease and manage commercial, cultural and entertainment facilities within the subject site.

Section III: Status of the Property

9. Pursuant to the Certificate for Construction and Engineering Planning No. 【滬閔建(2006)12060613f01825號】 dated 13th June, 2006, approval has been granted to the JV Company to develop Phase I of the Development with a total gross floor area of 210,677.90 sq.m..

10. Pursuant to the Certificate for Commencing Construction No. 【0512MH0017D05310112200508183019】 dated 25th November, 2007, construction works of Phase I Part 1 of the Development with a total gross floor area of 41,229 sq.m. has been permitted.

11. Pursuant to the Certificate for Commencing Construction No. 【0512MH0017D06310112200508183019】 dated 6th October, 2008, construction works of Phase I Part 2 of the Development with a total gross floor area of 28,442 sq.m. has been permitted.

12. Pursuant to the Certificate for Construction and Engineering Planning N0. 【滬閔建(2007)1271011F02803號】 dated 11th October, 2007, approval has been granted to the JV Company to develop Phase I Part 1 of the Development with a total gross floor area of 41,229.3 sq.m..

13. Pursuant to the Certificate for Construction and Engineering Planning No. 【滬閔建(2007)12071227F03686號】 dated 27th December, 2007, approval has been granted to the JV Company to develop Phase I Part 2 of the Development with a total gross floor area of 28,442.90 sq.m..

14. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$120,360,052 and the outstanding construction cost to complete Phase I Parts 1 and 2 of the Development was approximately HK$234,044,418. In the course of our valuation, we have taken into account the said construction costs.

15. The "capital value when completed" of Phase I Parts 1 and 2 of the Development is approximately HK$1,579,000,000.

Section IV: Others

16. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the JV Company. The JV Company is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consent from mortgagee;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

(iii) the property is subject to a mortgage in favour of 招商銀行股份有限公司(上海松江支行) (China Merchants Bank Co., Ltd., (Shanghai Songjiang Sub-branch)); and

(iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The JV Company has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
5	Phase IV Part 2 of Nantong Tian An Garden, Gongnong Road, Nantong City, Jiangsu Province, the PRC	Nantong Tian An Garden (the "Development") having a site area of approximately 203,839.91 sq.m. and is planned to be developed into a residential development with a total gross floor area of approximately 238,142 sq.m. in five phases. The property comprises Phase IV Part 2 of the Development and will be developed 29 units into 7 blocks of Terrace House with a total gross floor area of 11,386 sq.m. together with 7,645 sq.m. for basement. The land use rights of the Development have been granted for a term of 70 years up to 25th November, 2070 for residential use.	The property is currently under construction and is scheduled to be completed in 4th quarter 2011.	HK$229,000,000 (100% interest attributable to Tian An Group: HK$229,000,000)

Notes:

Section I: Title Documents

1. Pursuant to the Certificates for State-owned Land Use Rights Nos. 0106110 and 0106111 issued by Nantong City Land and Resources Bureau (the "Bureau"), the land use rights of the Development, having a total site area of 203,839.91 sq.m., have been granted to 新海通有限公司 (Sunhaitung Co., Ltd.) (the "WFOE"), a wholly-owned subsidiary of the Company, for a term up to 25th November, 2070 for residential use.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【通地出字(2000)第45號】(the "Contract") entered into between the Bureau and the WFOE on 26th September, 2000, the Bureau agreed to grant the land use rights of the Development to the WFOE. The salient conditions stipulated in the Contract are summarised as follows:

(i)	Site area	:	203,840.95 sq.m.
(ii)	Use	:	residential
(iii)	Land use term	:	70 years

Section II: Corporate Background

3. Pursuant to the Business Licence No. 320600400000017 dated 18th September, 2007, the WFOE has been established with a registered capital of US$30,000,000 for an operation period commencing from 5th September, 1985 and expiring on 4th September, 2015. The scope of business is to develop tourist services and real estate development.

Section III: Status of the Property

4. Pursuant to Certificate for Commencing Construction No. 3206002008101400001A , construction works of the property with a gross floor area 11,138 sq.m. (together with 4,040 sq.m. for basement) is permitted.

5. Pursuant to the Certificate for Construction and Engineering Planning No.【建字第320600201110087號】dated 8th June, 2011, approval has been granted to the WFOE to develop Phase IV Part 2 of the Development with a total gross floor area of 11,386 sq.m. together with 7,645 sq.m. for basement.

6. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$59,754,043 and the outstanding construction cost to complete Phase IV Part 2 of the Development was approximately HK$4,990,053. In the course of our valuation, we have taken into account the said construction costs.

7. The "capital value when completed" of Phase IV Part 2 of the Development is approximately HK$257,000,000.

Section IV: Others

8. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

   (iii) the property is free from any mortgages or other third party encumbrance; and

   (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
6	Phase V Part 1 of Nantong Tian An Garden, Gongnong Road, Nantong City, Jiangsu Province, the PRC	Nantong Tian An Garden (the "Development") having a site area of approximately 203,839.91 sq.m. and is planned to be developed into a residential development with a total gross floor area of approximately 238,142 sq.m. in five phases. The property comprises Phase V Part 1 of the Development and will be developed into 3 residential buildings with a total gross floor area of 26,874 sq.m. together with 4,856 sq.m. for basement. Details of the gross floor area breakdown are as follows:	The property is currently under construction and is scheduled to be completed in 1st quarter 2012.	HK$256,000,000 (100% interest attributable to Tian An Group: HK$256,000,000)

Uses	Approximate Gross Floor Area *(sq.m.)*
Residential (144 units)	23,422
Retail	3,452
Basement (97 carparking)	4,856
Total:	31,730

The land use rights of the Development have been granted for a term of 70 years up to 25th November, 2070 for residential use.

Notes:

Section I: Title Documents

1. Pursuant to the Certificates for State-owned Land Use Rights Nos. 0106110 and 0106111 issued by Nantong City Land and Resources Bureau (the "Bureau"), the land use rights of the Development, having a total site area of 203,839.91 sq.m., have been granted to 新海通有限公司 (Sunhaitung Co., Ltd.) (the "WFOE"), a wholly-owned subsidiary of the Company, for a term up to 25th November, 2070 for residential use.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【通地出字(2000)第45號】(the "Contract") entered into between the Bureau and the WFOE on 26th September, 2000, the Bureau agreed to grant the land use rights of the Development to the WFOE. The salient conditions stipulated in the Contract are summarised as follows:

(i)	Site area	:	203,840.95 sq.m.
(ii)	Use	:	residential
(iii)	Land use term	:	70 years

Section II: Corporate Background

3. Pursuant to the Business Licence No. 320600400000017 dated 18th September, 2007, the WFOE has been established with a registered capital of US$30,000,000 for an operation period commencing from 5th September, 1985 and expiring on 4th September, 2015. The scope of business is to develop tourist services and real estate development.

Section III: Status of the Property

4. Pursuant to the Presale Permit of Commodity Housing Nos.【通房預售證(2009)036 and 049號】dated 11th August, 2009 and 15th October, 2009 respectively, the presale of Phase V Part I of the Development, having a total gross floor area of 26,785.57 sq.m., is permitted.

5. Pursuant to the Certificate for Commencing Construction No. 3206002009040800001A dated 10th April, 2009, construction works of Phase V Part 1 of the Development, having a total gross floor area of 25,000 sq.m., has been permitted.

6. Pursuant to the Certificate for Construction and Engineering Planning No.【建字第320600201110112】dated 25th July, 2011, approval has been granted to the WFOE to develop Phase V Part 1 of the Development with a total gross floor area of 26,874 sq.m. together with 4,856 sq.m. for basement.

7. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$101,395,511 and the outstanding construction cost to complete Phase V Part 1 of the Development was approximately HK$42,848,592. In the course of our valuation, we have taken into account the said construction costs.

8. The "capital value when completed" of Phase V Part 1 of the Development is approximately HK$371,000,000.

Section IV: Others

9. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

   (iii) the property is free from any mortgages or other third party encumbrance; and

   (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
7	Phase II Part 1 of Tian An Villa, Wujin District, Changzhou City, Jiangsu Province, the PRC	Tian An Villa (the "Development") comprises an irregular-shaped site with an area of 473,333 sq.m. and designated to be developed into 405 villas with a total gross floor area of approximately 137,901 sq.m. by 4 phases. The property comprises Phase II Part 1 and is planned to be developed into 66 blocks of villa house of the Development with a total gross floor area of approximately of 33,566.65 sq.m. (including 7,086 sq.m. for basement). The land use rights of the property have been granted for terms of 70 years and 40 years for residential and commercial uses respectively.	The property is currently under construction and is scheduled to be completed in 1st quarter 2012.	HK$409,000,000 (100% interest attributable to Tian An Group: HK$409,000,000)

Notes:

Section I: Title Documents

1. Pursuant to the Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Changzhou Wujin District State-owned Land and Resources Bureau (the "Bureau") and 常州天安元城房地產發展有限公司 (Changzhou Tian An Yuan Cheng Real Estate Development Company Limited) (the "WFOE"), a wholly-owned subsidiary of the Company, on 13th January, 2004, the Bureau agreed to grant the land use rights of the Development to the WFOE. The salient conditions as stipulated in the Contract are summarised as follows:

(i)	Site area	:	473,333 sq.m.
(ii)	Use	:	residential/commercial
(iii)	Land use term	:	70 years — residential 40 years — commercial
(iv)	Plot ratio	:	0.8

2. Pursuant to the Certificate for State-owned Land Use Rights No.【武國用(2008)第1203808號】dated 20th August, 2008, the land use rights for part of the Development, having a total site area of 273,126.9 sq.m., have been granted to the WFOE for terms expiry on 27th February, 2044 and 27th February, 2074 for commercial and residential uses respectively.

3. Pursuant to two Certificates for State-owned Land Use Rights Nos.【武國用(2007)第1200284號】and【武國用(2007)第1200283號】, both dated 19th September, 2007, the land use rights for part of the Development, having site areas of 50,001.6 sq.m. and 149,953 sq.m., have been granted to the WFOE both for terms expiring on 12th January, 2044 and 12th January, 2074 for commercial and residential uses respectively.

Section II: Corporate Background

4. Pursuant to the Business Licence No. 320400400012724 dated 11th November, 2008, the WFOE has been established with a registered capital of US$32,300,000 for an operation period of 50 years commencing from 5th March, 2004 and expiring on 4th March, 2054. The scope of business is to develop, sell and lease real estate.

Section III: Status of the Property

5. Pursuant to the Certificate for Construction Land Use Planning No.【常規地5-2004-41號】dated 10th September, 2004, the Development has been permitted to be developed with a site area of 710 mu.

6. Pursuant to the Certificate for Construction and Engineering No.【常規建5-2006-77號】dated 18th May, 2006 issued by the Planning Bureau of Changzhou, approval has been granted to the WFOE to develop Phase II of the Development with a total gross floor area of 127,912 sq.m. (including 29,446 sq.m. for basement).

7. Pursuant to three Certificates for Commencing Construction Nos. 320483200906110201, 320483200906110301 and 320483200906110401 all dated 11th June, 2009, construction works of Phase II Part I of the Development, having a total gross floor area of 32,872 sq.m., have been approved.

8. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$114,218,595 and the outstanding cost to complete Phase II Part 1 of the Development was approximately HK$34,387,429. In the course of our valuation, we have taken into account the said construction costs.

9. The "capital value when completed" of Phase II Part 1 of the Development is approximately HK$566,000,000.

Section IV: Others

10. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is free from any mortgages or other third party encumbrance; and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
8	Phase V of Guangzhou Tian An Panyu Hi-Tech Ecological Park, Longmei Village, Shiqiao Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Guangzhou Tian An Panyu Hi-Tech Ecological Park (the "Development") comprises a parcel of land with irregular in shape, having a site area of approximately 513,088 sq.m. and is planned to be developed into a large scale industrial/commercial/residential composite development with a total gross floor area approximately of 712,525 sq.m. by phases. The property comprises Phase V of the Development and is planned to be developed into 6 blocks of 3 to 22 storeys ancillary office buildings and 378 car parking spaces with a total gross floor area of 113,147 sq.m. (including 21,330 sq.m. for basement). The land use rights of the Development have been grant for common terms of 50 years up to 2052 for industrial use.	The property is currently under construction and is scheduled to be completed in 4th quarter 2011.	HK$535,000,000 (50% interest attributable to Tian An Group: HK$267,500,000)

Notes:

Section I: Title Documents

1. Pursuant to ten Certificates for State-owned Land Use Rights issued by 廣州市人民政府 (the People's Government of Guangzhou City) on 28th August, 2003, the land use rights of the Development, having a total site area of 517,152.80 sq.m., have been granted to 廣州市番禺節能科技園發展有限公司 (Guangzhou Panyu Hi-Tech Ecological Park Development Co., Ltd.) (referred to as "Panyu Hi-Tech"), 50% interest owned by the Company, for industrial use.

2. Pursuant to 【番禺大道建設工程項目 — 用地拆遷補償協議書】 dated 10th October, 2009, 廣州市番禺交通建設投資有限公司 agreed to pay RMB4,650,328 to Panyu Hi-Tech for the compensation of land resume for part of subject site with an industrial site area of 4,064.72 sq.m. together with the existing buildings erected thereon for highway construction.

Section II: Corporate Background

3. Pursuant to the Business Licence No. 4401262011719 dated 27th May, 2009, Panyu Hi-Tech has been established with a registered capital of RMB50,000,000 for an operation period commencing from 6th July, 2000 to 6th July, 2020. The scope of operation includes designing, planning, trading and information enquiring of scientific technology project; manufacturing and processing of communication equipments and electronic products and real estate development.

Section III: Status of the Property

4. Pursuant to the Certificate for Commencing Construction Nos. 440126200912300301 and 440126200912300201 dated 30th December, 2009, the construction works of Phase V of the Development with a total gross floor area of 113,147 sq.m. has been permitted.

5. Pursuant to the Certificate for Construction and Engineering Nos. 【穗規建證(2009)2105 and 2106號】 dated 20th July, 2009, the construction works of Phase V of the Development are approved.

6. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$182,793,000 and the outstanding construction cost to complete the Phase V of the Development was approximately HK$186,724,000. In the course of our valuation, we have taken into account the said construction costs.

7. The "capital value when completed" of Phase V of the Development is approximately HK$940,000,000.

Section IV: Others

8. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by Panyu Hi-Tech. Panyu Hi-Tech is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consents from the mortgagee;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

   (iii) the property is subject to a mortgage in favour of 廣州市農村信用合作聯社番禺信用社; and

   (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
9	E1 Building of Nanjing Tian An Cyber Park of Nanjing Baixia Hi-Technology Industrial Development Area, Guanghua Road, Shishan Village, Baixia District, Nanjing City, Jiangsu Province, the PRC	Nanjing Tian An Cyber Park (the "Development") comprises a site with an area of 92,766.3 sq.m. and is designated to be developed into a comprehensive industrial development with a total gross floor area of 184,836 sq.m.. The property comprises the E1 Building of the Development with a gross floor area of approximately 7,215.2 sq.m.. The land use rights of the property to have been granted for a term upto 19th June 2057 for industrial use.	The property is currently under construction and is scheduled to be completed in 4th quarter 2011.	HK$60,000,000 (100% interest attributable to Tian An Group: HK$60,000,000)

Notes:

Section I: Title Documents

1. Pursuant to the Certificate for State-owned Land Use Rights Nos.【寧白國用(2011)第08571號】issued by 南京市人民政府 (the People's Government of Nanjing City) on 18th October, 2011, the land use rights of portion of the Development, having a site area of 40,662.8 sq.m., are vested in 南京天寧置業有限公司 (the "WFOE"), a wholly-owned subsidiary of the Company, for a term expiring on 19th June, 2057 for industrial use.

