
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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



OCEANWIDE HOLDINGS INTERNATIONAL CO., LTD

泛海控股國際有限公司

(Incorporated in the British Virgin Islands with limited liability)



HUTCHISON HARBOUR RING LIMITED

和記港陸有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 715)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO THE UNCONDITIONAL MANDATORY CASH OFFERS BY CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE ISSUED SHARES IN THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF THE COMPANY

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



SOMERLEY CAPITAL LIMITED

A letter from CITIC Securities containing, amongst other things, details of the terms and conditions of the Offers is set out on pages 6 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Optionholders in respect of the Offers is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offers is set out on pages 25 to 39 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance.

Acceptances of the Offers should be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Thursday, 18 December 2014 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

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

27 November 2014

* For identification purpose only

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EXPECTED TIMETABLE

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

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement of the Offers (<i>Note 1</i>)	Thursday, 27 November 2014
Latest time and date for acceptance of the Offers (<i>Note 2</i>)	4:00 p.m. on Thursday, 18 December 2014
Closing Date (<i>Note 2</i>)	Thursday, 18 December 2014
Announcement of the results of the Offers on the website of the Stock Exchange (<i>Note 2</i>).	by 7:00 p.m. on Thursday, 18 December 2014
Latest date of posting of remittances in respect of valid acceptances received under the Offers (<i>Note 3</i>)	Wednesday, 31 December 2014

Notes:

- (1) *The Offers, which are unconditional in all respects, are made on 27 November 2014, the date of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.*
- (2) *The Offers must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised or extended or have expired. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next closing date of the Offers or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offers are closed, to those Independent Shareholders and Optionholders who have not accepted the Offers. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be the same day, i.e. 4:00 p.m. on the Closing Date.*
- (3) *Remittances in respect of acceptance of the Offers (after deducting the seller's ad valorem stamp duty) will be made as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares or the Options (as the case may be) in respect of such acceptance are received by or for the Offeror to render each such acceptance of any of the Share Offer and the Option Offer complete and valid. Remittances in respect of acceptance of the Offers will be despatched to the accepting Independent Shareholders or Optionholders by ordinary post at their own risk.*

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“China Oceanwide”	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司), a company incorporated in the PRC with limited liability on 7 April 1988 and the controlling shareholder of Oceanwide Holdings
“CITIC Securities”	CITIC Securities Corporate Finance (HK) Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Closing Date”	18 December 2014, being the closing date of the Offers which is 21 days following the date on which this Composite Document was posted (or such other date as revised or extended in accordance with the Takeovers Code)
“Company”	Hutchison Harbour Ring Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 715)
“Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document dated 27 November 2014 jointly issued by the Offeror and the Company to all Shareholders and Optionholders in accordance with the Takeovers Code in connection with the Offers
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation, priority of security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-lease back arrangement or similar encumbrance(s) over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director, as defined in the Takeovers Code
“Facilities”	a loan facility of up to HK\$3,300 million granted by China CITIC Bank International Limited to the Offeror, which is secured by (i) the corporate guarantee provided by Oceanwide (Hong Kong) and Oceanwide Holdings; (ii) the Sale Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement and the Shares to be acquired by the Offeror through the Share Offer; and (iii) the accounts opened by the Offeror in the name of the Offeror and held with China CITIC Bank International Limited
“First Vendor”	Promising Land International Inc., a company incorporated in the BVI with limited liability on 30 June 1993, which is a wholly-owned subsidiary of HWL and the vendor of the First Vendor Sale Shares under the Sale and Purchase Agreement
“First Vendor Sale Shares”	4,155,284,508 Shares (representing approximately 46.33% of the issued share capital of the Company as at the Latest Practicable Date), which were sold by the First Vendor to the Offeror pursuant to the Sale and Purchase Agreement
“Forms of Acceptance”	the WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance (accompanying this Composite Document), and “Form of Acceptance” means either of them
“Group”	the Company and its subsidiaries
“Guaranteed Notes”	the 11.75% guaranteed senior notes due 2019 in the principal amount of US\$320,000,000 issued by Oceanwide Real Estate and unconditionally and irrevocably guaranteed by Oceanwide Holdings and Oceanwide (Hong Kong), which became listed on the Stock Exchange by way of debt securities on 10 September 2014 (Stock Code: 5798), and under which, among other things, all shares of the Offeror were pledged to secure the obligations thereunder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HWL”	Hutchison Whampoa Limited 和記黃埔有限公司, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 13)
“Independent Board Committee”	an independent board committee of the Board comprising the non-executive Director and all the independent non-executive Directors established for the purpose of making a recommendation to the Independent Shareholders and the Optionholders in respect of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers

DEFINITIONS

“Independent Financial Adviser” or “Somerley Capital”	Somerley Capital Limited, a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which is the independent financial adviser to the Independent Board Committee in respect of the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 6 November 2014 jointly issued by the Company and the Offeror, in relation to, among other things, the Sale and Purchase Agreement and the Offers
“Last Trading Day”	5 November 2014, being the last trading day prior to the suspension of trading in the Shares on 6 November 2014 pending the publication of the Joint Announcement
“Latest Practicable Date”	24 November 2014, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding entered into between the First Vendor, the Second Vendor and the Offeror dated 11 August 2014, as disclosed in the MOU Announcement
“MOU Announcement”	the announcement dated 11 August 2014 issued by the Company in relation to, among other things, the MOU
“Oceanwide Holdings”	泛海控股股份有限公司 (Oceanwide Holdings Co., Ltd.*), formerly known as 泛海建設集團股份有限公司 (Oceanwide Real Estate Group Co., Ltd.*), a joint stock company established in the PRC with limited liability on 9 May 1989 whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), indirectly owned as to approximately 76.39% by Mr. Lu Zhiqiang (盧志強先生)
“Oceanwide Real Estate”	Oceanwide Real Estate International Holding Company Limited 泛海建設國際控股有限公司, a company incorporated in the BVI with limited liability on 30 October 2013 and a direct wholly-owned subsidiary of Oceanwide (Hong Kong)
“Oceanwide (Hong Kong)”	Oceanwide Holdings (Hong Kong) Co., Limited 泛海控股(香港)有限公司 (formerly known as Oceanwide Real Estate (Hong Kong) Company Limited 泛海建設集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on 30 August 2013 and a direct wholly-owned subsidiary of Oceanwide Holdings
“Offer Period”	the period from the date of the MOU Announcement until the Closing Date

DEFINITIONS

“Offers”	the Share Offer and the Option Offer
“Offeror”	Oceanwide Holdings International Co., Ltd 泛海控股國際有限公司, an investment holding company incorporated in the BVI with limited liability on 12 June 2014 and a wholly-owned subsidiary of Oceanwide (Hong Kong), which in turn is a wholly-owned subsidiary of Oceanwide Holdings
“Option Offer”	an unconditional mandatory cash offer to be made by CITIC Securities for and on behalf of the Offeror for the cancellation of all outstanding Options held by the Optionholders in accordance with the Takeovers Code
“Optionholder(s)”	holder(s) of the Option(s)
“Option(s)”	share option(s) granted by the Company pursuant to the share option scheme of the Company conditionally adopted on 20 May 2004, which entitle(s) holder(s) thereof to subscribe for the Shares in accordance with the terms and conditions thereof
“Overseas Shareholder(s)”	the Independent Shareholder(s) with registered address(es) on the register of members of the Company which is/are outside Hong Kong and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong
“ PINK Form of Option Offer Acceptance”	the pink form of acceptance and cancellation of all outstanding Options in respect of the Option Offer
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period from 11 February 2014, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 November 2014 entered into between the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	the First Vendor Sale Shares and the Second Vendor Sale Shares
“Second Vendor”	Uptalent Investments Limited, a company incorporated in the BVI with limited liability on 12 August 2005, which is a wholly-owned subsidiary of HWL and the vendor of the Second Vendor Sale Shares under the Sale and Purchase Agreement