2. Pursuant to the Certificate for State-owned Land Use Rights No.【寧白國用(2009)第06856號】issued by 南京市人民政府 (the People's Government of Nanjing City) on 19th June, 2009, the land use rights of portion of the Development, having a site area of 52,103.5 sq.m., are vested in the WFOE for a term expiring on 19th June, 2057 for industrial use.

3. Pursuant to the Land Transfer Agreement entered into between 南京白下高新技術產業園區投資發展責任有限公司 ("Party A") and Jeefo Holdings (HK) Limited, Tian An (Nantong) Investment Company Limited (collectively known as "Party B") on 10th September, 2007, Party A agreed to grant the land use rights of a parcel of land including the site of the Development to Party B for real estate development. The salient conditions stipulated in the said agreement are summarised as follows:

(i)	Site area	:	approximately 666,670 sq.m.
(ii)	Plot ratio	:	not less than 1.25
(iii)	Consideration	:	RMB500,000 per mu (including the land tax and all relevant expenses)
(iv)	Party A's responsibilities	:	demolition, acquisition of land and provision of ancillary services to the subject site, etc.
(v)	Building covenant	:	(i) The parcel of land with an site area of 500 mu ("Parcel I") should have construction completed within 2 years upon obtaining the land use rights of Parcel I. (ii) The scale of development of Parcel I should not be less than 100,000 sq.m..

4. Pursuant to the 土地退還協議 entered into between the WFOE and Party A on 29th March, 2011, the WFOE agreed to return the land use rights of a portion of the land to Party A, with a total site area of 122,829.8 sq.m., held under the aforementioned Certificates for State-owned Land Use Rights.

Section II: Corporate Background

5. Pursuant to the Certificate of Approval No.【商外資寧府獨資字(2007)4542號】issued on 15th September, 2009, 南京天寧置業有限公司 (Nanjing Tianning Real Estate Co., Ltd.) (the "WFOE"), a wholly-owned subsidiary of the Company, with the shareholders of Jeefo Holdings (HK) Limited, Skygain Holdings Limited and Tian An (Nantong) Investment Company Limited, has been approved. The salient conditions stipulated are summarized as follows:

(i)	Name of foreign enterprise	:	南京天寧置業有限公司 (the "WFOE")
(ii)	Registered capital	:	US$41,000,000
(iii)	Operation period	:	30 years
(iv)	Equity interest/contribution	:	Jeefo Holdings (HK) Limited US$27,470,000 (67%) Skygain Holdings Limited US$10,250,000 (25%) Tian An (Nantong) Investment Company Limited US$3,280,000 (8%)

6. Pursuant to the approval letter issued by【南京市投資促進委員會】(the "Committee") on 21st January 2011, the Committee agreed the transfer of the respective shares held by Jeefo Holdings (HK) Limited and Tian An (Nantong) Investment Company Limited in the WFOE to Skygain Holdings Limited, a wholly-owned subsidiary of the Company.

7. Pursuant to the Business Licence No. 320100400040703 dated 8th March, 2011, the WFOE has been incorporated with a registered capital of US$41,000,000 for an operation period commencing from 10th October, 2007 and expiring on 9th October, 2037. The scope of business includes the development, construction, sale, leasing, property management, agency and the property consultant of the industrial development.

Section III: Status of the Property

8. Pursuant to the Certificate for Construction and Engineering Planning No.【建字第320103200911207號】dated 13th July, 2009, approval has been granted to the WFOE to develop E1 Building of the Development with a total gross floor area of 7,215.2 sq.m..

9. Pursuant to the Certificate for Commencing Construction No.【寧建基許(2010)288號】dated 26th August, 2010, construction works of E1 Building of the Development with a total gross floor area of 7,215.2 sq.m. has been permitted.

10. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$25,450,949 and the outstanding construction cost to complete E1 Building of the Development was approximately HK$930,979. In the course of our valuation, we have taken into account of the said construction costs.

11. The "capital value when completed" of E1 Building of the Development is approximately HK$67,000,000.

Section IV: Others

12. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the WFOE, the WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is free from any mortgages or other third party encumbrance; and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
10	Phase I Parts II to IV of Changzhou Tian An Cyber Park, Wujin District, Changzhou City, Jiangsu Province, the PRC	Changzhou Tian An Cyber Park (the "Development") comprises a site with an area of approximately 289,669.90 sq.m. and is planned to be developed into a comprehensive residential/industrial development with a proposed gross floor area of 1,000,659.51 sq.m. (including 170,551.29 sq.m. for basement). The property comprises Phase I Parts II to IV of the Development and is planned to be developed into 2 blocks of industrial buildings and 8 blocks of residential buildings with a total gross floor area of 200,574 sq.m. (including 35,231 sq.m. for basement). Details of the gross floor area breakdown are as follows:	The property is currently under construction and is scheduled to be completed in 3rd quarter 2012.	HK$346,000,000 (50% interest attributable to Tian An Group: HK$173,000,000)

Uses	**Approximate Gross Floor Area** *(sq.m.)*
Industrial	90,269
Industrial basement	14,117
Residential	75,074
Residential basement	21,114
Total:	200,574

The land use rights of the property have been granted for terms of 70 years up to 10th September, 2077 for residential and 50 years up to 10th February, 2057 for industrial uses respectively.

Notes:

Section I: Title Documents

1. Pursuant to the Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Wujin Sub-branch of Changzhou City and Land Resources Bureau (the "Bureau") and 常州天安數碼城置業有限公司 ("常州天安"), 50% interest owned by the Company, on 11th September, 2007, the Bureau agreed to grant the land use rights of the Development to 常州天安. The salient conditions stipulated in the Contract are summarised as follows:

(i)	Location	:	常州市武進高新區		
(ii)	Land grant consideration	:	RMB130,826,730		
(iii)	Site area	:	approximately 289,496.1 sq.m.		
(iv)	Land uses	:	residential/industrial		
(v)	Land use terms	:	residential	:	70 years
			industrial	:	50 years
(vi)	Plot ratios	:	residential	:	≧1 and ≦3.2
			industrial	:	≧1
(vii)	Permitted site areas	:	residential	:	approximately 116,213.3 sq.m.
			industrial	:	approximately 173,282.8 sq.m.

2. Pursuant to the 8 Certificates for State-owned Land Use Rights all dated 13th November, 2007, the land use rights of the Development, having a total site area of 289,669.9 sq.m., have been granted to 常州天安 for terms of 50 and 70 years for industrial and residential uses respectively. Details of the Certificates are summarized as follows:

No.	Use	Certificate No.	Expiry date	Site Area *(sq.m.)*
(i)	Residential	武國用(2007)第1205670號	10th September, 2077	47,261.60
(ii)	Residential	武國用(2007)第1205671號	10th September, 2077	34,998.90
(iii)	Residential	武國用(2007)第1205674號	10th September, 2077	33,910.70
(iv)	Industrial	武國用(2007)第1205668號	10th February, 2057	46,678.30
(v)	Industrial	武國用(2007)第1205669號	10th February, 2057	44,510.90
(vi)	Industrial	武國用(2007)第1205672號	10th February, 2057	44,655.20
(vii)	Industrial	武國用(2007)第1205673號	10th February, 2057	22,285.80
(viii)	Industrial	武國用(2007)第1205675號	10th February, 2057	15,368.50
			Total:	289,669.90

Section II: Corporate Background

3. Pursuant to the Business Licence No. 320400400019264 dated 4th January, 2010, 常州天安 has been established with a registered capital of US$49,980,000 for an operation period commencing from 5th September, 2006 and expiring on 4th September, 2056. The scope of business is to develop, sale, lease and manage modern industrial development and ancillary residential, commercial, cultural and entertainment facilities.

Section III: Status of the Property

4. Pursuant to the Certificate for Construction and Engineering Planning No.【建字第320400201150006號】dated 21st January, 2011, approval has been granted to 常州天安 to develop Phase I Part IV (residential) Nos. 5 to 8 Block of the Development with a total gross floor area of 47,154 sq.m..

5. Pursuant to two Certificates for Construction and Engineering Planning Nos.【建字第320400201150008】and【建字第320400201150009】both issued by 常州市規劃局 on 24th January, 2011, approval has been granted to 常州天安 to develop Phase I Part III (Block B & C) of the Development with a total gross floor area of 104,386 sq.m. (including 14,117 sq.m. for basement).

6. Pursuant to the Certificate for Construction and Engineering Planning No.【建字第320400201050135號】dated 10th September, 2010, approval has been granted to 常州天安 to develop Phase I Part II (residential) Nos. 1 to 4 Block of the Development with a total gross floor area of 49,034 sq.m. (including 9,731 sq.m. for basement).

7. Pursuant to the Certificate for Commencing Construction No. 320483201106100101 issued by 常州市武進區住房和城鄉建設局 on 10th June, 2011, the construction works of Phase I Part IV (residential) Nos. 5 to 8 Block of the Development with a total gross floor area of 47,040 sq.m. has been permitted.

8. Pursuant to the Certificate for Commencing Construction No. 320483201103290201 issued by 常州市武進區住房和城鄉建設局 on 29th March, 2011, the construction works of Phase I Part III (Block B & C) of the Development with a total gross floor area of 104,186 sq.m. has been permitted.

9. Pursuant to the Certificate for Commencing Construction No. 320483201009190101 issued by 常州市武進區住房和城鄉建設局 on 19th September, 2010, the construction works of Phase I Part II (residential) Nos. 1 to 4 Block of the Development with a total gross floor area of 48,507 sq.m. has been permitted.

10. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$137,419,000 and the outstanding construction cost to complete Phase I Parts II to IV of the Development was approximately HK$405,287,000. In the course of our valuation, we have taken into account of the said construction costs.

11. The "capital value when completed" of Phase I Parts II to IV of the Development is approximately HK$1,138,000,000.

Section IV: Others

12. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by 常州天安. 常州天安 is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consents from the mortgagee;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is subject to a mortgage in favour of Changzhou Branch of Bank of Jiangsu Company Limited; and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. 常州天安 has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
11	Phase IV of Foshan Tian An Nanhai Cyber Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, the PRC	Foshan Tian An Nanhai Cyber Park (the "Development") comprises an irregular-shaped site with an area of approximately 103,104.74 sq.m. and is planned to be developed into a comprehensive industrial development with a total gross floor area of 257,750 sq.m. (excluding basement carpark). The property comprises Phase IV of the Development and is planned to be developed into 4 blocks of industrial/ancillary office buildings with a total gross floor area of 69,155 sq.m. (including 13,148 sq.m. for basement). The land use rights of the property have been granted for a term of 50 years up to 28th November, 2056 for industrial use.	The property is currently under construction and is scheduled to be completed in 4th quarter 2012.	HK$182,000,000 (45% interest attributable to Tian An Group: HK$81,900,000)

Notes:

Section I: Title Documents

1. Pursuant to the Certificate for State-owned Land Use Rights No. 【佛府南國用(2006)第0115297號】 issued by Foshan City Land and Resources Bureau (the "Bureau") on 15th December, 2006, the land use rights of the Development, having a site area of 103,104.74 sq.m., have been granted to 佛山市天安數碼城有限公司 (Foshan Tian An Cyber Park Co., Ltd.) ("Foshan Tian An"), 45% interest owned by the Company, for a term of 50 years from 15th December, 2006 to 28th November, 2056 for industrial use.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights (the "Land Use Rights Contract") No. 440605-2006-000372 entered into between the Bureau and Foshan Tian An on 29th November, 2006, the Bureau agreed to grant the land use rights of the Development to Foshan Tian An. The salient conditions stipulated in the Land Use Rights Contract are summarised as follows:

(i)	Location	:	Lot A2, Guicheng, Nanhai District, Foshan
(ii)	Site area	:	103,104.76 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	not exceeding 2.5
(vi)	Site coverage	:	not exceeding 35%
(vii)	Greenery ratio	:	not less than 15%

Section II: Corporate Background

3. Pursuant to the Equity Joint Venture Contract (the "Joint Venture Contract") entered into between Shenzhen Tian An Cyberpark Co., Ltd. (renamed as 天安數碼城(集團)有限公司) ("Party A"), 50% interest owned by the Company, and 深圳市天利達投資有限公司 ("Party B") on 22nd June, 2006, both parties agreed to establish an equity joint venture company. The salient conditions as stipulated in the Joint Venture Contract are summarised as follows:

(i)	Name of joint venture company	:	佛山市天安數碼城有限公司 Foshan Tian An Cyber Park Co., Ltd. ("Foshan Tian An")		
(ii)	Registered capital	:	RMB40,000,000		
(iii)	Capital interest/contribution	:	Party A Party B	: :	RMB36,000,000 (90%) RMB4,000,000 (10%)
(iv)	Profit/loss sharing	:	As per the parties' equity interests in Foshan Tian An		

4. Pursuant to the Business Licence No. 440600000015002 dated 5th May, 2009, Foshan Tian An has been established with a registered capital of RMB40,000,000 commencing from 6th July, 2006. The scope of business is to develop, sell, lease and manage real estates and the ancillary facilities of the subject site.

Section III: Status of the Property

5. Pursuant to the Certificate of Construction and Engineering Planning Permit No. 【建字第440605201001026】issued by 佛山市城鄉規劃局 on 24th August, 2010, approval has been granted to Foshan Tian An to develop the Phase IV of the Development with a total gross floor area of 69,155 sq.m. (including basement 13,148 sq.m.).

6. Pursuant to the Certificate for Commencing Construction No. 440622201101050601 dated 5th January, 2011, construction work of the Phase IV of the Development with a total gross floor area of 69,155 sq.m. have been approved.

7. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$46,264,000 and the outstanding construction cost to complete Phase IV of the Development was approximately HK$191,569,000. In the course of our valuation, we have taken into account of the said construction costs.

8. The "capital value when completed" of Phase IV of the Development is approximately HK$536,000,000.

Section IV: Others

9. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by Foshan Tian An. Foshan Tian An is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

   (iii) the property is free from any mortgages or other third party encumbrance; and

   (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. Foshan Tian An has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
12	Phase III of Tian An Longgang Cyber Park, Zhong Xin Cheng, Longgang District, Shenzhen, the PRC	Tian An Longgang Cyber Park (the "Development") comprises 3 parcels of contiguous land (Lot Nos. G01053-1, G01053-6 and G01053-12) of rectangular in shape with a total site area of approximately 118,856.16 sq.m. and is planned to be redeveloped into a comprehensive industrial/commercial/residential composite development with a total gross floor area of approximately 356,517 sq.m..	The property is currently under construction and is scheduled to be completed in 4th quarter 2012.	HK$623,000,000 (50% interest attributable to Tian An Group: HK$311,500,000)

The property comprises Phase III of the Development and is planned to be developed into 5 blocks of industrial/ancillary office buildings with a total gross floor area of 117,884 sq.m. (including 18,028 sq.m. for 407 basement carparking). Details of the gross floor area breakdown are as follows:

Uses	Approximate Gross Floor Area *(sq.m.)*
Industrial/ancillary Office* buildings	114,243
Refuge Floor	3,641
Total:	117,884

* including 18,028 sq.m. for basement.

The land use rights of the Development have been granted respectively for terms as follows:

Lot Nos.	Term	Use
G01053-1	50 years from 27th April, 2005	Industrial
G01053-6	50 years from 23rd December, 2002	Industrial
G01053-12	40 years from 23rd December, 2002	Commercial

Notes:

Section I: Title Documents

1. Pursuant to an Agreement entered into between the 國啟發展有限公司,潤和投資發展有限公司 and Mr. Paul Ting (collectively referred to as "Party A") and Shenzhen Tian An Cyberpark Co., Ltd. (renamed as 天安數碼城(集團)有限公司, 50% interest owned by the Company, and 深圳天安物業管理有限公司 (Shenzhen TianAn Property Management Co., Ltd.), 50% interest owned by the Company, (collectively referred to as "Party B") on 28th August, 2005, Party A agreed to sell and Party B agreed to purchase the 100% shares of and in 國啟實業(深圳)有限公司 (currently renamed as "深圳市龍崗天安數碼新城有限公司"), 50% interest owned by the Company, at a consideration of RMB184,149,500 on condition that Party A must legally transfer the land use rights of the Development together with any buildings erected thereon to 國啟實業(深圳)有限公司 on or before the said transaction.

2. (a) Pursuant to a supplementary agreement for the Contract for Grant of State-owned Land Use Rights Nos.【深地合字(2005)5017號】entered into between 深圳市龍崗天安數碼新城有限公司 and 深圳市國土資源和房產管理局 (Shenzhen State-owned Land Resources and Building Administration Bureau) dated 18th April, 2008, the total gross floor area of Lot G01053-1 has been increased to 149,963 sq.m. (comprising 121,547 sq.m. for industrial use, 16,680 sq.m. for office use, 2,976 sq.m. for canteen and 8,760 sq.m. for exhibition use). Not less than 20% of the total gross floor area of the subject site is to be used for public usage/ancillary facilities for own-use and only the remainder is permitted for sale. The development of the subject site should be commenced within 1 year and completed within 2 years from the issuance of the said supplementary agreement. In the course of our valuation, we have taken into account of the said limitations for the valuation of the property.

   (b) Pursuant to a supplementary agreement for the Contract for Grant of State-owned Land Use Rights No. 【深地合字(2002)5017號】entered into between 深圳市龍崗天安數碼新城有限公司 and 深圳市國土資源和房產管理局 (Shenzhen State-owned Land Resources and Building Administration Bureau) dated 18th April, 2008, the total gross floor area of Lot G01053-6 has been increased to 162,080 sq.m. (comprising 132,080 sq.m. for industrial use and 30,000 sq.m. for single dormitory use). Not less than 20% of the total gross floor area of the subject site is to be used for public usage/ancillary facilities for own-use and only the reminder is permitted for sale. The development of the subject site should be commenced within 1 year and completed within 2 years from the issuance of the said supplementary agreement. In the course of our valuation, we have taken into account of the said limitations for the valuation of the property.

3. (a) Pursuant to the Certificate for Real Estate Ownership No. 【深房地字第6000295414號】issued by 深圳市國土資源和房產管理局龍崗分局 (Shenzhen State-owned Land Resources and Building Administration Bureau, Longgang Sub-branch) on 30th April, 2008, Lot No. G01053-1 of the Development is held by 深圳市龍崗天安數碼新城有限公司 with a site area of 48,304.76 sq.m. for a term of 50 years from 27th April, 2005 to 26th April, 2055 for industrial use.

   (b) Pursuant to the Certificate for Real Estate Ownership No. 【深房地字第6000368435號】issued by 深圳市國土資源和房產管理局龍崗分局 (Shenzhen State-owned Land Resources and Building Administration Bureau, Longgang Sub-branch) on 9th September, 2009, Lot No. G01053-6 of the Development is held by 深圳市龍崗天安數碼新城有限公司 with a site area of 51,995 sq.m. for a term of 50 years from 23rd December, 2002 to 22nd December, 2052 for industrial use.

   (c) Pursuant to the Certificate for Real Estate Ownership No. 【深房地字第6000401970號】issued by 深圳市國土資源和房產管理局龍崗分局 (Shenzhen State-owned Land Resources and Building Administration Bureau, Longgang Sub-branch) on 19th March, 2010, Lot No. G01053-12 of the Development is held by 深圳市龍崗天安數碼新城有限公司 with a site area of 18,556.4 sq.m. for a term of 40 years from 23rd December, 2002 to 22nd December, 2042 for commercial use.

4. (a) Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【深地合字(2005)5017號】 entered into between 深圳市規劃國土局 (Shenzhen Urban Planning and State-owned Land Bureau) (the "Bureau") and 國啟實業(深圳)有限公司 on 27th April, 2005, the Bureau agreed to grant the land use rights of Lot No. G01053-1 of the Development to 國啟實業(深圳)有限公司. The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	Lot No. G01053-1, Longgang District, Shenzhen
(ii)	Site area	:	48,304.76 sq.m.
(iii)	Land grant consideration	:	RMB34,697,601
(iv)	Land use	:	industrial
(v)	Land use term	:	50 years
(vi)	Site coverage	:	≦47.1%
(vii)	Plot ratio	:	≦2.44
(viii)	Gross floor area	:	not exceeding 117,590 sq.m.
(ix)	Uses		
	Industrial	:	55,424 sq.m.
	Single dormitory	:	33,750 sq.m.
	Office	:	16,680 sq.m.
	Canteen	:	2,976 sq.m.
	Exhibition	:	8,760 sq.m.

(b1) Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【深地合字(2002)5017號】 entered into between the Bureau and 裕星建材(深圳)有限公司 on 30th March, 2004, the Bureau agreed to grant the land use rights of Lot No. G01053-6 of the Development to 裕星建材(深圳)有限公司. The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	Lot No. G01053-6, Longgang District, Shenzhen
(ii)	Site area	:	51,995 sq.m.
(iii)	Land grant consideration	:	RMB15,468,512
(iv)	Land use	:	industrial
(v)	Land use term	:	50 years
(vi)	Site coverage	:	≦50%
(vii)	Plot ratio	:	≦1.5
(viii)	Gross floor area	:	not exceeding 77,992.5 sq.m.
(ix)	Uses		
	Industrial and warehouse	:	37,541 sq.m.
	Single dormitory	:	15,300 sq.m.
	Comprehensive building	:	17,200 sq.m.
	Canteen & cultural/ entertainment facilities	:	7,000 sq.m.
	Other Ancillary	:	800 sq.m.

(b2) Pursuant to the supplementary agreement entered into between 裕星建材(深圳)有限公司 and the Bureau dated 1st March, 2005, a 15% reduction equivalent to RMB3,441,275 will be deducted from the land grant consideration of Lot No. G01053-6 of the Development.

(c) Pursuant to the Contract for Grant of State-owned Land Use Rights No. 【深地合字(2002)5018號】 entered into between the Bureau and 裕星建材(深圳)有限公司 on 30th March, 2004, the Bureau agreed to grant the land use rights of G01053-12 of the Development to 裕星建材(深圳)有限公司. The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	Lot No. G01053-12, Longgang District, Shenzhen
(ii)	Site area	:	18,556.4 sq.m.
(iii)	Land grant consideration	:	RMB19,950,640
(iv)	Land use	:	commercial
(v)	Land use term	:	40 years
(vi)	Site coverage	:	≦45%
(vii)	Plot ratio	:	≦1.46
(viii)	Gross floor area	:	not exceeding 27,069 sq.m.
(ix)	Uses		
	Commercial	:	23,500 sq.m.
	Ancillary machinery/ plant room	:	3,569 sq.m.

Section II: Corporate Background

5. Pursuant to the Business Licence No. 440307104000180 dated 8th May, 2009, 深圳市龍崗天安數碼新城有限公司 (previously named as 國啓實業(深圳)有限公司), 50% interest owned by the Company, has been established with a registered capital of RMB66,000,000 and the operation period is 20 years to 2nd March, 2019. The scope of business is to develop, sell and lease real estate.

Section III: Status of the Property

6. (a) Pursuant to the Certificate of Construction and Land Usage Planning No. 【深規許字06-2006-0064號】 issued by 深圳市規劃局龍崗分局 (Shenzhen Urban Planning Bureau, Longgang Sub-branch) on 11th April, 2006, development of Lot No. G01053-1 of the Development has been approved subject to the following requirements:

(i)	Site area	:	48,304.8 sq.m.
(ii)	Site coverage	:	≦40%
(iii)	Plot ratio	:	≦3.11
(iv)	Use		
	Industrial	:	121,547 sq.m.
	Ancillary Office	:	16,680 sq.m.
	Canteen	:	2,976 sq.m.
	Exhibition	:	8,760 sq.m.

(b) Pursuant to the Certificate of Construction and Land Usage Planning No. 【深規許字06-2006-0065號】issued by 深圳市規劃局龍崗分局 (Shenzhen Urban Planning Bureau, Longgang Sub-branch) on 11th April, 2006, development of Lot No. G01053-6 of the Development has been approved subject to the following requirements:

(i)	Site area	:	51,995 sq.m.
(ii)	Site coverage	:	≦40%
(iii)	Plot ratio	:	≦3.12
(iv)	Use		
	Industrial	:	132,080 sq.m.
	Single dormitory	:	30,000 sq.m.

(c) Pursuant to the Certificate of Construction and Land Usage Planning No. 【深規許字06-2006-0067號】issued by 深圳市規劃局龍崗分局 (Shenzhen Urban Planning Bureau, Longgang Sub-branch) on 17th April, 2006, development of Lot No. G010153-12 of the Development has been approved subject to the following requirements:

(i)	Site area	:	18,556.40 sq.m.
(ii)	Site coverage	:	≦45%
(iii)	Plot ratio	:	≦2.4
(iv)	Use		
	Commercial	:	44,474 sq.m.

7. Pursuant to the Certificate for Commencing Construction No. 44030720040723010 issued by the 深圳市龍崗區建設局 on 23rd July, 2004, development of Lot No. G01053-12 of the Development of a 4-storey building with a gross floor area was approximately 29,064.69 was permitted.

8. Pursuant to the Letter of Reply issued from 深圳市規劃局龍崗分局 (Shenzhen Urban Planning Bureau, Longgang Sub-branch) on 27th December, 2005, the application for the change of the permitted plot ratio for the subject sites is approved as 3.0.

9. Pursuant to three Certificates for Construction and Engineering Planning Permit Nos. 【深規土建許字LG-2011-0039, LG-2011-0040 and LG-2011-0041】 issued by 深圳市規劃和國土資源委員會龍崗管理局 on 6th April, 2011, 深圳市龍崗天安數碼新城有限公司 has been approved to develop Phase III of the Development with a total gross floor area of 99,854 sq.m. (excluding 18,028 sq.m. for basement).

10. Pursuant to three Certificates for Commencing Construction Nos. 44030720101200603, 44030720101200604 and 44030720101200605 all dated 25th May, 2011, construction works of Phase III of the Development has been permitted.

11. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$69,426,000, and the outstanding construction cost to complete Phase III of the Development was approximately HK$199,682,000. In the course of our valuation, we have taken into account the said construction costs.

12. The "capital value when completed" of Phase III of the Development is approximately HK$1,221,000,000.

Section IV: Others

13. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by 深圳市龍崗天安數碼新城有限公司. 深圳市龍崗天安數碼新城有限公司 is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is free from any mortgages or other third party encumbrance; and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. 深圳市龍崗天安數碼新城有限公司 has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
13	Phase I of Jiangyin Tian An Cyber Park, east of Changshan Road and north of Dongsheng Road, Jiangyin City, Jiangsu Province, the PRC	Jiangyin Tian An Cyber Park (the "Development") comprises 2 parcels of land with a total site area of approximately 173,204 sq.m. and is designated to be developed into industrial/residential composite development with a total gross floor area of 363,735 sq.m. (excluding 99,900 sq.m. for basement). The property comprises Phase I of the Development and is planned to be developed into 5 blocks of industrial/ancillary office buildings with a total gross floor area of 102,406.02 sq.m. (including 21,342.47 sq.m. for basement). The land use rights of the Development have been granted for terms up to 14th September, 2060 and 14th September, 2080 for industrial and residential uses respectively.	The property is currently under construction and is scheduled to be completed in 4th quarter 2012.	HK$151,000,000 (50% interest attributable to Tian An Group: HK$75,500,000)

Notes:

Section I: Title Documents

1. Pursuant to the Certificate for State-owned Land Use Rights No. 【澄土國用(2010)第25763號】 issued by 江陰市人民政府 (the People's Government of Jiangyin City) on 14th November, 2010, the land use rights of portion of the Development, having a site area of 103,949 sq.m., are vested in 江陰天安數碼城置業有限公司 (Jiangyin Tian An Cyberpark Co., Ltd.) (the "JV Company"), 50% interest owned by the Company, for a term expiring on 14th September, 2060 for industrial use.

2. Pursuant to the Certificate for State-owned Land Use Rights No. 【澄土國用(2010)第25764號】 issued by 江陰市人民政府 (the People's Government of Jiangyin City) on 14th November, 2010, the land use rights of portion of the Development, having a site area of 69,255 sq.m., are vested in the JV Company for a term expiring on 14th September, 2080 for residential use.

3. Pursuant to two Supplementary Contracts both dated 10th November, 2010 for the Contracts for Grant of State-owned Land Use Rights Nos. 3202812010CR0216 and 3202812010CR0217 entered into by 江陰國土資源局 (Jiangyin Land Resources Bureau) (the "Bureau"), Shenzhen Tian An Cyberpark Co., Ltd. (renamed as 天安數碼城(集團)有限公司) ("天安數碼城(集團)") and the JV Company, it is confirmed that the Grant of State-owned Land Use Rights have been transferred from 天安數碼城(集團) to the JV Company.

4. Pursuant to the Supplementary Contracts both dated 29th September, 2010 for the Contracts for Grant of State-owned Land Use Rights Nos. 3202812010CR0216 and 3202812010CR0217, it is confirmed that a total gross floor area of 60,000 sq.m. of the property, comprising 50,000 sq.m. for industrial use and 10,000 sq.m. for residential use is not permitted for sale.

5. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 3202812010CR0216 entered into between the Bureau and 天安數碼城(集團) dated 10th September, 2010, the land use rights of portion of the Development were granted by the Bureau to 天安數碼城(集團). The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	江陰市長山路東、東橫河南、東盛路北側
(ii)	Site area	:	103,949 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	between 1.2 and 2.2
(vi)	Site coverage	:	not exceeding 55%
(vii)	Greenery ratio	:	not exceeding 15%

6. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 3202812010CR0217 entered into between the Bureau and the 天安數碼城(集團) dated 10th September, 2010, the land use rights of portion of the Development were granted by the Bureau to 天安數碼城(集團). The salient conditions as stipulated in the said contract are summarised as follows:

(i)	Location	:	江陰市長山路東、東橫河南、東盛路北側
(ii)	Site area	:	69,255 sq.m.
(iii)	Land use	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	not exceeding 1.95
(vi)	Site coverage	:	not exceeding 30%
(vii)	Greenery ratio	:	not less than 30%

Section II: Corporate Background

7. Pursuant to the Business Licence No. 320281000283125 dated 28th June, 2010, the JV Company has been incorporated with a registered capital of RMB100,000,000 for an operation period commencing from 28th June, 2010 and expiring on 27th June, 2060. The scope of business includes the development, construction, property management, agency and property consultation of technology park developments.