DEFINITIONS

“Second Vendor Sale Shares”	2,244,444,444 Shares (representing approximately 25.03% of the issued share capital of the Company as at the Latest Practicable Date), which were sold by the Second Vendor to the Offeror pursuant to the Sale and Purchase Agreement
“September Accounts”	the unaudited condensed consolidated interim financial information of the Company for the nine months ended 30 September 2014, as set out in the section headed “SEPTEMBER ACCOUNTS” in the September Accounts Announcement
“September Accounts Announcement”	the announcement dated 21 October 2014 issued by the Company in relation to the September Accounts
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Offer”	the unconditional mandatory cash offer to be made by CITIC Securities for and on behalf of the Offeror for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“Share Offer Price”	the consideration per Share of HK\$0.5973 payable in cash by the Offeror to the Independent Shareholders under the Share Offer
“Shares Charge”	Charge Over Shares between the Offeror and China CITIC Bank International Limited dated 30 October 2014, in which the Offeror agreed to charge the Shares to China CITIC Bank International Limited as securities for the Facilities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	the First Vendor and the Second Vendor
“ WHITE Form of Share Offer Acceptance”	the white form of acceptance and transfer of Shares in respect of the Share Offer
“%”	per cent.

* For identification purpose only



27 November 2014

To the Independent Shareholders and the Optionholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

On 6 November 2014, the Vendors and the Offeror had entered into the Sale and Purchase Agreement, pursuant to which the Vendors had agreed to sell and the Offeror had agreed to purchase the Sale Shares, representing approximately 71.36% of the entire issued share capital of the Company as at the Latest Practicable Date. The Consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$3,822,558,103 (representing HK\$0.5973 per Sale Share). Completion took place on the date of the Sale and Purchase Agreement.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 6,399,728,952 Shares, representing approximately 71.36% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options.

Reference is made to the September Accounts Announcement. The September Accounts, which constitute a profit forecast of the Company under Rule 10 of the Takeovers Code, have been reported on by the auditor of the Company and the Independent Financial Adviser in accordance with the Takeovers Code. PricewaterhouseCoopers, the auditor of the Company, is of the opinion that, so far as the accounting policies and calculations are concerned, the September Accounts have been properly compiled on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, and have been properly compiled on the basis of the assumptions made, as set out in the September Accounts Announcement. The Independent Financial Adviser is satisfied that the September Accounts have been prepared by the Directors with due care and consideration. Your attention is drawn to the reports from PricewaterhouseCoopers and the Independent Financial Adviser on the September Accounts set out in Appendices III and IV to this Composite Document, respectively.

LETTER FROM CITIC SECURITIES

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

UNCONDITIONAL MANDATORY CASH OFFERS

As at the Latest Practicable Date, there were 8,968,140,707 Shares in issue and 800,000 outstanding Options. Assuming that none of the outstanding Options are exercised prior to the close of the Offers, 2,568,411,755 Shares would be subject to the Share Offer and 800,000 Options would be subject to the Option Offer. Assuming that all the outstanding 800,000 Options are fully exercised prior to the close of the Offers, 2,569,211,755 Shares would be subject to the Share Offer.

Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal terms of the Offers

CITIC Securities is making the Offers for and on behalf of the Offeror to all the Independent Shareholders and the Optionholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options in compliance with Rules 26.1 and 13.5 of the Takeovers Code on the following basis:

The Share Offer:

For each Share HK\$0.5973 in cash

The Option Offer:

For each outstanding Option (note) HK\$0.0001 in cash

Note: Details of the outstanding Options are set out in the following table:

<i>Date of grant</i>	<i>Exercise period</i>	<i>Exercise price HK\$</i>	<i>Number of new Shares to be issued upon exercise</i>	<i>Offer price per Option</i>
<i>3 June 2005</i>	<i>3 June 2006 to 2 June 2015</i>	<i>0.822</i>	<i>600,000</i>	<i>HK\$0.0001</i>
<i>25 May 2007</i>	<i>25 May 2008 to 24 May 2017</i>	<i>0.616</i>	<i>200,000</i>	<i>HK\$0.0001</i>

The Share Offer Price of HK\$0.5973 for each Share under the Share Offer is the same as the price per Share of HK\$0.5973 at which the Sale Shares had been acquired by the Offeror pursuant to the Sale and Purchase Agreement.

LETTER FROM CITIC SECURITIES

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options will normally represent the difference between the exercise price of the outstanding Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the outstanding Options are above the Share Offer Price, the outstanding Options are out-of-money and the offer price for each outstanding Option is at a nominal value of HK\$0.0001.

Comparison of value

The Share Offer Price of HK\$0.5973 for each Share under the Share Offer represents:

- (1) a discount of approximately 8.11% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on 8 August 2014, being the last trading day preceding the date of the MOU Announcement;
- (2) a discount of approximately 17.04% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a discount of approximately 16.58% to the average closing price of HK\$0.716 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (4) a discount of approximately 12.80% to the average closing price of HK\$0.685 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (5) a discount of approximately 8.25% to the average closing price of HK\$0.651 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (6) a discount of approximately 12.16% to the audited consolidated net asset value attributable to Shareholders of the Company of approximately HK\$0.68 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 31 December 2013, the date to which the latest audited financial results of the Group were made up; and
- (7) a discount of approximately 10.85% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

Details of the highest and lowest prices of the Shares during the Relevant Period are set out in the paragraph headed "2. MARKET PRICES" in Appendix VI to this Composite Document.

Total value of the Offers

As at the Latest Practicable Date, there were 8,968,140,707 Shares in issue.

Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options are exercised prior to the close of the Offers, and on the basis of the Share Offer Price at HK\$0.5973 per Share, the entire issued share capital of the Company would be valued at approximately HK\$5,356,670,444.

LETTER FROM CITIC SECURITIES

Assuming that all the 800,000 outstanding Options are fully exercised prior to the close of the Offers, there would be 8,968,940,707 Shares in issue. On the basis of the Share Offer Price at HK\$0.5973 per Share, the entire issued share capital of the Company would be valued at approximately HK\$5,357,148,284.

Financial resources available for the Offers

Based on the respective offer prices for the Shares and the outstanding Options as referred to in the paragraph headed "Principal terms of the Offers" above, assuming that none of the outstanding Options subject to the Option Offer is exercised prior to the close of the Offers and on the basis of full acceptance of the Offers, the cash consideration payable by the Offeror under the Share Offer and the Option Offer would be approximately HK\$1,534,112,341 and HK\$80 respectively, amounting to a total of HK\$1,534,112,421.

Assuming that all of the outstanding Options subject to the Option Offer are exercised in full prior to the close of the Offers, an aggregate of 800,000 Shares would be issued by the Company and subject to the Share Offer. On the basis of full acceptance of the Share Offer, the cash consideration payable by the Offeror under the Share Offer would amount to HK\$1,534,590,181.

The Offeror would finance the cash consideration for the Offers from its internal resources and by the Facilities granted by China CITIC Bank International Limited (as lender) to the Offeror (as borrower) for the purpose of financing the Offers.

Pursuant to the facilities agreement entered into between, among others, the Offeror and China CITIC Bank International Limited in respect of the Facilities dated 30 October 2014 (the "**Facilities Agreement**"), the Offeror contemplates the following arrangements which may render the payment of interest on, repayment of or security for, any Facilities to depend upon to a significant extent the business of the Company:

- (a) The Offeror is required to repay the Facilities with the distribution or dividends from the Company or the proceeds derived from the disposal of any Shares during the terms of the Facilities Agreement;
- (b) If at any time the ratio of the aggregate of a certain portion of the outstanding principal of the Facilities to the aggregate of open market value of the Shares (provided as security for the Facilities) together with other shares securities (if any) (the "**LTV Ratio**") exceeds a certain level, the Offeror is required to make a repayment or provide additional security for the Facilities to bring down the LTV Ratio; and
- (c) The Facilities Agreement contains certain undertakings from the Offeror, situations, financial covenants, representations and warranties relating to the conduct and business of the Company, breach of which may amount to an event of default and the Offeror's obligation to make repayment to the Facilities may then be accelerated.

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

LETTER FROM CITIC SECURITIES

Effect of accepting the Offers

By validly accepting the Share Offer, Shareholders would sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of posting of this Composite Document.

By validly accepting the Option Offer, Optionholders would agree to the cancellation of their tendered Options free from all Encumbrances and together with all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of posting of this Composite Document.

Optionholders should note that under the terms of the share option scheme of the Company conditionally adopted on 20 May 2004, all Options (to the extent not exercised) would lapse automatically on the Closing Date.

The Offers are unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Remittances

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

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, would be deducted from the amount payable to Shareholders who accept the Share Offer. The Offeror would bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

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

LETTER FROM CITIC SECURITIES

Overseas Shareholders

As the Share Offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Share Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

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

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Acceptance and settlement

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

Shareholding structure of the Company

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; and (ii) immediately following Completion and as at the Latest Practicable Date:

Shareholders	Immediately before Completion		Immediately following Completion and as at the Latest Practicable Date	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Offeror and parties acting in concert with it	–	–	6,399,728,952	71.36
Vendors	6,399,728,952	71.36	–	–
Other Shareholders	2,568,411,755	28.64	2,568,411,755	28.64
Total:	<u>8,968,140,707</u>	<u>100</u>	<u>8,968,140,707</u>	<u>100</u>

LETTER FROM CITIC SECURITIES

INFORMATION ON THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed "INFORMATION ON THE GROUP" in the "LETTER FROM THE BOARD" and in Appendices II and V to this Composite Document.

INFORMATION ON THE OFFEROR

Background of the Offeror

The Offeror is an investment holding company incorporated in the BVI on 12 June 2014 and is wholly-owned by Oceanwide (Hong Kong), which in turn is a wholly-owned subsidiary of Oceanwide Holdings. Oceanwide Holdings is a joint stock company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046) and is principally engaged in investment and investment management, assets management, real estate business operation and property management, self-owned property leasing, corporate management consultation and sale of building materials, decoration materials and mechanical equipment.

As at the Latest Practicable Date, the directors of the Offeror are Mr. Han Xiaosheng (韓曉生先生), Mr. Zheng Dong (鄭東先生) and Mr. Liu Guosheng (劉國升先生).

Reasons for the Acquisition

- (i) The acquisition of the Sale Shares by the Offeror under the Sale and Purchase Agreement is an important step for Oceanwide Holdings to implement its strategy to utilize the capital market to achieve overseas market development.
- (ii) The properties invested by the Company in Shanghai are expected to generate rental income and profit for the Company. Following Completion, it is beneficial to Oceanwide Holdings in enhancing its project layout in Shanghai and hence improving the profitability.
- (iii) The acquisition will facilitate the Offeror and Oceanwide Holdings to establish an overseas investment and financing platform, to make better use of international capital markets and to promote sustainable development in the future.

Risk factors to the Offeror/Oceanwide Holdings

- (i) The Offeror and Oceanwide Holdings may face difficulties in integrating their resources relating to financial management, customer management, resources management, business development and corporate culture, etc. after acquisition of the Company.
- (ii) The Offeror and Oceanwide Holdings may be exposed to market risks relating to fluctuation in rental and occupancy rates for commercial buildings in Shanghai, which are influenced by various factors including commercial real estate condition in Shanghai and PRC's overall economic development.
- (iii) As the financial statements of Oceanwide Holdings are denominated in Renminbi whereas the operation of the Company involves the use of other currencies, i.e. Hong Kong dollars, the Offeror and Oceanwide Holdings may be affected by the risks relating to fluctuation in exchange rates, since the value of Renminbi against other foreign currencies fluctuates from time to time.

LETTER FROM CITIC SECURITIES

- (iv) The acquisition may affect the operation and financial condition of the Offeror and Oceanwide Holdings, and the trading prices of the shares of Oceanwide Holdings in the Shenzhen Stock Exchange may fluctuate.

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

The Group is principally engaged in property investments in the PRC.

Following the close of the Offers, the Offeror intends to continue the principal businesses of the Group. The Offeror would conduct a review on the financial position and the operations of the Group and would formulate long-term business plans and strategy of the Group, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate to enhance the long-term growth potential of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider to expand the property business of the Group in the PRC and overseas with an objective to achieving a wider spectrum of property development source, increasing the Group's profitability in the future and therefore enhancing the value of the Shareholders in the long term. Should, after detailed review of the financial position and the operations of the Group, any other suitable investment opportunities be identified, the Offeror may also consider having the Group to acquire assets and/or businesses whether from the Offeror (or its associates) or any other third parties, as and when appropriate, in order to enhance the growth of the Group. Any such acquisition will only be made in compliance with the Listing Rules. As at the Latest Practicable Date, the Offeror has no definitive proposal, terms, timetable, agreement, arrangement, understanding, intention or negotiation with any party about any arrangement or injection of assets or businesses.

The Offeror intends to develop the Group as the main listed investment and development arm outside the PRC for the group under Oceanwide Holdings.

As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises of nine Directors, being five executive Directors, namely, Mr. Fok Kin Ning, Canning, Mr. Lai Kai Ming, Dominic, Mr. Tsui Kin Tung, Tony, Mrs. Chow Woo Mo Fong, Susan and Ms. Edith Shih, one non-executive Director, namely, Mr. Ronald Joseph Arculli, and three independent non-executive Directors, namely, Mr. Kwan Kai Cheong, Dr. Lam Lee G. and Dr. Lan Hong Tsung, David. Following Completion, it is intended that the resignation of these Directors would take effect upon the date immediately after the close of the Offers in compliance with the Takeovers Code.