Section III: Status of the Property

8. Pursuant to two Certificates of Construction and Land Usage Planning Nos. 320281201000526 and 320281201000525 respectively, both dated 8th October, 2010, approvals have been granted to the JV Company to commence the development of the property with total site areas of 173,204 sq.m..

9. Pursuant to the Certificate for Construction and Engineering No. [2010]409 dated 29th November, 2010, the construction works of Phase I of the Development are approved.

10. Pursuant to two Certificates for Commencing Construction Nos. 3202812011040700002A and 3202812011040700005A both dated 20th April, 2011, foundation works for a portion of the Development with a total gross floor area of 81,063.55 sq.m. has been permitted.

11. Pursuant to the Certificate for Commencing Construction No. 3202812011032500001A dated 20th April, 2011, the construction works for a portion of the Development with a total gross floor area of 51,517 sq.m. has been permitted.

12. Pursuant to the 江陰市發展和改革委員會文件 No.【澄發改開[2010]63號】issued by 江陰市發展和改革委員會 on 28th September, 2010, a total gross floor area of approximately 228,688 sq.m. excluding 63,900 sq.m. for basement is confirmed for the industrial portion of the Development.

13. Pursuant to the 江陰市發展和改革委員會文件 No.【澄發改開[2010]64號】issued by 江陰市發展和改革委員會 on 28th September, 2010, a total gross floor area of approximately 135,047 sq.m. (excluding 36,000 sq.m. for basement) is confirmed for the residential portion of the Development.

14. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$97,715,000 and the outstanding construction cost to complete the Phase I of the Development was approximately HK$259,592,000. In the course of our valuation, we have taken into account the said construction costs.

15. The "capital value when completed" of Phase I of the Development is approximately HK$588,000,000.

Section IV: Others

16. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the JV Company. The JV Company is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property (except the non-disposable portions with the gross floor areas of 50,000 sq.m. for industrial and 10,000 sq.m. for residential uses) and the buildings legally erected thereon except the mortgaged portions, in the course of our valuation, we have taken into account the limitation of the said non-disposable portions of the property;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) portions of the Development with a site area of approximately 103,949 sq.m. is subject to a mortgage in favour of 江蘇銀行股份有限公司江陰支行;

    (iv) for the portions which are now subject to mortgage, the JV Company has the rights to transfer, lease, mortgage, or dispose of such portion of the property after obtaining consents from the mortgagee; and

    (v) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The JV Company has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
14	Phase I Part I of Wuxi Tian An Intelligent Park, south of Kelang Road and north of Guanshan Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	Wuxi Tian An Intelligent Park (the "Development") comprises a site with an area of 106,960.5 sq.m. and is designated to be developed into a comprehensive industrial development with a total gross floor area of 213,911 sq.m.. The property comprises Phase 1 Part 1 of the Development and will be developed into 4 industrial/ancillary office buildings with a total gross floor area of 131,299.7 sq.m. (including 24,057.4 sq.m. for basement). Details of the gross floor area breakdown are as follows:	The property is currently under construction and is scheduled to be completed in 1st quarter 2013.	HK$164,000,000 (100% interest attributable to Tian An Group: HK$164,000,000)

Building no.	Approximate Gross Floor Area *(sq.m.)*
A1–A3 (309 units)	104,655.0
A1–A3 (661 basement carparks)	22,666.0
B1	2,587.3
B1(basement)	1,391.4
Total:	131,299.7

The land use rights of the property have been granted for a term of 50 years expiring on 29th April, 2060 for industrial use.

Notes:

Section I: Title Documents

1. Pursuant to the Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between 無錫市國土資源局 (Wuxi State-owned Land Resources Bureau) (the "Bureau") and 無錫天安智慧城傳感科技有限公司 (Tian An Intelligent Park Sensory Technology (Wuxi) Co., Ltd.) (the "WFOE"), a wholly-owned subsidiary of the Company, the Bureau agreed to grant the land use rights of the property to the WFOE. The salient conditions stipulated in the Contract are summarised as follows:

(i)	Location	:	無錫(太湖)國際科技園TKY-GY-B03、04地塊(科浪路以南,觀山路以北)
(ii)	Site area	:	106,960.5 sq.m.
(iii)	Land use	:	industrial

(iv)	Land use term	:	50 years
(v)	Plot ratio	:	not exceeding 2.0
(vi)	Site coverage	:	not exceeding 50%
(vii)	Greenery ratio	:	not less than 20%

2. Pursuant to the Certificate for State-owned Land Use Rights No.【錫新國用(2010)第1198號】issued by 無錫市人民政府 (the People's Government of Wuxi City) on 20th December, 2010, the land use rights of the property, having a site area of 106,960.5 sq.m., are vested in the WFOE for a term expiring on 29th April, 2060 for industrial use.

Section II: Corporate Background

3. Pursuant to the Business Licence No. 320200400033716 dated 12th December, 2009, the WFOE has been incorporated with a registered capital of RMB197,200,000 for an operation period commencing from 28th December, 2009 and expiring on 27th December, 2059. The scope of business is related to technology research and development.

Section III: Status of the Property

4. Pursuant to the Certificate for Commencing Construction No. 3202942011041900001A dated 4th May, 2011, the construction works of Phase I Part I of the Development with a total gross floor area of 131,299.70 sq.m. has been permitted.

5. Pursuant to the Certificate for Construction and Engineering No. 3202012010X0329 dated 28th October, 2010, the construction works of Phase I Part I of the Development is approved.

6. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$92,963,823 and the outstanding construction cost to complete the Phase I Part I of the Development was approximately HK$345,992,803. In the course of our valuation, we have taken into account the said construction costs.

7. The "capital value when completed" of Phase I Part I of the Development is approximately HK$795,000,000.

Section IV: Others

8. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by the WFOE and the WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

   (iii) the property is free from any mortgages or other third party encumbrance; and

   (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
15	Phase I of Dongguan Tian An Cyber Park, Nancheng District, Dongguan City, Guangdong Province, the PRC	Dongguan Tian An Cyber Park (the "Development") comprises 5 parcels of land with a total site area of approximately 159,930.63 sq.m. and is designated to be developed into a comprehensive industrial/residential composite development with a total gross floor area of 463,475 sq.m. The property comprises Phase I of the Development and will be developed into 2 blocks of industrial buildings with a total gross floor area breakdowns of the proposed Development listed as follows: **Uses** / **Gross Floor Area** *(sq.m.)* Industrial building: 77,998.79 Basement: 20,573.86 Total: 98,572.65 The land use rights of the Development have been granted for terms up to 14th October, 2060 and 14th October, 2080 for industrial and residential uses respectively.	The property is currently under construction and is scheduled to be completed in 1st quarter 2013.	HK$142,000,000 (39% interest attributable to Tian An Group: HK$55,380,000)

Notes:

Section I: Title Documents

1. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【東國土出讓(市場)合[2010]第113號】 entered into between 中華人民共和國廣東省東莞市國土資源局 (the People's State-owned Land Resources Bureau of Dongguan, Guangdong) (the "Bureau") and 東莞市天安數碼城有限公司 (Dongguan Tian An Cyberpark Co., Ltd.) (the "JV Company"), 39% interest owned by the Company dated 14th July, 2010, the Bureau agreed to grant the land use rights of portion of the Development to the JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	南城區白馬社區
(ii)	Site area	:	47,317 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	between 1.0 and 3.0
(vi)	Site coverage	:	not less than 30% and not exceeding 35%

(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	80 m

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【東國土出讓(市場)合[2010]第110號】entered into between the Bureau and the JV Company on 14th July, 2010, the Bureau agreed to grant the land use rights of portion of the Development to JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	南城區白馬社區
(ii)	Site area	:	25,196 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	between 1.0 and 3.0
(vi)	Site coverage	:	not less than 30% and not exceeding 35%
(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	100 m

3. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【東國土出讓(市場)合[2010]第112號】entered into between the Bureau and the JV Company on 14th July, 2010, the Bureau agreed to grant the land use rights of portion of the Development to JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	南城區白馬社區
(ii)	Site area	:	27,329 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	between 1.0 and 3.0
(vi)	Site coverage	:	not less than 30% and not exceeding 35%
(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	80 m

4. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【東國土出讓(市場)合[2010]第111號】entered into between the Bureau and the JV Company on 14th July, 2010, the Bureau agreed to grant the land use rights of portion of the Development to JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	南城區白馬社區
(ii)	Site area	:	27,453 sq.m.
(iii)	Land use	:	industrial

(iv)	Land use term	:	50 years
(v)	Plot ratio	:	between 1.0 and 3.0
(vi)	Site coverage	:	not less than 30% and not exceeding 35%
(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	100 m

5. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【東國土出讓(市場)合[2010]第109號】 entered into between the Bureau and the JV Company on 14th July, 2010, the Bureau agreed to grant the land use rights of portion of the Development to JV Company. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	南城區白馬社區
(ii)	Site area	:	32,636 sq.m.
(iii)	Land use	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	not exceeding 2.5
(vi)	Site coverage	:	not exceeding 25%
(vii)	Greenery ratio	:	not less than 30%
(viii)	Height restriction	:	70 m

6. Pursuant to 5 Certificates for State-owned Land Use Rights, all dated 26th January, 2011, the land use rights for a portion of the Development, having a total site area of approximately 159,930.63 sq.m., have been granted to the JV Company. Details of the Certificates are summarized as follows:

No.	**Use**	**Certificate No.**	**Expiry date**	**Site Area** *(sq.m.)*
(i)	Industrial	東府國用(2011)第特18號	14th October, 2060	47,316.60
(ii)	Industrial	東府國用(2011)第特19號	14th October, 2060	27,328.82
(iii)	Residential	東府國用(2011)第特20號	14th October, 2080	32,636.50
(iv)	Industrial	東府國用(2011)第特21號	14th October, 2060	27,452.66
(v)	Industrial	東府國用(2011)第特22號	14th October, 2060	25,196.05
			Total:	159,930.63

Section II: Corporate Background

7. Pursuant to the Equity Joint Venture Contract and Supplementary Contracts entered into between 天安數碼城(集團)有限公司 (formerly known as 深圳天安數碼城有限公司 (Shenzhen Tian An Cyberpark Co., Ltd.)) ("Party A"), 50% interest owned by the Company, and 東莞市富安投資發展有限公司 ("Party B") on 19th April, 2007, 16th January, 2009 and 18th September, 2009 respectively, both parties agreed to establish an equity joint venture company. The salient conditions stipulated in the said contracts are summarized as follows:

(i)	Name of joint venture company	:	東莞市天安數碼城有限公司 (Dongguan Tian An Cyberpark Co., Ltd.) (the "JV Company")		
(ii)	Total investment	:	Party A Party B	: :	RMB46,800,000 (78%) RMB13,200,000 (22%)
(iii)	Registered capital	:	RMB60,000,000		
(iv)	Profit/loss sharing	:	As per the parties' equity interest in the JV Company		

8. Pursuant to the Business Licence No. 441900000505176 dated 22nd September, 2009, the JV Company has been incorporated with a registered capital of RMB60,000,000 for an operating period commencing from 28th April, 2007. The scope of business includes the development, construction, sale, leasing, property management and property consultation of technology park development.

Section III: Status of the Property

9. Pursuant to the Certificate for Construction Land Use Planning No.【地字第2011-83-1001號】dated 19th January, 2011, a portion of the Development having a site area of 47,317 sq.m. has been permitted to be developed for industrial use.

10. Pursuant to two Certificates for Construction and Engineering Nos.【建字第2011-83-1040 and 2011-83-1041】both dated 8th April, 2011, the construction works of Phase I of the Development are approved.

11. Pursuant to two Certificates for Commencing Construction Nos. 441900201105120030l and 441900201105120040l both dated 12th May, 2011, the construction works of Phase I of the Development with a total gross floor area of 98,572.65 sq.m. has been permitted.

12. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$33,966,000 and the outstanding construction cost to complete Phase I of the Development was approximately HK$258,201,000. In the course of our valuation, we have taken into account the said construction costs.

13. The "capital value when completed" of Phase I of the Development is approximately HK$607,000,000.

Section IV: Others

14. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the JV Company. The JV Company is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

    (ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

    (iii) the property is free from any mortgages or other third party encumbrance; and

    (iv) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The JV Company has the legal and complete rights to develop the property.

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
16	Phase I of Tianjin Tian An Cyber Park, Tianjin Zhangjiawo Shifan Gongyequ, Xiqing District, Tianjin, the PRC	Tianjin Tian An Cyber Park (the "Development") comprises 4 parcels of land with a total site area of 588,074.5 sq.m. and is designated to be developed into an industrial/ residential composite development with a total gross floor area of 1,428,105 sq.m. including 238,017 sq.m. for basement. The property comprises Phase I of the Development and will be developed into 4 industrial buildings with a total gross floor area breakdowns of the proposed development are listed as follows: **Uses** — **Gross Floor Area** *(sq.m.)* Industrial building — 119,600 Basement — 16,790 Total: — 136,390 The land use rights of the property have been granted for a term upto 27th December, 2060 for industrial use.	The property is currently under construction and is scheduled to be completed in 2nd quarter 2012.	HK$237,000,000 (50% interest attributable to Tian An Group: HK$118,500,000)

Notes:

Section I: Title Documents

1. Pursuant to two Certificates of Real Estate Ownership Nos.【房地證津字第111051100766 and 111051100767號】both dated 17th March, 2011, the land use rights of portion of the Development, having a total site area of 171,957.2 sq.m., have been granted to 天津天安數碼城有限公司 (Tianjin Tian An Cyberpark Co., Ltd.) (the "WFOE"), a subsidiary of 50% interest owned by the Company for a term expiring on 27th December, 2060 for industrial use.

2. Pursuant to the Certificate of Real Estate Ownership No.【房地證津字第111051100009號】dated 14th January, 2011, the land use rights of portion of the Development, having a site area of 217,407.5 sq.m., have been granted to the WFOE for a term expiring on 27th December, 2060 for industrial use.

3. Pursuant to the Contract for Grant of State-owned Land Use Rights No. TJ10162010005 entered into between 天津市國土資源局和房屋管理局西青區國土資源分局 (Tianjin State-owned Land Resources and Housing Administration Bureau Xiqing District Sub-branch) (the "Bureau") and the WFOE on 10th November, 2010, the Bureau agreed to grant the land use rights of the property to WFOE. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	西青區張家窩鎮賽達大道以北，辛老路以東
(ii)	Site area	:	79,647.4 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	not less than 1.0
(vi)	Site coverage	:	not less than 30%
(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	60 m

4. Pursuant to the Contract for Grant of State-owned Land Use Rights No. TJ10162010007 entered into between the Bureau and the WFOE on 10th November, 2010, the Bureau agreed to grant the land use rights of the property to WFOE. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	西青區張家窩鎮規劃新津楊路以東
(ii)	Site area	:	92,310.2 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	not less than 1.0
(vi)	Site coverage	:	not less than 30%
(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	60 m

5. Pursuant to the Contract for Grant of State-owned Land Use Rights No. TJ10162010006 entered into between the Bureau and the WFOE on 10th November, 2010, the Bureau agreed to grant the land use rights of the property to WFOE. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	西青區張家窩鎮辛老路以東，規劃次干路二十以北
(ii)	Site area	:	217,407.3 sq.m.
(iii)	Land use	:	industrial
(iv)	Land use term	:	50 years
(v)	Plot ratio	:	not less than 1.0
(vi)	Site coverage	:	not less than 30%

(vii)	Greenery ratio	:	not exceeding 20%
(viii)	Height restriction	:	60 m

6. Pursuant to the Contract for Grant of State-owned Land Use Rights No. 11162010035 entered into between the Bureau and the WFOE on 16th August, 2010, the Bureau agreed to grant the land use rights of the property to WFOE. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	西青區張家窩鎮規劃新津楊路以東
(ii)	Site area	:	198,709.6 sq.m.
(iii)	Land use	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	not exceeding 1.5
(vi)	Site coverage	:	not exceeding 30%
(vii)	Greenery ratio	:	not less than 45%

Section II: Corporate Background

7. Pursuant to the Business Licence No. 120111000065511 dated 16th July, 2010, WFOE has been incorporated with a registered capital of RMB200,000,000 and has a period of operation from 16th July, 2010 up to 15th July, 2060. The scope of business includes the development, construction, sale, leasing, property management, agency and property consultation of the Development.