Following Completion, a total of twelve proposed Directors had been nominated by the Offeror to the Board. Following the despatch of this Composite Document, it is proposed that Mr. Han Xiaosheng (韓曉生先生), Mr. Liu Bing (劉冰先生), Mr. Liu Hongwei (劉洪偉先生) and Mr. Liu Guosheng (劉國升先生) will be appointed as executive Directors, Mr. Qin Dingguo (秦定國先生), Mr. Zheng Dong (鄭東先生), Mr. Zhao Yingwei (趙英偉先生) and Mr. Qi Zixin (齊子鑫先生) will be appointed as non-executive Directors, and Mr. Liu Jipeng (劉紀鵬先生), Mr. Cai Hongping (蔡洪平先生), Mr. Yan Fashan (嚴法善先生) and Mr. Lo Wa Kei Roy (盧華基先生) will be appointed as independent non-executive Directors.

LETTER FROM CITIC SECURITIES

Biographical details of the proposed Directors are set out as follows:

Mr. Han Xiaosheng (韓曉生先生), aged 57, a senior accountant in the PRC, is currently the director, vice president and secretary to the board of China Oceanwide, the chairman of the board of Oceanwide Holdings and the director of Oceanwide (Hong Kong). Mr. Han served as the vice chairman of the board and president of Oceanwide Holdings. Mr. Han obtained a Master's degree in Economics from Renmin University of China in July 1996.

Mr. Liu Bing (劉冰先生), aged 57, is currently the vice president and chief risk manager of China Oceanwide, the supervisor of Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司), the vice chairman of the supervisory committee in Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000416) and the director of China Oceanwide Power Co., Ltd.* (中國泛海電力有限公司). Mr. Liu obtained a Master's degree in Business Administration from Sacred Heart University in the United States in August 1989.

Mr. Liu Hongwei (劉洪偉先生), aged 47, is currently the vice president of China Oceanwide, the director of Oceanwide Holdings, the director of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000416), the director of Oceanwide (Hong Kong), the director of Minsheng International Investment Co., Ltd.* (民生國際投資有限公司), the director of China Oceanwide Power Co., Ltd.* (中國泛海電力有限公司), the director of China Oceanwide International Investment Co., Ltd.* (中國泛海國際投資有限公司) and the independent non-executive director of CuDECO Limited, the shares of which are listed on Australia Stock Exchange (stock code: CDU). Mr. Liu obtained a Bachelor's degree in Engineering from Dalian Ocean University (formerly known as Dalian Fisheries College) in July 1989 and a Master's degree in Management from Massey University in New Zealand in April 2006.

Mr. Liu Guosheng (劉國升先生), aged 46, a senior accountant in the PRC, is currently the director and chief financial officer of Oceanwide Holdings and the director of Oceanwide (Hong Kong). Mr. Liu obtained a Bachelor's degree in Economics from Hangzhou Dianzi University (formerly known as Hangzhou Institute of Electronic Industry) in July 1991 and a Master's degree in Economics from Wuhan University in December 2008.

Mr. Qin Dingguo (秦定國先生), aged 63, a senior engineer in the PRC, is currently the director of China Oceanwide, the chairman of the board of Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司) and the director of China Oceanwide Power Co., Ltd.* (中國泛海電力有限公司). The State Council of the PRC granted special governmental allowance to Mr. Qin in 2005 in recognition of his outstanding contribution to the development of the Chinese electricity system. Mr. Qin is also the head Propagation of Science Expert in the national power generation engineering discipline in the Chinese Science and Technology Association. Mr. Qin graduated from the Department of Atmospheric Sciences of Nanjing University in February 1980.

Mr. Zheng Dong (鄭東先生), aged 52, an electrical engineer in the PRC, is currently the vice chairman of the supervisory committee of China Oceanwide, the vice chairman of the board and president of Oceanwide Holdings and the director of Oceanwide (Hong Kong). Mr. Zheng served as the vice president of Oceanwide Holdings. Mr. Zheng graduated from Northeast Dianli University (formerly known as Northeast Dianli College) in April 1994.

LETTER FROM CITIC SECURITIES

Mr. Zhao Yingwei (趙英偉先生), aged 43, a senior accountant in the PRC, is currently the supervisor, vice president and chief financial officer of China Oceanwide, the vice chairman of the supervisory committee of Oceanwide Holdings, the director of Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司), the chairman of the supervisory committee of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000416) and the director of Oceanwide (Hong Kong). Mr. Zhao obtained a Bachelor's degree in Economics from Renmin University of China in January 1997.

Mr. Qi Zixin (齊子鑫先生), aged 39, an economist in the PRC, is currently the director and vice president of China Oceanwide, the vice chairman of the board and president of Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司), the vice chairman of the board of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司) the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000416) and the director of China Oceanwide Power Co., Ltd.* (中國泛海電力有限公司). Mr. Qi obtained a Bachelor's degree in Law and Economics from Peking University in July 1998 and a Master's degree in Law from Peking University in June 2001.

Mr. Liu Jipeng (劉紀鵬先生), aged 58, a senior economist and certified public accountant in the PRC, is currently the independent non-executive director of Wanda Hotel Development Company Limited, the shares of which are listed on the Stock Exchange (stock code: 169), the independent director of AVIC Capital Co., Ltd.* (中航資本控股股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600705), the independent director of Zhongjin Gold Corp., Ltd.* (中金黃金股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600489) and the independent director of CNNC HuaYuan Titanium Dioxide Co., Ltd.* (中核華原鈦白股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002145). Mr. Liu served as the independent director of Oceanwide Holdings. Mr. Liu obtained a Bachelor's degree in Economics from Capital University of Economics and Business (formerly known as Beijing School of Economics) in July 1983 and a Master's degree in Economics from Graduate School of Chinese Academy of Social Sciences in July 1986.

Mr. Cai Hongping (蔡洪平先生), aged 59, is currently the executive chairman of corporate finance, Asia Pacific in Deutsche Bank. Mr. Cai obtained an associate degree in Journalism from Fudan University in June 1988.

Mr. Yan Fashan (嚴法善先生), aged 62, a professor in the School of Economics in Fudan University, is currently the independent director of Oceanwide Holdings. Mr. Yan obtained a Master's degree in Economics from Fudan University in 1981 and a Doctor of Philosophy degree in Political Economics from Fudan University in June 1998.

Mr. Lo Wa Kei, Roy (盧華基先生), aged 43, a certified public accountant in Hong Kong, Fellow of the Hong Kong Institute of Certified Public Accountants, Fellow of the CPA Australia and an Associate of The Institute of Chartered Accountants in England and Wales. Mr. Lo is currently the independent non-executive director of several public companies whose shares are listed on the Stock Exchange, including, Sheen Tai Holdings Group Company Limited (stock code: 1335), Sun Hing Vision Group Holdings Limited (stock code: 125), North Mining Shares Company Limited (stock code: 433), China Zhongwang Holdings Limited (stock code: 1333). He also serves as the managing director of Shinewing (HK) CPA Limited. Mr. Lo obtained a Bachelor's degree in Business Administration from University of Hong Kong in November 1993 and a Master's degree in Professional Accounting from Hong Kong Polytechnic University in November 2000.

Save as disclosed in the section headed "PROPOSED CHANGE OF BOARD COMPOSITION" above, each of the twelve proposed Directors has not held any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas for the last three years.