Section III: Status of the Property

8. Pursuant to the Certificate for Commencing Construction No. 12111081201104006 dated 29th April, 2011, the construction works of Phase I of the Development with a total gross floor area of 136,390 sq.m. has been permitted.

9. Pursuant to the Certificate for Construction and Engineering No.【2011西青建證0002】dated 17th January, 2011, the construction works of Phase I of the Development are approved.

10. Pursuant to the Certificate for Construction Land Use Planning No.【2010西青地證0115】dated 17th December, 2010, a portion of the Development having a site area of 217,409.70 sq.m. has been permitted to be developed for industrial use.

11. As advised by Tian An Group, the estimated total construction cost expended as at 31st August, 2011 was approximately HK$138,536,000 and the outstanding construction cost to complete Phase I of the Development was approximately HK$407,030,000. In the course of our valuation, we have taken into account the said construction costs.

12. The "capital value when completed" of Phase I of the Development is approximately HK$897,000,000.

Section IV: Others

13. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

    (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consents from the mortgagee;

(ii) all land premium has been paid in full and there is no requirement for payment of further land premium;

(iii) the property is subject to a mortgage in favour of 中國工商銀行股份有限公司天津西青支行;

(iv) the WFOE has the rights to transfer, lease, mortgage or dispose of such portion of the property after obtaining consents from the mortgagee; and

(v) all necessary authorizations and permits have been obtained in respect of the construction works of the property. The WFOE has the legal and complete rights to develop the property.

Group II — Property interests held for future development in the PRC

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
17	Shanghai Tian An Sunshine Peninsula, Moganshan Road, Putuo District, Shanghai, the PRC	The property comprises an irregular-shaped site with a total site area of approximately 58,930.3 sq.m. and is planned to be developed into a comprehensive retail/office/hotel development with a total gross floor area of 178,000 sq.m. (excluding 884 car parking spaces in basement). Details of gross floor area of a breakdown are listed as follows:	As at the date of inspection, majority portion of the property is bare and vacant land. Upon redevelopment, there are certain numbers of heritage buildings required to be preserved by the government authorities.	HK$2,293,000,000 (100% interest attributable to Tian An Group: HK$2,293,000,000)

	Uses	Approximate Gross Floor Area *(sq.m.)*
West Lot	Retail/ entertainment	67,250
East Lot	Retail	54,970
	Office	8,160
	Servicing apartment	24,162
	Hotel	19,458
	Protected buildings	4,000
	Total*	178,000

* excluding 100,500 sq.m. for basement (of which 76,200 sq.m. for car parking and 24,300 sq.m. for retail uses)

The land use rights of the property have been granted for terms up to 25th April, 2051 and 25th April, 2061 for commercial and office uses from the issuance of the Supplementary Contract for Grant of State-Owned Land Use Rights.

Notes:

Section I: Title Documents

1. Pursuant to two Certificates for Real Estate Ownership Nos.【滬房地普字(2011)第011907號 and 011908號】issued by 上海市住房保障和房屋管理局 (Shanghai Housing Security & Administration Bureau) and 上海市規劃和國土資源管理局 (Shanghai Planning, Land & Resources Administration Bureau), both dated 5th July, 2011, the title of the property with a total site area of 58,930.3 sq.m. is vested in 上海凱旋門企業發展有限公司 (Shanghai Kaixuanmen Enterprise Development Co., Ltd.) ("Kaixuanmen"), a wholly-owned subsidiary of the Company.

2. Pursuant to the Contract for Grant of State-owned Land Use Rights No.【普房地(2001)出讓合同內字第62號】 entered into between 上海市普陀區房屋土地管理局 (Shanghai Housing and Land Administration (Putuo District) Bureau) (the "Bureau") and Kaixuanmen on 30th September, 2001, the Bureau agreed to grant the land use rights of the property to Kaixuanmen. The salient conditions stipulated in the said contract are summarised as follows:

(i)	Location	:	上海市普陀區31街坊地塊
(ii)	Site area	:	82,752 sq.m.
(iii)	Land use	:	commodity residential
(iv)	Land use term	:	70 years
(v)	Gross floor area	:	not exceeding 260,000 sq.m.
(vi)	Building covenant	:	should be completed before 31st December, 2006

3. Pursuant to the Supplementary Contract for Grant of State-owned Land Use Rights No.【滬普規土(2011)出讓合同補字第7號】entered into between the 普陀區規劃和土地管理局 (Putuo District Planning and Land Administration Bureau) and Kaixuanmen on 26th April, 2011, the site area of the property is revised to 58,930.3 sq.m., for a land use term of 40 and 50 years for commercial and office uses respectively, and the gross floor area of the property is revised to be not exceeding 178,000 sq.m.

Section II: Corporate Background

4. Pursuant to the Business Licence No. 310107000233644 dated 8th August, 2011, Kaixuanmen has been established with a registered capital of RMB46,000,000 and the operation period is 50 years from 25th September, 1998 to 24th September, 2048. The scope of business is to develop, lease and manage real estate, etc.

Section III: Others

5. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by Kaixuanmen and is entitled to use and occupy and to legally own the land use rights of the property and the buildings legally erected thereon, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium; and

   (iii) the property is free from any mortgages or other third party encumbrance.

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31st August, 2011
19	Remaining site in Phase II of Shanghai Tian An Villa, Dongjing Town, Songjiang District, Shanghai, the PRC	Shanghai Tian An Villa (the "Development"), having a total site area of 1,253,740 sq.m. is planned to be developed into a comprehensive residential/resort development with a total gross floor area of approximately 1,065,339 sq.m. by phases. The property comprises the undeveloped site (excluding Phase 1 and Phase 2 (Part 1)) of the Development with a total site area of approximately 315,163 sq.m.. The property is planned to be developed into a comprehensive residential/resort development with a total gross floor area of approximately 292,361 sq.m.. The land use rights of the property have been granted for terms of 70 years up to 27th June, 2075 and 30th October, 2075 for residential use.	The property is currently vacant.	HK$2,073,000,000 (100% interest attributable to Tian An Group: HK$2,073,000,000)

Notes:

Section I: Title Documents

1. Pursuant to the Contract for Grant of State owned Land Use Rights dated 26th April, 2005, 上海市松江區房屋土地管理區 (Shanghai Housing and Land Administration (Songjiang District) Bureau) agreed to grant the land use rights of Lot No. 654-1 (being portion of Phase II of Development) on its existing state basis, having a site area of 165,920 sq.m. to 上海佘山鄉村俱樂部有限公司 (Shanghai Sheshan Country Club Company Limited) (the "WFOE"), a wholly-owned subsidiary of the Company, with a maximum plot ratio of 0.85 for a term of 70 years for residential use.

2. Pursuant to three Certificates of Real Estate Ownership Nos.【滬房地松字(2005)第018427 to 018429】all dated 28th June, 2005, the land use rights for Lot No. 654-1, having a total site area of 165,920 sq.m., have been granted to the WFOE for a term commencing from 28th June, 2005 to 27th June, 2075 for residential use.

3. Pursuant to the Contract for Grant of State owned Land Use Rights dated 1st November, 2005, Shanghai Housing and Land Administration (Songjiang District) Bureau agreed to grant the land use rights of Lot No. 654-2 (being portion of Phase II of the Development) on its existing state basis, having a site area of 197,243 sq.m., to the WFOE with a maximum plot ratio of 0.85 for a term of 70 years for residential use.

4. Pursuant to two Certificates for Real Estate Ownership Nos. 【滬房地松字(2008)第026508 and 026510號】both dated 8th December, 2008, the land use rights for Lot No. 654-2 (lots A and B), having a total site area of 197,243 sq.m., have been granted to the WFOE for a term commencing from 11th December, 2005 to 30th October, 2075 for residential use.

Section II: Corporate Background

5. Pursuant to the Business Licence No. 310000400262018 (市局) dated 15th July, 2011, the WFOE has been incorporated with a registered capital of US$50,000,000 for an operation period commencing from 6th April, 2001 and expiring on 5th April, 2071. The scope of business includes operation of leisure and holiday community within the property, ecological agriculture, villas and membership club.

Section III: Others

6. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by the WFOE. The WFOE is entitled to use and occupy and to legally own the land use rights of the property and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the buildings legally erected thereon after obtaining consents from the mortgagee;

   (ii) all land premium has been paid in full and there is no requirement for payment of further land premium; and

   (iii) the property is subject to a mortgage in favour of 招商銀行股行有限公司 (上海松江支行) (China Merchants Bank Co., Ltd., (Shanghai Songjiang Sub-branch)).

Group III — Property interests held for investment in the PRC

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
38	Unsold portions of Shanghai Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	Shanghai Tian An Centre (the "Development") is a 30-storey commercial building on top of a 3-storey basement and having a total gross floor area of approximately 59,867.98 sq.m. with approximately 164 car parking spaces provided and was completed in 2004.	The property is currently leased under various tenancies yielding a total monthly rental of approximately HK$6,251,201.	HK$1,457,000,000 (98% interest attributable to Tian An Group: HK$1,427,860,000)

The property comprises the unsold portions of the Development and the gross floor area of the property are listed as follows:

Level	Use	Approximate Gross Floor Area *(sq.m.)*
B1–B3	Car Park (142 nos.)	7,775.12
B1–L4	Shop (35 units)	10,817.94
L6–L29	Office (63 units)	11,529.91
Total:		30,122.97

The land use rights of the Development have been granted for a term of 50 years from 8th July, 1994 to 7th July, 2044 for comprehensive use.

Notes:

Section I: Title Document

1. Pursuant to the Certificate for Real Estate Ownership No. 【滬房地黃字(2004)第007560號】 dated 25th August, 2004, the title of the Development is vested in 上海天安中心大廈有限公司 (Shanghai Tian An Centre Building Co., Ltd.) (the "JV Company") for a term of 50 years from 8th July, 1994 to 7th July, 2044 for comprehensive use.

Section II: Corporate Background

2. Pursuant to the Business Licence No. 【企合滬總字第005154號(市局)】 dated 5th June, 2007, the JV Company has been established with a registered capital of US$28,000,000 for an operation period of 50 years commencing from 16th June, 1994 and expiring on 15th June, 2044. The scope of business is to develop, construct, lease and manage real estate.

Section III: Others

3. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) the land use rights of the property are legally owned by the JV Company. The JV Company is entitled to use and occupy and to legally own the land use rights of the property, and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property after obtaining consents from the mortgagee; and

   (ii) the property is subject to two mortgages in favour of 中國銀行股份有限公司上海分行 (Bank of China Limited (Shanghai Branch)).

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
54	Summit Golf Country Club and Dengyun Resort, No. 388 Dengyun Road, Jinan District, Fuzhou City, Fujian Province, the PRC	Summit Golf Country Club and Dengyun Resort is a large-scale self-contained resort development which is planned to be built on a site having an area of approximately 2,533,333 sq.m.. Summit Golf Country Club, occupying a site of approximately 491,927.90 sq.m., comprising an 18-hole golf course, a driving range and a clubhouse. Dengyun Resort, occupying a site of approximately 781,604 sq.m., comprises six villa districts, designated as Districts A, B, C, D, E and E1; three residential districts, designated as Districts 13, 14 and 15; two ancillary commercial districts, designated as Districts 5 and 6; a children and water amusement district, designated as District 4, a school district and an office district. The remaining land, having a site area of approximately 1,259,801 sq.m., is designated for road construction and green belt area. The approximate developable gross floor areas for different uses within Dengyun Resort is summarised as follows:	The Summit Golf Country Club is currently under renovation. The remaining site of Dengyun Resort, with a total site area of approximately 677,691 sq.m., is currently vacant.	HK$2,096,000,000 (68.4% interest attributable to Tian An Group: HK$1,433,664,000)

Use	Approximate Permitted Developable Gross Floor Area *(sq.m.)*
Villa	286,023
Apartment	318,440
Ancillary Commercial	132,812
Children and Water	4,200
Management office	3,360
School	3,240
Total:	748,075

As advised by Tian An Group, a site area of approximately 20,113 sq.m. of villa District A Dengyun Resort, with a total gross floor area of 10,152 sq.m., have been sold. In addition, a site area of approximately 36,990.70 sq.m. of villa District E of Dengyun Resort have been sold.

The land use rights of portions of the property have been granted for a term of 70 years from 3rd April, 1992 to 2nd April, 2062.

Notes:

Section I: Title Documents

1. Pursuant to nine Certificates for State-owned Land Use Rights, the land use rights of a portion of the property have been granted to Pacific (Fujian) Real Estate Development Co., Ltd. (the "WFOE"), a subsidiary of 68.4% interest owned by the Company. The salient conditions stipulated in the Certificates are summarised as follows:

Certificate No.	**Date of Issuance**	**User**	**Site Area** *(sq.m.)*	**Term**
(1995) 04636	21st August, 1995	Golf course and road	491,927.9	3rd April, 1992 to 2nd April, 2062
(2001) 01186B	10th January, 2001	Villa (District A)	55,110.5	3rd April, 1992 to 2nd April, 2062
(2001) 01533B	30th December, 2001	Villa (District E)	79,845	3rd April, 1992 to 2nd April, 2062
(1996) P05076	13th March, 1996	Villa (District B)	61,066	3rd April, 1992 to 2nd April, 2062
(2005) 00431300212	13th April, 2005	Villa (District C)	169,111	3rd April, 1992 to 2nd April, 2062
(1997) 05929	21st April, 1997	Golf course and ancillary services facilities (District No. 5)	17,120.2	3rd April, 1992 to 2nd April, 2062
(1997) P05930	21st April, 1997	Golf course and ancillary services facilities (District No. 6)	51,637.8	3rd April, 1992 to 2nd April, 2062
(1997) P05931	21st April, 1997	Residential (District No. 14)	37,888.5	3rd April, 1992 to 2nd April, 2062
(1997) P05932	21st April, 1997	Residential (District No. 15)	37,034.3	3rd April, 1992 to 2nd April, 2062

Section II: Corporate Background

2. Pursuant to the Business Licence No. 350100400012726 dated 4th December, 2008, 天安登雲(福建)房地產開發有限公司 (Tianan Summit (Fujian) Real Estate Development Co., Ltd.) (previously named as 太平洋(福建)房地產開發有限公司 (Pacific (Fujian) Real Estate Development Co., Ltd.) (the "WFOE") has been incorporated with a registered capital of US$50,000,000 and has a period of operation from 31st May, 1990 to 30th May, 2060.