LETTER FROM CITIC SECURITIES

As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. Lu Zhiqiang (盧志強先生) was deemed to be interested in 6,399,728,952 Shares being held by the Offeror, which is wholly owned by Oceanwide (Hong Kong), which is in turn wholly owned by Oceanwide Holdings, the ultimate controlling shareholder of which is Mr. Lu Zhiqiang (盧志強先生). As at the Latest Practicable Date, Mr. Han Xiaosheng (韓曉生先生) and Mr. Zheng Dong (鄭東先生) owned approximately 0.06% equity interest in Oceanwide Holdings, respectively, and Mr. Liu Hongwei (劉洪偉先生) owned approximately 0.0007% equity interest in Oceanwide Holdings.

Save as disclosed in the above paragraph, as at the Latest Practicable Date, each of the twelve proposed Directors did not have any interest in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed in the section headed "PROPOSED CHANGE OF BOARD COMPOSITION" above, as at the Latest Practicable Date, each of the twelve proposed Directors (i) did not hold any other positions in the Company or its subsidiaries; and (ii) did not have any other relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Each of the twelve proposed Directors will enter into a service contract with the Company after his appointment. Their directorships will be subject to retirement by rotation and re-election pursuant to the provisions of the Listing Rules and bye-laws of the Company. The remuneration of each of the twelve proposed Directors will be determined and recommended by the Remuneration Committee of the Company (the "**Remuneration Committee**") and approved by the Board based on their qualifications, experience, level of responsibilities undertaken and prevailing market conditions. The remuneration of each of the twelve proposed Directors will be subject to annual review by the Remuneration Committee and the Board.

In relation to the proposed appointment of the above twelve proposed Directors, there is no information which is required to be disclosed nor are/were they involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there is no other matter that needs to be brought to the attention of the Shareholders.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

In the event that the public float of the Company falls below 25% following the close of the Offers, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares.

The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or**
 - (b) there are insufficient Shares in public hands to maintain an orderly market,**
- it would consider exercising its discretion to suspend dealings in the Shares.**

LETTER FROM CITIC SECURITIES

In this connection, it should be noted that following the close of the Offers, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until sufficient public float exists in the Shares. In the event that the public float of the Company falls below 25% following the close of the Offers, the Offeror may appoint and negotiate with a placing agent to place down the Shares in order to restore the minimum public float as required under the Listing Rules within a specified period which is acceptable to the Stock Exchange.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to acquire compulsorily any outstanding Shares not acquired under the Offers after the close of the Offers.

GENERAL

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

ADDITIONAL INFORMATION

Your attention is drawn to the “LETTER FROM THE BOARD”, the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” and the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully
For and on behalf of
CITIC Securities Corporate Finance (HK) Limited
Edmund Chan
Managing Director

LETTER FROM THE BOARD



HUTCHISON HARBOUR RING LIMITED 和記港陸有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 715)

Executive Directors:

Mr FOK Kin Ning, Canning (*Chairman*)
Mr LAI Kai Ming, Dominic (*Deputy Chairman*)
(Also Alternate to Mrs CHOW WOO Mo Fong, Susan)
Mr TSUI Kin Tung, Tony (*Managing Director*)
Mrs CHOW WOO Mo Fong, Susan
Ms Edith SHIH
(Also Alternate to Mr FOK Kin Ning, Canning)

Registered Office:

Clarendon House,
2 Church Street,
Hamilton HM11, Bermuda

*Head Office and Principal Place
of Business:*

22nd Floor, Hutchison House,
10 Harcourt Road, Hong Kong

Non-executive Director:

Mr Ronald Joseph ARCULLI

Independent Non-executive Directors:

Mr KWAN Kai Cheong
(Also Alternate to Mr Ronald Joseph ARCULLI)
Dr LAM Lee G.
(Also Alternate to Dr LAN Hong Tsung, David)
Dr LAN Hong Tsung, David

27 November 2014

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

Reference is made to the Joint Announcement by which the Offeror and the Company jointly announced that on 6 November 2014, the Vendors and the Offeror had entered into the Sale and Purchase Agreement, pursuant to which the Vendors had agreed to sell and the Offeror had agreed to purchase the Sale Shares, representing approximately 71.36% of the entire issued share capital of

* *For identification purpose only*

LETTER FROM THE BOARD

the Company as at the Latest Practicable Date. The Consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$3,822,558,103 (representing HK\$0.5973 per Sale Share). Completion took place on the date of the Sale and Purchase Agreement.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 6,399,728,952 Shares, representing approximately 71.36% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 8 October 2014, the Board has established the Independent Board Committee comprising the non-executive Director, namely Mr Ronald Joseph Arculli, and all the independent non-executive Directors, namely Mr Kwan Kai Cheong, Dr Lam Lee G. and Dr Lan Hong Tsung, David, to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Pursuant to Rule 2.1 of the Takeovers Code, on 9 October 2014, Somerley Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers, and in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Reference is made to the September Accounts Announcement. The September Accounts, which constitute a profit forecast of the Company under Rule 10 of the Takeovers Code, have been reported on by the auditor of the Company and the Independent Financial Adviser in accordance with the Takeovers Code. PricewaterhouseCoopers, the auditor of the Company, is of the opinion that, so far as the accounting policies and calculations are concerned, the September Accounts have been properly compiled on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, and have been properly compiled on the basis of the assumptions made, as set out in the September Accounts Announcement. The Independent Financial Adviser is satisfied that the September Accounts have been prepared by the Directors with due care and consideration. Your attention is drawn to the reports from PricewaterhouseCoopers and the Independent Financial Adviser on the September Accounts set out in Appendices III and IV to this Composite Document, respectively.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Optionholders in respect of the terms of the Offers and as to acceptance of the Offers, and the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offers and as to acceptance of the Offers.

THE OFFERS

As at the Latest Practicable Date, there were 8,968,140,707 Shares in issue and 800,000 outstanding Options. Assuming that none of the outstanding Options are exercised prior to the close of the Offers, 2,568,411,755 Shares would be subject to the Share Offer and 800,000 Options would be subject to the Option Offer. Assuming that all the outstanding 800,000 Options are fully exercised prior to the close of the Offers, 2,569,211,755 Shares would be subject to the Share Offer.

LETTER FROM THE BOARD

Save for the outstanding Options, there were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal terms of the Offers

As mentioned in the “LETTER FROM CITIC SECURITIES” on pages 6 to 17 of this Composite Document, CITIC Securities is making the Offers for and on behalf of the Offeror to all the Independent Shareholders and the Optionholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options in compliance with Rules 26.1 and 13.5 of the Takeovers Code on the following basis:

The Share Offer:

For each Share HK\$0.5973 in cash

The Option Offer:

For each outstanding Option (note) HK\$0.0001 in cash

Note: Details of the outstanding Options are set out in the following table:

<i>Date of grant</i>	<i>Exercise period</i>	<i>Exercise price HK\$</i>	<i>Number of new Shares to be issued upon exercise</i>	<i>Offer price per Option</i>
<i>3 June 2005</i>	<i>3 June 2006 to 2 June 2015</i>	<i>0.822</i>	<i>600,000</i>	<i>HK\$0.0001</i>
<i>25 May 2007</i>	<i>25 May 2008 to 24 May 2017</i>	<i>0.616</i>	<i>200,000</i>	<i>HK\$0.0001</i>

The Share Offer Price of HK\$0.5973 for each Share under the Share Offer is the same as the price per Share of HK\$0.5973 at which the Sale Shares had been acquired by the Offeror pursuant to the Sale and Purchase Agreement.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options will normally represent the difference between the exercise price of the outstanding Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the outstanding Options are above the Share Offer Price, the outstanding Options are out-of-money and the offer price for each outstanding Option is at a nominal value of HK\$0.0001.