Section III: Others

3. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   (i) The WFOE is in possession of a proper legal title to the property, free from encumbrance and is entitled to transfer the residual term of its land use rights;

   (ii) The land use rights of the property are freely transferable by way of transfer, mortgage or letting subject to the terms and conditions as stated in the relevant Certificates for State-owned Land Use Rights; and

   (iii) The WFOE has been duly incorporated and has full corporate power and legal capacity to carry out on the business specified in the Business Licence of the WFOE.

Property no. as stated in the full valuation report	Property	Description and Tenure	Particulars of Occupancy	Capital value in its existing state as at 31st August, 2011
68	Various apartments of Shanghai Racquet Club & Apartments, 555 Jinfeng Road, Minhang District, Shanghai, the PRC	Shanghai Racquet Club & Apartments (the "Development") is a three-storey Club house, which includes recreational, food and beverage, retail, healthcare and other supporting amenities and 25 blocks of low-rise residential development completed in 2000 and 2001. The property comprises a total of 261 low-rise residential units together with 218 storage rooms and 116 car parking spaces of the Development. The gross floor areas of the different components of the property are summarised as follows:	The property is currently leased under various tenancies yielding a total monthly rental of approximately HK$6,613,463	HK$1,915,000,000 (100% interest attributable to Tian An Group: HK$1,915,000,000)

Uses	Approximate Gross Floor Area *(sq.m.)*
Low-rise residential (261 units)	68,378.16
Storage rooms (218 units)	978.54
Car parking spaces (116 nos.)	2,506.17
Total:	71,862.87

The land use rights of the property have been granted for terms up to 23rd May, 2071.

Notes:

Section I: Title Documents

1. Pursuant to 39 Certificates for Real Estate Ownership issued by 上海市住房保障和房屋管理局 (Shanghai Housing Security and Administration Bureau) and 上海市規劃和國土資源管理局 (Shanghai Planning, Land and Resources Administration Bureau), the titles for 39 residential units of the property are vested in 上海海逸置業有限公司 (Shanghai Haiyi Real Estate Limited), a wholly-owned subsidiary of the Company, (the "WFOE 1") with a total gross floor area of 10,341.30 sq.m. (including 804.30 sq.m. for car parking spaces and 131.41 sq.m. for storage rooms).

2. Pursuant to 77 Certificates for Real Estate Ownership issued by 上海市住房保障和房屋管理局 (Shanghai Housing Security and Administration Bureau) and 上海市規劃和國土資源管理局 (Shanghai Planning, Land and Resources Administration Bureau), the titles for 77 residential units of the property are vested in 上海海森置業有限公司 (Shanghai Haisen Real Estate Limited) (the "WFOE 2"), a wholly-owned subsidiary of the Company, with a total gross floor area of 20,743.55 sq.m. (including 1,701.88 sq.m. for car parking spaces and 411.01 sq.m. for storage rooms).

3. Pursuant to 145 Certificates for Real Estate Ownership issued by 上海市住房保障和房屋管理局 (Shanghai Housing Security and Administration Bureau) and 上海市規劃和國土資源管理局 (Shanghai Planning, Land and Resources Administration Bureau), the titles for 145 residential units of the property are vested in 上海海柏置業有限公司 (Shanghai Haibo Real Estate Limited) (the "WFOE 3"), a wholly-owned subsidiary of the Company, with a total gross floor area of 40,778.02 sq.m. (including 436.12 sq.m. for storage rooms).

Section II: Corporate Background

4. Pursuant to the Business Licence No. 310000400606684(市局) dated 27th September, 2009, Shanghai Haiyi Real Estate Limited has been established with a registered capital of RMB66,000,000 and the business period is from 27th September, 2009 to 26th September, 2070. The scope of business includes lease and manage real estate and the related services.

5. Pursuant to the Business Licence No. 310000400606676(市局) dated 27th September, 2009, Shanghai Haisen Real Estate Limited has been established with a registered capital of RMB140,000,000 and the business period is from 27th September, 2009 to 26th September, 2071. The scope of business includes lease and manage real estate and the related services.

6. Pursuant to the Business Licence No. 310000400606650(市局) dated 27th September, 2009, Shanghai Haibo Real Estate Limited has been established with a registered capital of RMB260,000,000 and the business period is from 27th September, 2009 to 26th September, 2071. The scope of business includes lease and manage real estate and the related services.

Section III: Others

7. We have been provided with a legal opinion on the title to the property issued by Tian An Group's PRC legal adviser, which contains, *inter alia*, the following information:

   the land use rights of the property are legally owned by the WFOE 1–3. The WFOE 1–3 are entitled to use and occupy and to legally own the land use rights of the property, and are entitled to transfer, lease, mortgage or dispose of the land use rights of the property after obtaining consents from the mortgagee; the property is subject to a mortgage in favour of 中國銀行股份有限公司上海市分行 (Bank of China Limited Shanghai Branch).

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purposes of giving information with regard to the APL Group and the Partial Share Exchange Offer. The APL Directors and the directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information (other than that in respect of the Tian An Group) contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Tian An Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements contained herein misleading.

2. SHARE CAPITAL

a. APL Shares

The authorised and issued share capital of APL (a) as at the Latest Practicable Date; (b) to be allotted and issued under the Partial Share Exchange Offer; and (c) upon Completion will be as follows:

Authorised:		*HK$*
30,000,000,000	APL Shares as at the Latest Practicable Date	6,000,000,000.00
Issued and fully paid:		
6,953,118,368	APL Shares as at the Latest Practicable Date	1,390,623,673.60
412,720,000	APL Exchange Shares to be allotted and issued under the Partial Share Exchange Offer	82,544,000.00
7,365,838,368	APL Shares upon Completion	1,473,167,673.60

All the issued APL Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

APL Exchange Shares to be allotted and issued as consideration for the Partial Share Exchange Offer will be issued credited as fully paid and will rank *pari passu* in all respects with the issued APL Shares as at the date of allotment of such APL Exchange Shares, including, among other things, the right as to voting, dividends and return of capital.

b. APL Shares issued since the end of last financial year

Details of APL Shares issued since 31st December, 2010, being the date to which the latest published audited consolidated financial statements of the APL Group was made up, are as follows:

Date	Number of APL Shares issued	Issue price per APL Share	Total proceeds	Reasons of issue
27th July, 2011	200	HK$2.00	HK$400	Exercise of subscription rights attached to APL Warrants
10th August, 2011	1,583	HK$2.00	HK$3,166	Exercise of subscription rights attached to APL Warrants

Neither APL nor any of its subsidiaries made any repurchase of relevant securities of APL since the last financial year ended 31st December, 2010.

There was no re-organisation of the capital of APL during the two financial years preceding the date of the Joint Announcement.

c. APL Warrants

As at the Latest Practicable Date, details of outstanding APL Warrants listed on the Main Board of the Stock Exchange by way of bonus issue are as follows:

Exercise period	Exercise price (subject to adjustments)	Units of issued APL Warrants	Outstanding units of APL Warrants
13th June, 2011 to 13th June, 2016 (both days inclusive)	HK$2.00	1,390,623,317	1,390,621,534

Save as disclosed above, there was no other outstanding options, warrants, derivatives or conversion rights affecting APL Shares as at the Latest Practicable Date.

3. MARKET PRICE

(a) The market capitalisation of APL was approximately HK$8,969.52 million as at the Last Trading Day. The highest and lowest closing prices of APL Shares as quoted on the Stock Exchange during the Relevant Period were HK$1.6 per APL Share on 31st March, 2011 and HK$0.95 per APL Share on 4th October, 2011.

(b) The table below sets out the closing prices of APL Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Date; and (iii) the Latest Practicable Date:

Date	**Closing price** *HK$*
31st March, 2011	1.60
29th April, 2011	1.54
31st May, 2011	1.55
30th June, 2011	1.52
29th July, 2011	1.53
31st August, 2011	1.36
Last Trading Day	1.29
30th September, 2011	1.05
31st October, 2011	1.08
Latest Practicable Date	1.02

4. DISCLOSURE OF INTERESTS

A. Shareholding of the Offeror, APL and parties acting in concert with any of them in Tian An

As at the Latest Practicable Date, details of interests in the shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An held or controlled by the Offeror, APL and parties acting in concert with any of them are as follows:

Name of Shareholders	**Number of Tian An Shares held**	**Approximate % of the relevant issued share capital of Tian An**	**Notes**
APL	602,789,096	40.00%	1
AGL	602,789,096	40.00%	2
Lee and Lee Trust	602,789,096	40.00%	3

Notes:

1. The interest was held by the Offeror, a wholly-owned subsidiary of Fine Class Holdings Limited which in turn was a wholly-owned subsidiary of APL. APL was therefore deemed to have an interest in the shares in which the Offeror was interested.

2. AGL owned approximately 72.34% equity interest in the issued share capital of APL and was therefore deemed to have an interest in the shares in which APL was interested.

3. Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, owned approximately 55.94% interest in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interest) and were therefore deemed to have an interest in the APL Shares and the underlying APL Shares in which AGL was interested.

4. All interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, APL or parties acting in concert with any of them had interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An.

B. Shareholding in the Offeror which is owned or controlled by parties acting in concert with the Offeror

As at the Latest Practicable Date, the entire issued share capital of the Offeror was owned and controlled by APL.

C. Directors of the Offeror and APL Directors' interests and short positions in the shares and the underlying shares of the Offeror and APL

Save as disclosed below, as at the Latest Practicable Date, none of the directors of the Offeror and APL Directors and chief executive of APL had any interests or short positions in the shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror and APL:

Name of APL Directors	Number of APL Shares and underlying APL Shares held	Approximate % of the relevant issued share capital of APL	Nature of interests
Lee Seng Hui	6,036,037,254 *(Note 1)*	86.81%	Other interests
Steven Samuel Zoellner	77,282 *(Note 2)*	0.00%	Personal interests (held as beneficial owner)

Notes:

1. The interest includes the holding of (i) 5,030,031,045 APL Shares and (ii) 1,006,006,209 units of APL Warrants giving rise to an interest in 1,006,006,209 underlying APL Shares. Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, owned approximately 55.94% interest in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interest) and were therefore deemed to have an interest in 5,030,031,045 APL Shares and 1,006,006,209 units of APL Warrants in which AGL was interested.

2. This represents an interest in 64,402 APL Shares and 12,880 units of APL Warrants.

3. All interests stated above represent long positions.

D. Directors of the Offeror and APL Directors' interests and short positions in Tian An Shares and the underlying Tian An Shares

Save as disclosed below, as at the Latest Practicable Date, none of the directors of the Offeror, the APL Directors and chief executive of APL had any interests or short positions in the shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An:

Name of APL Director	Number of Tian An Shares held	Approximate % of the relevant issued share capital of Tian An	Nature of interests
Lee Seng Hui	602,789,096 *(Note 1)*	40.00%	Other interests

Note:

1. Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, owned approximately 55.94% interest in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interest) and were therefore deemed to have an interest in 602,789,096 Tian An Shares in which AGL was interested through its holding of approximately 72.34% equity interest of APL. The interest stated above represents long positions.

5. DEALINGS IN SECURITIES

During the Relevant Period, none of the Offeror, APL, the directors of the Offeror, APL Directors or parties acting in concert with the Offeror or APL had any dealings or dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, APL or Tian An.

As at the Latest Practicable Date, none of the Offeror, APL or any parties acting in concert with any of them or any other person or their respective associates has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.

No person had, prior to posting of this Composite Document, irrevocably committed themselves to accept or reject the Partial Share Exchange Offer.

As at the Latest Practicable Date, none of the Offeror, APL or any parties acting in concert with any of them had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror, APL or Tian An.

6. ARRANGEMENTS IN CONNECTION WITH THE PARTIAL SHARE EXCHANGE OFFER

As at the Latest Practicable Date:

(a) there was no arrangement whereby any Tian An Director would be given any benefit as compensation for loss of office or otherwise in connection with the Partial Share Exchange Offer;

(b) there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror and any parties acting in concert with it on the one hand and any of Tian An, Tian An Director, Tian An Shareholder or recent Tian An Shareholder on the other hand, having any connection with or dependence upon the Partial Share Exchange Offer; and

(c) there was no agreement or arrangement to which the Offeror or APL was a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Partial Share Exchange Offer.

Emoluments of the directors of the Offeror or APL Directors were not affected as at the Latest Practicable Date and will not be affected by the acquisition of Tian An Shares or by any other associated transactions.

Settlement of the consideration to which any Tian An Shareholder is entitled under the Partial Share Exchange Offer will be implemented in full in accordance with the terms of the Partial Share Exchange Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such shareholder.

7. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, so far as the APL Directors are aware, no member of the APL Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the APL Directors to be pending or threatened against any member of the APL Group or to which any member of the APL Group may become a party:

(a) 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 then listed associate, Tian An, 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 (being the nominee of GBA) 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. On 24th February, 2010 the Court of Appeal struck out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. Subsequently, GBA, LPI and Walton amended their claims and the amendments are now the subject of an appeal. 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 Tian An and SHKS and was accepted by the Intermediate People's Court of Wuhan City, Hubei Province ("IPC") (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 IPC in favour of Tian An and SHKS on 16th July, 2009 which judgment was being appealed against by Ms. Cheung. On 24th November, 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ordered that the case be remitted back to the IPC for retrial. The retrial shall take place on a date to be fixed. 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.

(b) On 14th October, 2008, a writ of summons was issued by Sun Hung Kai Investment Services Limited ("SHKIS"), a wholly-owned subsidiary of SHK 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's appeal of that judgment to the Court of Appeal was heard on 6th May, 2010, and was dismissed. The trial will be heard on a date to be fixed.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the APL Group) had been entered into by the APL Group within the two years immediately preceding the commencement of the offer period and which are or may be material:

(a) On 24th May, 2011, AOL and its wholly-owned subsidiary, New Able Holdings Limited ("New Able") entered into an acquisition agreement ("Acquisition Agreement") with Besford International Limited ("Vendor") and COL Capital Limited. According to the Acquisition Agreement, New Able has agreed to acquire 100% of the issued share capital of Rise Cheer Investments Limited ("Rise Cheer") and Taskwell Limited ("Taskwell") from the Vendor and all the shareholder's loans owed by Rise Cheer and Taskwell to the Vendor ("Acquisition") at a total consideration of approximately HK$1,330.7 million. The sole asset of Rise Cheer and Taskwell is 1,900,939,562 ordinary shares of APAC Resources Limited ("APAC") in aggregate, representing approximately 27.71% equity interest in the issued share capital of APAC. On 24th May, 2011, an initial deposit of approximately HK$66.5 million, by way of cheque, has been paid upon signing of the Acquisition Agreement as partial payment of the consideration.

An ordinary resolution approving the Acquisition was duly passed by the shareholders of AOL at the special general meeting of AOL held on 16th August, 2011. The Acquisition Agreement subsequently terminated due to certain condition has not been fulfilled. Further details of the Acquisition and termination of the Acquisition Agreement were set out in the circular of AOL dated 28th July, 2011 and the joint announcement of AOL, APL and AGL dated 24th October, 2011 respectively.

(b) In October 2010, AOL and its direct wholly-owned subsidiary, Cautious Base Limited ("Holdco") entered into a share sale agreement ("Share Sale Agreement") with Altai Investments Limited and RHC Holding Private Limited (collectively "Purchaser"). According to the Share Sale Agreement, AOL and Holdco have agreed to sell 100% of the issued share capital of the disposal group companies, which principally engaged in the medical and associated health services (i.e. nursing agency, physiotherapy, dental and other services) businesses, to the Purchaser for the consideration of transaction, payable on the closing date for an amount in cash equal to aggregate sum of (i) HK$1,521.0 million; (ii) the base working capital (i.e. HK$20.0 million) and (iii) the estimated working capital adjustment (i.e. a deduction of approximately HK$0.6 million from the base working capital), subject to the working capital adjustment. Further details of the disposal were set out in the circular of AOL dated 2nd November, 2010.

(c) On 28th June, 2010, the Offeror completed the acquisition of SHK's entire interest in a listed associate, Tian An, representing approximately 38.06% of the issued share capital of Tian An. The consideration of the acquisition was a share entitlement note ("SEN"), which conferred the right to call for the issue of 2,293,561,833 fully paid APL Shares. Immediately upon receipt of the SEN, SHK distributed a special dividend by way of distribution in specie, 1.309 fully paid APL Shares under the SEN for each share of SHK. At the time of the distribution by SHK, APL and its subsidiaries collectively held the right to a total entitlement to 1,429,277,678 of the 2,293,561,833 APL Shares which were immediately cancelled on distribution of the SEN. Accordingly, only 864,284,155 APL Shares were issued and allotted to SHK's shareholders other than APL, the Offeror or any other subsidiaries of APL. Immediately upon completion of the acquisition of Tian An by the Offeror and issue of APL Shares under the SEN by APL, the effective shareholding in Tian An of the APL Group increased from approximately 23.72% to approximately 38.06%. Further details of the acquisition and the issuance of APL Shares were contained in the circular of APL dated 24th May, 2010.

(d) On 22nd April, 2010, SHK, as the issuer and Asia Financial Services Company Limited ("Investor") entered into a subscription agreement ("Subscription Agreement") pursuant to which SHK conditionally agreed to issue and the Investor conditionally agreed to subscribe for (i) HK$1,708,000,000 in aggregate principal amount of 2% mandatory convertible notes due 2013 ("Mandatory Convertible Notes") mandatorily convertible to shares in SHK to be issued pursuant to the Subscription Agreement; and (ii) the HK$427,000,000 in face value of warrants exercisable to subscribe for shares in SHK to be issued in accordance with the Subscription Agreement, on the closing date being the date which is 21 days after and excluding the date upon which the last of the conditions precedent (as set out in the Subscription Agreement) has been or remains satisfied or waived (as applicable) and if such day is not a business day (has the meaning as ascribed to it under the Subscription Agreement) on the next business day thereafter, provided that it shall be a date no later than 31st October, 2010, or such other time and/or date as SHK and the Investor may agree in writing. Further details were disclosed in the joint announcement of AGL, APL, and SHK dated 26th April, 2010 and the circular of each of AGL and SHK dated 24th May, 2010. The Mandatory Convertible Notes and the warrants have been issued to the Investor on 13th July, 2010.

On 25th August, 2011, SHK announced the conversion by the Investor of all of its outstanding Mandatory Convertible Notes with an aggregate principal amount of HK$1,708.0 million into shares of SHK at a conversion price of HK$5.0 per share. Accordingly, 341.6 million new ordinary shares of SHK ("Conversion Shares") were expected to be issued on or before 5th September, 2011. Upon the allotment of the Conversion Shares, the APL Group's shareholding in SHK would decrease from approximately 62.75% to approximately 52.63%. Further details of the conversion of Mandatory Convertible Notes were set out in the announcement of SHK dated 25th August, 2011 and the joint announcement of APL and AGL dated 26th August, 2011. The Conversion Shares were issued by SHK on 29th August, 2011.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose letter and/or report are contained in this Composite Document:

Name	Qualification
Yu Ming	a licensed corporation permitted to carry out Types 1 (securities trading), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
Norton Appraisals	an independent valuer and member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors

Each of Yu Ming and Norton Appraisals has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and/or the references to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, none of Yu Ming and Norton Appraisals have any shareholding in any member of the APL Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the APL Group.

As at the Latest Practicable Date, none of Yu Ming and Norton Appraisals have any direct or indirect interest in any assets which have been, since 31st December, 2010 (the date to which the latest published audited consolidated financial statements of the APL Group were made up), acquired or disposed of by or leased to any member of the APL Group, or are proposed to be acquired or disposed of by or leased to any member of the APL Group.

10. MISCELLANEOUS

(a) The registered office of APL is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(b) The registered office of the Offeror is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(c) The registered office of Yu Ming is Room 1801, 18th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(d) The principal member of the Offeror's concert group is APL, which is the beneficial owner holding 100% equity interest in the Offeror.

(e) The APL Directors are Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.

(f) The directors of the Offeror are Messrs. Li Chi Kong and Mark Wong Tai Chun.

(g) As at the Lastest Practicable Date, APL is owned as to approximately 72.34% by AGL. The AGL Directors are Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Messrs. Wong Po Yan, David Craig Bartlett and Alan Stephen Jones being the Independent Non-Executive Directors.

(h) As at the Latest Practicable Date, AGL is beneficially owned as to approximately 55.93% by Lee and Lee Trust, which in turn is owned by the trustees, namely Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang.

(i) The company secretary of APL is Mr. Li Chi Kong.

(j) As at the Latest Practicable Date, no arrangement had been entered into by the Offeror or APL for the transfer, charge or pledge to any other persons of any Tian An Shares acquired pursuant to the Partial Share Exchange Offer.

(k) This Composite Document is prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any Business Day (i) at the office of Messrs. P.C. Woo & Co. at 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong; and (ii) on the websites of the SFC (www.sfc.hk) and APL (www.irasia.com/listco/hk/alliedproperties/index.htm) during the period from the date of this Composite Document up to and including the closing date of the Partial Share Exchange Offer:

(a) the memorandum and articles of association of APL;

(b) the memorandum and articles of association of the Offeror;

(c) the memorandum and articles of association of Tian An;

(d) the annual reports of APL for the two years ended 31st December, 2009 and 2010;

(e) the annual reports of Tian An for the two years ended 31st December, 2009 and 2010;

(f) the Letter from the APL Board, the text of which is set out on pages 8 to 15 of this Composite Document;

(g) the Letter from the Tian An Board, the text of which is set out on pages 26 to 31 of this Composite Document;

(h) the Letter from Yu Ming, the text of which is set out on pages 16 to 25 of this Composite Document;

(i) the Letter from the Tian An Independent Board Committee, the text of which is set out on pages 32 and 33 of this Composite Document;

(j) the valuation report on property interest of the APL Group, the text of which is set out in Appendix IV to this Composite Document;

(k) the valuation report on property interest of the Tian An Group, the text of which is set out in Appendix V to this Composite Document;

(l) the full valuation report on property interest of the APL Group;

(m) the full valuation report on property interest of the Tian An Group;

(n) each of the contracts as set out under the section headed "Material Contracts" in this Appendix;

(o) the written consents from each of Yu Ming and Norton Appraisals referred to in the section headed "Experts and Consents" in this Appendix; and

(p) this Composite Document and the accompanying Form of Approval and Acceptance.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purposes of giving information with regard to the Tian An Group and the Partial Share Exchange Offer. The Tian An Directors jointly and severally accept full responsibility for the accuracy of the information (other than that in respect of the APL Group) contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the APL Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements contained herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of Tian An (a) as at the Latest Practicable Date; and (b) upon Completion will be as follows:

Authorised:		*HK$*
2,000,000,000	Tian An Shares as at the Latest Practicable Date	400,000,000.00
Issued and fully paid:		
1,506,769,491	Tian An Shares as at the Latest Practicable Date and upon Completion	301,353,898.20

All the issued Tian An Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

No Tian An Shares had been issued or repurchased since 31st December, 2010, being the date to which the latest published audited consolidated financial statements of the Tian An Group was made up.

There was no outstanding options, derivatives, warrants or conversion rights affecting Tian An Shares as at the Latest Practicable Date.

3. MARKET PRICE

(a) The market capitalisation of Tian An was approximately HK$6,433.91 million as at the Last Trading Day. The highest and lowest closing prices of Tian An Shares as quoted on the Stock Exchange during the Relevant Period were HK$5.19 per Tian An Share on 28th April, 2011 and HK$3.45 per Tian An Share on 4th October, 2011.

(b) The table below sets out the closing prices of Tian An Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price** *HK$*
31st March, 2011	4.80
29th April, 2011	5.18
31st May, 2011	5.17
30th June, 2011	4.91
29th July, 2011	4.70
31st August, 2011	4.34
Last Trading Day	4.27
30th September, 2011	4.03
31st October, 2011	4.15
Latest Practicable Date	4.19

4. DISCLOSURE OF INTERESTS

A. Tian An Directors' interests and short positions in Tian An Shares and the underlying shares of Tian An

Save as disclosed below, as at the Latest Practicable Date, none of the Tian An Directors and chief executive of Tian An had any interests or short positions in the shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An:

Name of Tian An Directors	**Number of Tian An Shares held**	**Approximate % of the relevant issued share capital of Tian An**	**Nature of interests**
Lee Seng Hui	602,789,096 *(Note 1)*	40.00%	Other interests
Ma Sun	62,550	0.01%	Personal interests (held as beneficial owner)

Notes:

1. Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, owned approximately 55.94% interest in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interest) and were therefore deemed to have an interest in 602,789,096 Tian An Shares in which AGL was interested through its holding of 72.34% equity interest of APL.

2. All interests stated above represent long positions.

B. Tian An Directors' interests and short positions in the shares and the underlying shares of the Offeror and APL

Save as disclosed below, as at the Latest Practicable Date, none of the Tian An Directors and chief executive of Tian An had any interests or short positions in the shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror and APL:

Name of Tian An Directors	Number of APL Shares and underlying APL Shares held	Approximate % of the relevant issued share capital of APL	Nature of interests
Lee Seng Hui	6,036,037,254 *(Note 1)*	86.81%	Other interests
Song Zengbin	240,000 *(Note 2)*	0.00%	Personal interests (held as beneficial owner)

Notes:

1. The interest includes the holding of (i) 5,030,031,045 APL Shares and (ii) 1,006,006,209 units of APL Warrants giving rise to an interest in 1,006,006,209 underlying APL Shares. The APL Warrants Holders thereof to subscribe at any time during the period from 13th June, 2011 to 13th June, 2016 (both dates inclusive) for fully paid APL Shares at an initial subscription price of HK$2.00 per APL Share (subject to adjustments). Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, owned approximately 55.94% interest in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interest) and were therefore deemed to have an interest in 5,030,031,045 APL Shares and 1,006,006,209 units of APL Warrants in which AGL was interested.

2. This represents an interest in 200,000 APL Shares and 40,000 units of APL Warrants.

3. All interests stated above represent long positions.

5. DEALINGS IN SECURITIES

During the Relevant Period:

(a) Tian An does not have any interests and has not had any dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror or APL; and

(b) none of the Tian An Directors had any dealings or dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Tian An, the Offeror or APL.

During the offer period and up to the Latest Practicable Date:

(a) none of any members of Tian An Group, any pension fund of Tian An Group, or any advisers to Tian An as specified in class (2) of the definition of associate under the Takeovers Code owned or controlled or have dealt for value in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An, the Offerer or APL;

(b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Tian An or with any person who is an associate of Tian An by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code; and

(c) no relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in Tian An, the Offeror or APL were managed on a discretionary basis by fund managers connected with Tian An and none of them has dealt with such relevant securities.

Save as Mr. Ma Sun, an executive Tian An Director, none of the Tian An Directors are registered Tian An Shareholders entitled to the Partial Share Exchange Offer. Mr. Ma Sun has indicated his intention to accept the Partial Share Exchange Offer in respect of his own shareholdings in Tian An.

None of Tian An or the Tian An Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Tian An, the Offeror or APL.

6. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

(a) there was no arrangement whereby any Tian An Director would be given any benefit as compensation for loss of office or otherwise in connection with the Partial Share Exchange Offer;

(b) there was no agreement or arrangement between any Tian An Director and any other person which was conditional on or dependent upon the outcome of the Partial Share Exchange Offer or otherwise connected with the Partial Share Exchange Offer; and

(c) there was no material contract entered into by the Offeror or APL in which any Tian An Director has a material personal interest.

7. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Tian An Directors had any existing or proposed service contract with any member of the Tian An Group or its associated companies in force which (i) (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (ii) were continuous contracts with a notice period of 12 months or more; or (iii) were fixed term contracts with more than 12 months to run irrespective of the notice period:

Name of Tian An Directors under service/ employment contracts	Date of service/ employment contracts	Expiry date of service/employment contracts (if any)	Annual remuneration payable under service/ employment contracts	Notes
Lee Seng Hui	14th December, 2010	31st December, 2012	HK$10,000	1
	1st April, 2011	31st March, 2014	RMB480,000	2
Patrick Lee Seng Wei	28th January, 2011	Recurring	HK$2,340,000	3
Ng Qing Hai	24th November, 2009	Recurring	HK$1,950,000	4
Ma Sun	19th August, 2008	Recurring	RMB2,500,000	5
Tao Tsan Sang	8th July, 2010	Recurring	HK$1,430,000	6
Moses Cheng Mo Chi	14th December, 2010	31st December, 2012	HK$10,000	1
Lee Shu Yin	18th March, 2011	31st December, 2012	HK$10,000	1
Francis J. Chang Chu Fai	14th December, 2010	31st December, 2012	HK$87,000	1
Jin Hui Zhi	14th December, 2010	31st December, 2012	HK$87,000	1
Ngai Wah Sang	14th December, 2010	31st December, 2012	HK$109,000	1
Lisa Yang Lai Sum	14th December, 2010	31st December, 2012	HK$87,000	1

Notes:

1. The term under the service contract shall last for 2 years until 31st December, 2012, subject to retirement and re-election at the annual general meetings of Tian An in accordance with the articles of association of Tian An or any other applicable laws from time to time whereby he/she shall vacate his/her office. The remuneration payable under the service contract is fixed and is inclusive of a director's fee of HK$10,000 per annum, which is subject to the approval of Tian An Shareholders at the annual general meeting.

2. An employment contract was entered into between 天安(上海)投資有限公司 (Tian An (Shanghai) Investments Co., Ltd.*) ("TASI"), a wholly-owned subsidiary of Tian An, and Mr. Lee Seng Hui, for a term of 3 years until 31st March, 2014, pursuant to which he is entitled to receive a total fixed salary of RMB480,000 (equivalent to approximately HK$564,708) per annum. Pursuant to the employment contract, Mr. Lee Seng Hui is entitled to a discretionary bonus based on the policy and business condition of TASI.

3. A continuous employment contract was entered into between Tian An and Mr. Patrick Lee Seng Wei in respect of his appointment as the Managing Director and an Executive Director of Tian An. Pursuant to the employment contract, Mr. Patrick Lee was entitled to a basic salary of HK$2,249,000 per annum (including RMB480,000 per annum ("RMB Remuneration") paid by 上海天安中心大廈有限公司 (Shanghai Tian An Centre Building Co., Ltd.*), a non wholly-owned subsidiary of Tian An, under a PRC employment contract for a term of 3 years until 31st December, 2012) and a discretionary bonus subject to the recommendation of the Remuneration Committee of Tian An and the approval by the Board of Directors of Tian An based on the performance of both Mr. Patrick Lee and Tian An Group. The basic salary of Mr. Patrick Lee was amended on 23rd June, 2011 to HK$2,340,000 per annum (including the RMB Remuneration), with effect from 1st January, 2011.