Further details of the Offers, including terms and procedures for acceptance of the Offers, are contained in the “LETTER FROM CITIC SECURITIES” as set out on pages 6 to 17 of, and Appendix I to, this Composite Document and the accompanying Forms of Acceptance.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is principally engaged in property investments in the PRC.

The audited consolidated profits attributable to Shareholders were approximately HK\$174.7 million and HK\$182.2 million respectively for the financial years ended 31 December 2013 and 31 December 2012. The audited consolidated equity attributable to Shareholders was approximately HK\$6,100.8 million and HK\$6,135.1 million respectively as at 31 December 2013 and 31 December 2012.

Further details of the information of the Group are set out in Appendices II and V to this Composite Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "INFORMATION ON THE OFFEROR" in the "LETTER FROM CITIC SECURITIES" as set out on pages 12 to 13 of this Composite Document.

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the sections headed "INFORMATION ON THE OFFEROR" and "THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP" in the "LETTER FROM CITIC SECURITIES" as set out on pages 12 and 13 of this Composite Document. The Board is pleased to learn that the Offeror intends to continue the principal businesses of the Group and that the Offeror has no intention to discontinue the employment of any employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the "LETTER FROM CITIC SECURITIES" on pages 6 to 17 of this Composite Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

In the event that the public float of the Company falls below 25% following the close of the Offers, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares.

The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or**
 - (b) there are insufficient Shares in public hands to maintain an orderly market,**
- it would consider exercising its discretion to suspend dealings in the Shares.**

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 23 to 24 of this Composite Document, which sets out its recommendation to the Independent Shareholders and the Optionholders as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned, and as to acceptance thereof; and (ii) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” on pages 25 to 39 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By Order of the Board
Hutchison Harbour Ring Limited

Edith Shih
Director and Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



HUTCHISON HARBOUR RING LIMITED

和記港陸有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 715)

27 November 2014

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

We refer to the composite offer and response document dated 27 November 2014 issued jointly by the Offeror and the Company ("**Composite Document**") of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

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

Somerley Capital has been appointed as the independent financial adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" on pages 25 to 39 of the Composite Document.

We also wish to draw your attention to the "LETTER FROM THE BOARD", the "LETTER FROM CITIC SECURITIES" and the additional information set out in the appendices to the Composite Document.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

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

However, the market price of the Shares has consistently exceeded the Share Offer Price in recent weeks, closing at HK\$0.67 as at the Latest Practicable Date. Consequently, Independent Shareholders who wish to dispose of their Shares should monitor the Share price closely; if Independent Shareholders decide to accept the Share Offer but the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Share Offer, they should sell in the market instead. Optionholders should likewise consider exercising their Options in accordance with the share option scheme of the Company conditionally adopted on 20 May 2004 and selling in the market the Shares issued to them, if the proceeds (net of costs) would be higher than the net proceeds receivable under the Option Offer. Optionholders should note that all Options (to the extent not exercised) will lapse automatically on the Closing Date.

The Offeror has not given detailed plans for the future. However, Independent Shareholders who are attracted to the future of the Company under the management of the Offeror may consider retaining some or all of their Shares. Such Independent Shareholders should bear in mind the comments on the possibility of a temporary suspension of trading in the Shares referred to in the section headed "Maintenance of the listing status" in the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER". Independent Shareholders are recommended to read the full text of the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" set out in the Composite Document.

Notwithstanding our recommendation, the Independent Shareholders and the Optionholders should consider carefully the terms and conditions of the Offers.

Yours faithfully,
For and on behalf of the
Independent Board Committee

KWAN Kai Cheong

The members of the Independent Board Committee are Ronald Joseph ARCULLI, KWAN Kai Cheong, LAM Lee G. and LAN Hong Tsung, David.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice received from Somerley Capital, the Independent Financial Adviser to the Independent Board Committee regarding the Offers, for the purpose of incorporation in this Composite Document.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

27 November 2014

To: *the Independent Board Committee*

Dear Sirs,

UNCONDITIONAL MANDATORY CASH OFFERS BY CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE ISSUED SHARES IN THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF THE COMPANY

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the unconditional mandatory cash offers by CITIC Securities for and on behalf of the Offeror for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options. Details of the Offers are set out in the Composite Document dated 27 November 2014, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 6 November 2014, the Company's controlling Shareholders, Promising Land International Inc. ("**Promising Land**") and Uptalent Investments Limited ("**Uptalent Investments**") and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Offeror agreed to purchase an aggregate of 6,399,728,952 Shares from the Vendors, representing approximately 71.4% of the entire issued share capital of the Company at a price of HK\$0.5973 per Sale Share (the "**Transaction Price**"). Upon Completion on the same date, the Offeror and parties acting in concert with it were required in accordance with the Takeovers Code to make an unconditional mandatory cash offer for all issued Shares at the same price. An appropriate offer should also be made for the outstanding Options.

In accordance with the Takeovers Code and as announced by the Company on 9 October 2014, the Independent Board Committee, which comprises the non-executive Director Mr Ronald Joseph Arculli and all the independent non-executive Directors, namely Mr Kwan Kai Cheong, Dr Lam Lee G. and Dr Lan Hong Tsung, David, has been established to advise and make recommendations to the Independent Shareholders and the Optionholders in respect of the Offers. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise it in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the past two years, Somerley Limited (presently known as “Somerley International Limited” and a fellow subsidiary of Somerley Capital) has acted as an independent financial adviser to the independent board committee and independent shareholders of the Company in relation to continuing connected transactions of the Group (details of which were set out in the circular of the Company dated 5 April 2013). The past engagement was limited to providing independent advisory services to the independent board committee and the independent shareholders of the Company pursuant to the Listing Rules. Under the past engagement, Somerley Limited received normal professional fees from the Company. Notwithstanding the past engagement, as at the Latest Practicable Date, we were not aware of any matters that would cause Somerley Capital to have a conflict of interest in acting as the Independent Financial Adviser regarding the Offers.

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed the published information on the Company, including its unaudited condensed consolidated interim financial information for the nine months ended 30 September 2014 as announced by the Company on 21 October 2014, its interim report for the six months ended 30 June 2014 and its annual reports for the two years ended 31 December 2012 and 2013, and we have discussed with the Directors their statements set out in Appendix II to the Composite Document that, save as disclosed therein, there has been no material change in the financial or trading position or outlook of the Group since the date of the last published audited accounts of the Group up to and including the Latest Practicable Date. We have visited the Group’s investment properties. We have also reviewed the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document are true as at the date of the Composite Document and will continue to be true until the Closing Date, and that Shareholders will be notified of any material changes to such representations as soon as reasonably practicable.

We have not considered the tax and regulatory implications on Independent Shareholders and Optionholders, respectively, of acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, Independent Shareholders and Optionholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE OFFERS

CITIC Securities, on behalf of the Offeror, is making the Offers in compliance with the Takeovers Code on the following terms:

The Share Offer

Share Offer Price for each Share HK\$0.5973 in cash

The Share Offer Price of HK\$0.5973 per Share is equal to the Transaction Price. The Shares to be acquired under the Share Offer shall be free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of posting of the Composite Document.

The Option Offer

For the cancellation of each outstanding Option HK\$0.0001 in cash

As at the Latest Practicable Date, there were 800,000 outstanding Options granted under the share option scheme of the Company conditionally adopted on 20 May 2004 (the “**Share Option Scheme**”). The exercise prices for the Options are all above the Share Offer Price so that all the Options are “out-of-money”. Consequently, the Option Offer is a nominal amount for the cancellation of the outstanding Options.

The Offers are unconditional in all respects. Acceptance of the Offers would be irrevocable and shall not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Further details of the Offers, including the expected timetable and the terms and procedures of acceptance of the Offers, are set out in the sections headed “EXPECTED TIMETABLE”, “LETTER FROM CITIC SECURITIES”, “LETTER FROM THE BOARD”, Appendix I to the Composite Document and the Forms of Acceptance. Independent Shareholders and Optionholders are urged to read the relevant sections in the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background to the Offers

On 11 August 2014, the Company announced in the MOU Announcement that it had been informed by its controlling Shareholders, Promising Land and Uptalent Investments, that they were in discussions with the Offeror on the possible acquisition by the Offeror of all the issued Shares held by them, and that the MOU had been entered into. On 6 November 2014, the formal Sale and Purchase Agreement was entered into, pursuant to which the Offeror agreed to purchase an aggregate of 6,399,728,952 Shares from the Vendors at the Transaction Price of HK\$0.5973 per Sale Share. Completion took place on the same date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately upon Completion, the Offeror and parties acting in concert with it were interested in a total of 6,399,728,952 Shares, representing approximately 71.4% of the entire issued share capital of the Company. Under the Takeovers Code, the Offeror is required to make unconditional mandatory cash offers for all the issued Shares (other than those Shares already owned or agreed to be acquired by it and parties acting in concert with it) and for the cancellation of all outstanding Options. Accordingly, CITIC Securities is making the Share Offer and the Option Offer on behalf of the Offeror, at the prices and on the terms set out above.

2. Information on the Group

The Group is principally engaged in property investments in the PRC. The Group's investment properties comprise various commercial and office units and 152 car parking spaces in the Harbour Ring Plaza, and various commercial and office units and 50 car parking spaces in the Harbour Ring Huangpu Centre, both of which are located in Shanghai, PRC. The Group also holds a number of overseas listed debt securities issued by subsidiaries of HWL (the "**Connected Debt Securities**"), together with substantial cash having amassed after the Group completed a very substantial disposal transaction in 2008 to dispose of certain subsidiaries which owned an investment property in the PRC (the "**2008 Property Disposal**").

The property investment operation and the investments in the Connected Debt Securities together contribute the majority of the cash inflow to the Group. With the stable nature of the Group's operations, annual dividend payouts to the Shareholders have remained unchanged at HK\$0.022 per Share in recent years.

3. Financial information and prospects of the Group

(a) Financial performance

Set out below are the condensed operating results of the Group for the nine months ended 30 September 2014 and 2013, and the two years ended 31 December 2013 and 2012 (the "**Review Periods**"), as extracted from Appendix II to the Composite Document.

	For the nine months ended		For the year ended	
	30 September		31 December	
	2014	2013	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	70,251	65,146	88,433	87,819
Gross profit	57,531	52,721	71,789	72,383
<i>Gross profit margin</i>	<i>81.9%</i>	<i>80.9%</i>	<i>81.2%</i>	<i>82.4%</i>
Interest income	60,822	76,610	103,928	89,769
Other net (expenses)/income	(4,215)	50,420	50,420	71,204
Expenses	(20,692)	(19,066)	(26,454)	(25,271)
Profit before tax	93,446	160,685	199,683	208,085
Profit attributable to the Shareholders	70,353	143,407	174,746	182,160
Dividend per Share (HK cents)	20.0	-	2.2	2.2

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the Review Periods, no significant fluctuation in revenue is noted, due to the stable occupancy rates and rental rates of the Group's two properties in Shanghai. The gross profit margin also remained relatively stable.

Despite a stable revenue stream and gross profit margin, profits of the Group did fluctuate over the Review Periods. They are mainly influenced by the write back of provisions and the recovery of consideration receivables during the two years ended 31 December 2013 and 2012, amounting to approximately HK\$50.4 million and HK\$71.2 million respectively. Pursuant to the sale and purchase agreement entered into in connection with the 2008 Property Disposal, the consideration should be adjusted on a dollar-for-dollar basis with reference to the net surplus as derived from the completion balance sheet and during 2013 the adjustment amounts were confirmed and agreed by the Group and the purchaser. Both in 2012 and 2013 the Group reassessed that the crystallisation of certain exposures associated with the legal undertakings related to the 2008 Property Disposal had become not probable, and during 2013 the write back of provisions was finalised. As such, related provisions and accruals were written back.

In September 2014, an interim dividend of HK\$0.20 per Share was paid (the "Interim Dividend") to return surplus cash to Shareholders. The Transaction Price has been determined after taking into account the payment of the Interim Dividend.

(b) Financial position

Set out below are the condensed financial positions of the Group as at 30 September 2014, 31 December 2013 and 31 December 2012, as extracted from Appendix II to the Composite Document.

	As at 30 September 2014	As at 31 December 2013	As at 31 December 2012
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)
Investment properties	1,023,697	1,039,946	1,007,448
Available-for-sale financial assets	672,698	159,587	1,276,628
Others	6,062	6,501	6,570
Total non-current assets	1,702,457	1,206,034	2,290,646
Available-for-sale financial assets	–	1,118,523	–
Cash and bank deposits	2,907,884	4,177,793	4,279,329
Others	21,049	50,361	42,217
Total current assets	2,928,933	5,346,677	4,321,546
Total assets	4,631,390	6,552,711	6,612,192
Total liabilities	(295,205)	(297,195)	(336,763)
Net assets	4,336,185	6,255,516	6,275,429
Equity attributable to the Shareholders	4,177,005	6,100,763	6,135,062

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown above, apart from its holdings of the investment properties, the Group's major assets are its cash balance and available-for-sale financial assets, which represent the Connected Debt Securities. Further analyses of the above major items are as follows:

Investment properties

The Group's investment properties comprise various commercial, office and car park units in the Harbour Ring Plaza and the Harbour Ring Huangpu Centre in Shanghai, PRC. According to the Group's accounting policies, such investment properties are carried at their fair values in the financial statements. According to the latest valuation provided by DTZ Debenham Tie Leung Limited, an independent property valuer, the investment properties of the Group were valued at approximately RMB812.5 million (or approximately HK\$1,007.4 million) as at 30 June 2014. We understand from the Group's management that average occupancy rates and rental rates have not significantly changed during the three month period ended 30 September 2014. As such, the Directors consider the fair value of the Group's investment properties had not changed during the three months ended 30 September 2014, apart from any foreign exchange differences.