4. A continuous employment contract was entered into between Tian An and Mr. Ng Qing Hai in respect of his appointment as the Deputy Managing Director and an Executive Director of Tian An. Pursuant to the employment contract, Mr. Ng was entitled to a basic salary of HK$1,803,568 per annum, allowances and a discretionary bonus subject to the recommendation of the Remuneration Committee of Tian An and the approval by the Board of Directors of Tian An based on the performance of both Mr. Ng and Tian An Group. The basic salary of Mr. Ng was amended on 23rd June, 2011 to HK$1,950,000 per annum with effect from 1st January, 2011.

5. A continuous employment contract was entered into between Tian An and Mr. Ma Sun in respect of his appointment as the Deputy Managing Director and an Executive Director of Tian An. Pursuant to the employment contract, Mr. Ma was entitled to a remuneration package of RMB2,500,000 per annum (including a monthly salary and housing allowance in the aggregated sum of HK$214,310 equivalent to RMB193,136 based on the exchange rate of RMB0.9012:HK$1.00 and allowances) and a discretionary bonus subject to the recommendation of the Remuneration Committee of Tian An and the approval by the Board of Directors of Tian An based on the performance of both Mr. Ma and Tian An Group. The exchange rate adopted in the employment contract was amended on 25th June, 2011 to RMB0.85:HK$1.00, thereby Mr. Ma is currently entitled to a monthly salary and housing allowance in the aggregated sum of HK$227,167 equivalent to RMB193,092 with effect from 1st January, 2011.

6. A continuous employment contract was entered into between Tian An and Mr. Tao Tsan Sang in respect of his appointment as an executive Tian An Director. Pursuant to the employment contract, Mr. Tao was entitled to a basic salary of HK$1,170,000 per annum and a discretionary bonus subject to the recommendation of the Remuneration Committee of Tian An and the approval by the Board of Directors of Tian An based on the performance of both Mr. Tao and Tian An Group. The basic salary of Mr. Tao was amended on 23rd June, 2011 to HK$1,430,000 per annum with effect from 1st January, 2011.

8. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, no member of the Tian An Group was engaged in any litigation or claims of material importance, no litigation or claim of material importance was known to the Tian An Directors to be pending or threatened against any member of the Tian An Group and no material litigation to which any member of the Tian An Group may become a party:

(a) A property purchaser who previously purchased a property in Shenzhen initiated legal proceedings against a wholly-owned subsidiary of Tian An to rescind the sale contracts and claim for total sales proceeds paid of approximately HK$138,588,000 together with compensation. Inventories of completed properties with carrying amount of HK$45,180,000 were held in the custody of the court. In 2007 and 2008, conditional settlement agreements had reached between the parties whereby the property purchaser agreed to settle the case on condition that the Tian An Group has to arrange the issue of ownership certificates of the subject properties under the name of the property purchaser. In March 2010 and January 2011, portions of the properties held in custody of the court with total carrying amount of HK$26,140,000 were released to the Tian An Group as a result of the issue of ownership certificates of part of the subject properties to the property purchaser. It is expected that the remaining properties held in custody of the court with carrying amount of HK$19,040,000 will be released to the Tian An Group following the issue of ownership certificates of the remaining subject properties under the name of the property purchaser.

(b) In 2007, a contractor has applied for arbitration against a subsidiary of Tian An claiming for outstanding construction costs and compensation of totally approximately HK$30,518,000 which are being disputed. The arbitration is still in progress, but based on legal opinions, the Tian An Group has assessed the claim and considers that the final outcome of the claim will not have material effect on the financial position of the Tian An Group.

(c) In 1998, Tian An acquired a subsidiary that held a land site in the PRC with the consideration partially satisfied by disposing of its interest in a jointly controlled entity to the vendor. A person who claimed to be the beneficial owner of the vendor has initiated legal proceedings against Tian An, for which proceeding a writ was received by Tian An in March 2008, claiming the transfer of the interest in the jointly controlled entity and losses in RMB of HK$22,940,000 equivalent plus interest and other costs on the grounds that Tian An had not effectively transferred the legal title to the interest in that jointly controlled entity to the vendor. The court judgement made in July 2009 was held in favour of Tian An and the plaintiff had appealed. In November 2010, the Higher Court had ordered retrial to the case. The Tian An Group has assessed the claim and obtained legal advice, and considers that the final outcome of the claim will not have material effect on the financial position of the Tian An Group.

(d) In 2009, a former material supplier of cement business has initiated legal proceedings against subsidiaries of Tian An claiming for outstanding construction and material supply costs and compensation of approximately HK$8,410,000 which are being disputed. In 2010, the court judgement was held in favour of the former material supplier. The Tian An Group had appealed and the Higher Court had ordered retrial to the case. A total of approximately HK$4,442,000 was recognised as trade and other payable in relation to these claims. The Tian An Group has assessed the claims and obtained legal advice, and considers that no further provision was required in relation to the potential compensation payable.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Tian An Group) had been entered into by the Tian An Group within the two years immediately preceding the commencement of the offer period and which are or may be material:

(a) A termination and sale and purchase agreement dated 10th June, 2011 was entered into among Sea Vanguard Limited (“Sea Vanguard”) as vendor, Tian An China Hotel and Property Investments Company Limited (“TACHP”) as warrantor, Tian An, Lead Step Holdings Limited (“Lead Step”) as purchaser and Mr. Fong Kai Shing (previously known as Mr. Fong Ting) (“Mr. Fong”) as purchaser’s guarantor in relation to the termination of the sale and purchase agreement dated 3rd December, 2007 entered into among TACHP as vendor, Tian An as vendor’s guarantor, Lead Step as purchaser and Mr. Fong as purchaser’s guarantor so far as the same related to the 11,878,788 shares of US$1.00 each, representing approximately 84.85% of the issued share capital of Asia Coast Investments Limited (“Asia Coast”) (the “Second Sale Shares”) and to proceed with the sale and purchase of the Second Sale Shares and a shareholder’s loan indebted by Asia Coast and its subsidiaries to Sea

Vanguard at an aggregate consideration of HK$710,000,000. Further details were disclosed in an announcement of Tian An dated 10th June, 2011 and a circular of Tian An dated 13th July, 2011.

(b) A sale and purchase agreement dated 23rd March, 2011 was entered into among AP Pearl Limited ("AP Pearl"), an indirect wholly-owned subsidiary of Tian An, as vendor, Lanwa International Limited, a then independent third party, as purchaser and Mr. Liao Chang as purchaser's guarantor in relation to the sale and purchase of 1 ordinary share of US$1.00, representing the entire issued share capital of Green Village Limited ("Green Village") and all shareholder's loan owed by Green Village to AP Pearl at an aggregate consideration of RMB450,000,000 (equivalent to approximately HK$529,412,000). Further details were disclosed in an announcement of Tian An dated 24th March, 2011.

(c) A renewed sharing of administrative services and management services agreement dated 31st January, 2011 was entered into between Tian An and AGL in relation to the renewal of the agreement dated 31st January, 2008 entered into between Tian An and AGL in respect of the sharing of administrative services and management services by AGL to the Tian An Group for an annual cap of HK$16,200,000, HK$18,150,000 and HK$20,400,000 for each of the three years ending 31st December, 2013 respectively. Further details were disclosed in an announcement of Tian An dated 31st January, 2011.

(d) An insurance brokerage services agreement dated 31st January, 2011 was entered into between Tian An and Sun Hung Kai Insurance Consultants Limited ("SHK Insurance") in relation to the provision of packaged insurance brokerage services by SHK Insurance to the Tian An Group for an annual cap of HK$4,000,000 and HK$4,400,000 for each of the two years ending 31st December, 2012 respectively. Further details were disclosed in an announcement of Tian An dated 31st January, 2011.

(e) A loan agreement dated 27th October, 2010 (the "Loan Agreement") was entered into between TASI and 深圳市亞聯財小額信貸有限公司 (Shenzhen United Asia Finance Limited*) ("UAF Shenzhen") in relation to the provision of the entrusted loan in the principal amount of RMB40,000,000 (equivalent to approximately HK$46,511,600) by TASI through the entrusted lender, China Merchants Bank Co., Ltd., Shenzhen Che Gong Miao Branch ("CMB Shenzhen") (the "Entrusted Loan") to UAF Shenzhen, and an entrusted loan agreement dated 27th October, 2010 was entered into between TASI as principal and CMB Shenzhen as entrusted lender.

A fee settlement deed dated 27th October, 2010 was entered into among Sunwealth Holdings Limited, TASI and United Asia Finance Limited in relation to (i) the payment of the non-refundable loan arrangement and handling fee of 2% per annum on the outstanding principal amount under the Entrusted Loan; (ii) the monitor of the repayment obligation of UAF Shenzhen under the Loan Agreement and in respect of the Entrusted Loan; and (iii) the provision of all necessary assistance to TASI to recover the indebtedness in full if UAF Shenzhen fails to repay any money owing under and in accordance with the terms and conditions of the Loan Agreement and/or in respect of the Entrusted Loan respectively. Further details were disclosed in an announcement of Tian An dated 27th October, 2010.

(f) 11 pre-sale agreements, all dated 14th October, 2010, were entered into between 上海凱恒置業有限公司 (Shanghai Greentree I Company Ltd.*) as purchaser and 上海明鴻房地產發展有限公司 (Shanghai Min Hoong Real Estate Development Co., Ltd.*) ("MH (Shanghai)"), a then independent third party, as vendor in relation to the acquisition of 11 units of 西郊明苑別墅III期 (Xijiao Elegant Garden Phase III*), a residential villa complex, situate at 上海市長寧區龍溪路189號 (No. 189 Longxi Road, Changning District, Shanghai*) from MH (Shanghai) at a total consideration of RMB458,347,000 (equivalent to approximately HK$532,962,000), subject to adjustment (if any). Further details were disclosed in an announcement of Tian An dated 15th October, 2010.

(g) A quota purchase agreement dated 22nd October, 2009 (the "QP Agreement") was entered into between a vendor (the "Vendor"), an indirect wholly-owned subsidiary of Tian An as purchaser (the "Purchaser"), the Vendor's guarantor and Tian An as Purchaser's guarantor in relation to the sale and purchase of the entire issued and outstanding quotas of two international societies with restricted liability under the laws of Barbados ("Target Company I" and "Target Company II") (collectively the "Quotas") at the total consideration of RMB755,106,479.65 (equivalent to approximately HK$858,075,545). Target Company I and Target Company II are the legal and beneficial owners of the entire equity interests of two wholly foreign owned enterprises registered under the laws of the PRC respectively ("WFOE I and WFOE II"). WFOE I and WFOE II in turn hold their respective property ownership certificates for 31 units and 26 units in Phase I of the CRED Forest Villas, with completed total gross floor area above ground of approximately 19,993 square metres, which are situated at 3388 Kun Yang Road, Minhang District, Shanghai, PRC. Further details were disclosed in the announcements of Tian An dated 23rd October, 2009 and 30th October, 2009 respectively.

(h) A settlement deed dated 13th October, 2009 was entered into between Tian An Development (Dalian) Company Limited ("TADD"), an indirect wholly-owned subsidiary of Tian An, as vendor, Commander Ventures Limited ("Commander") and Allied Resort (Hangzhou) Company Limited ("AL (Hangzhou)") and Min Hoong Development Co Pte Ltd (新加坡明鴻發展投資(私人)有限公司) ("MH (Singapore)") in relation to the surrender of the put option in favour of MH (Singapore) upon receipt of the full payment of RMB640,000,000 (equivalent to approximately HK$727,272,727) (the "Surrender") and the sale and purchase of 1 ordinary share of US$1.00, representing the entire issued share capital of Commander at the nominal consideration of HK$7.80 following the Surrender. Further details were disclosed in an announcement of Tian An dated 13th October, 2009.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose letter and/or report are contained in this Composite Document:

Name	Qualification
Norton Appraisals	an independent valuer and member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors
Huntington Asia	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Norton Appraisals and Huntington Asia has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and/or the reference to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, none of Norton Appraisals and Huntington Asia have any shareholding in any member of the Tian An Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Tian An Group.

As at the Latest Practicable Date, none of Norton Appraisals and Huntington Asia have any direct or indirect interest in any assets which have been, since 31st December, 2010 (the date to which the latest published audited consolidated financial statements of the Tian An Group were made up), acquired or disposed of by or leased to any member of the Tian An Group, or are proposed to be acquired or disposed of by or leased to any member of the Tian An Group.

11. MISCELLANEOUS

(a) The registered office of Tian An is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(b) The Tian An Directors are Messrs. Hu Aimin (Deputy Chairman), Song Zengbin (Deputy Chairman), Patrick Lee Seng Wei (Managing Director), Ng Qing Hai (Deputy Managing Director), Ma Sun (Deputy Managing Director), Edwin Lo King Yau and Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman), Dr. Moses Cheng Mo Chi and Mr. Lee Shu Yin being the Non-Executive Directors; and Messrs. Francis J. Chang Chu Fai, Jin Hui Zhi, Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

(c) The company secretary of Tian An is Ms. Cindy Yung Yee Mei.

(d) The Share Registrar of Tian An is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

(e) This Composite Document is prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any Business Day (i) at the office of Messrs. Fred Kan & Co. at 3104–7, 31st Floor, Central Plaza, 18 Harbour Road, Hong Kong and (ii) on the websites of the SFC (www.sfc.hk) and Tian An (www.irasia.com/listco/hk/tiananchina/index.htm) during the period from the date of this Composite Document up to and including the closing date of the Partial Share Exchange Offer:

(a) the memorandum and articles of association of Tian An;

(b) the memorandum and articles of association of APL;

(c) the memorandum and articles of association of the Offeror;

(d) the annual reports of Tian An for the two years ended 31st December, 2009 and 2010;

(e) the annual reports of APL for the two years ended 31st December, 2009 and 2010;

(f) the Letter from the Tian An Board, the text of which is set out on pages 26 to 31 of this Composite Document;

(g) the Letter from the APL Board, the text of which is set out on pages 8 to 15 of this Composite Document;

(h) the Letter from Yu Ming, the text of which is set out on pages 16 to 25 of this Composite Document;

(i) the Letter from the Tian An Independent Board Committee, the text of which is set out on pages 32 and 33 of this Composite Document;

(j) the Letter from Huntington Asia, the text of which is set out on pages 34 to 55 of this Composite Document;

(k) the valuation report on property interest of the Tian An Group, the text of which is set out in Appendix V to this Composite Document;

(l) the valuation report on property interest of the APL Group, the text of which is set out in Appendix IV to this Composite Document;

(m) the full valuation report on property interest of the Tian An Group;

(n) the full valuation report on property interest of the APL Group;

(o) each of the contracts as set out under the section headed "Material Contracts" in this Appendix;

(p) each of the service contracts of the Tian An Directors referred to in the section headed "Directors' Service Contracts" in this Appendix;

(q) the written consents from each of Norton Appraisals and Huntington Asia referred to in the section headed "Experts and Consents" in this Appendix; and

(r) this Composite Document and the accompanying Form of Approval and Acceptance.

* *for identification purpose only*