Available-for-sale financial assets

The Group's available-for-sale financial assets represent the overseas listed Connected Debt Securities, comprising (i) notes with principal amount of US\$70.0 million, due 13 January 2022 with a coupon rate of 4.625% per annum issued by a subsidiary of HWL, and (ii) notes with principal amount of US\$11.0 million, due 8 November 2022 with a coupon rate of 3.25% per annum issued by a subsidiary of HWL. The above available-for-sale financial assets are carried at fair value in the Group's financial statements.

Cash and bank deposits

The Group has a healthy financial position, with its cash and bank deposits amounting to approximately HK\$2,907.9 million, or approximately 62.8% of the total assets of the Group, as at 30 September 2014. Shareholders should note that the above balance represents the remaining cash balance after the payment of the Interim Dividend of HK\$0.20 per Share on 18 September 2014 in the total amount of approximately HK\$1,793.6 million.

(c) Prospects of the Group

The average occupancy rates and rental rates of the Group's investment properties have been stable during the Review Periods, as described above. However, as stated in the Company's latest annual report, the Group's properties are facing increasing competition for tenants. Management is taking steps to maintain satisfactory occupancy rates for its two properties by retaining and developing existing tenant demand, as well as to attract new tenants to the properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Premium of the Share Offer over net asset value

The Share Offer represents an opportunity for Independent Shareholders to realise their investment in the Company for a cash exit of HK\$0.5973 per Share, which represents a premium of approximately HK\$0.1315 per Share, or approximately 28.2% over the Company's unaudited consolidated net asset value ("**NAV**") attributable to the Shareholders per Share as at 30 September 2014, calculated as follows:

	Total <i>HK\$</i>	Per Share <i>HK\$</i>
NAV attributable to the Shareholders as at 30 September 2014, as extracted from Appendix II to the Composite Document	4,177.0 million	0.4658
Value of the Company as represented by the Share Offer Price	5,356.7 million <i>(Note)</i>	0.5973
Premium over NAV as at 30 September 2014	1,179.7 million	0.1315

Note: Being the number of outstanding Shares as at the Latest Practicable Date of 8,968,140,707 multiplied by the Share Offer Price

5. Analysis of price performance and trading liquidity

(a) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 2 January 2013 to the Latest Practicable Date (the "**Share Price Review Period**"). As a substantial Interim Dividend of HK\$0.20 per Share was paid in September 2014, for the period from 2 January 2013 to 4 September 2014 (the day immediately before the Ex-dividend Date), the Interim Dividend has been subtracted from the closing prices of the Shares (the "**Adjusted Share Price**"), so as to offer comparability between the Share Offer Price and the historical Share price prior to 5 September 2014, being the first day for dealing in the Shares ex-entitlement to the Interim Dividend (the "**Ex-dividend Date**"). Prior annual dividends have also been subtracted from the closing prices of the Shares in a similar manner to arrive at the Adjusted Share Price:



Source: Bloomberg

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown above, the Share Offer Price was above the Adjusted Share Price during the Share Price Review Period prior to the MOU Announcement, which set out details of the MOU and the Interim Dividend. Following the date of the MOU Announcement, the Adjusted Share Price increased by approximately 51.1% such that the Adjusted Share Price was above the Share Offer Price. After the publication of the MOU Announcement, the Shares have been trading above the Share Offer Price of HK\$0.5973 per Share. As at the Latest Practicable Date, the price of the Shares closed at HK\$0.67 per Share.

(b) Trading liquidity

Set out below in the table are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total issued Shares and public float of the Company during the Share Price Review Period:

	Monthly total trading volume of the Shares (Note 1)	Percentage of the monthly total trading volume of the Shares to the total issued Shares (Note 2)	Percentage of the monthly total trading volume of the Shares to public float of the Company (Note 3)
2013			
January	143,680,689	1.60%	5.61%
February	44,125,400	0.49%	1.72%
March	64,594,620	0.72%	2.52%
April	33,645,339	0.38%	1.31%
May	50,441,430	0.56%	1.97%
June	49,146,900	0.55%	1.92%
July	90,140,000	1.01%	3.52%
August	53,607,092	0.60%	2.09%
September	32,392,000	0.36%	1.26%
October	136,286,800	1.52%	5.32%
November	75,718,170	0.84%	2.95%
December	168,862,001	1.88%	6.59%
2014			
January	144,901,144	1.62%	5.65%
February	98,943,965	1.10%	3.86%
March	70,160,777	0.78%	2.74%
April	53,294,000	0.59%	2.08%
May	23,935,382	0.27%	0.93%
June	60,846,000	0.68%	2.37%
July	99,360,906	1.11%	3.88%
August	2,169,306,129	24.19%	84.63%
September	732,203,333	8.16%	28.56%
October	451,002,911	5.03%	17.59%
From 1 November 2014 to the Latest Practicable Date	261,508,406	2.92%	10.20%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) *Source: Bloomberg*
- (2) *The calculation is based on the monthly total trading volumes of the Shares divided by the total issued share capital of the Group at the end of each month or at the Latest Practicable Date, as applicable*
- (3) *The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public at the end of each month or at the Latest Practicable Date, as applicable*

Based on the above table, the liquidity of the Shares, in our view, was generally thin during the Share Price Review Period, except for the period after publication of the MOU Announcement. The high trading volume since the MOU Announcement is in our view related to the Offers and may not continue after the Closing Date. The Share Offer consequently represents a good opportunity for the Independent Shareholders to dispose of their entire holdings at a fixed cash price without disturbing the market price.

(c) Share Offer Price comparisons

The Share Offer Price of HK\$0.5973 is equal to the Transaction Price, and represents:

- (i) a premium of approximately 32.7% over the Adjusted Share Price of HK\$0.45 on the last trading day prior to the MOU Announcement;
- (ii) a premium of approximately 42.2% over the average Adjusted Share Price of HK\$0.42 for the 10 consecutive trading days up to and including the last trading day prior to the MOU Announcement;
- (iii) a premium of approximately 45.7% over the average Adjusted Share Price of approximately HK\$0.41 for the 30 consecutive trading days up to and including the last trading day prior to the MOU Announcement;
- (iv) a premium of approximately 49.3% over the average Adjusted Share Price of approximately HK\$0.40 for the 60 consecutive trading days up to and including the last trading day prior to the MOU Announcement;
- (v) a discount of approximately 10.9% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of approximately 28.2% over the Company's unaudited consolidated NAV attributable to the Shareholders of approximately HK\$0.4658 per Share as at 30 September 2014.

As further analysed in the section headed "5.(a) Historical price performance of the Shares", the Shares have been trading above the Share Offer Price since 5 September 2014, being the Ex-dividend Date. The Share Offer Price represented a premium of approximately 49.3% over the 60-day average Adjusted Share Price prior to the MOU Announcement, where the Share price was "undisturbed", and a discount of approximately 10.9% to the closing price of the Shares as at the Latest Practicable Date. The Share Offer Price also represents a premium of approximately 28.2% over the Company's unaudited consolidated NAV attributable to the Shareholders per Share as at 30 September 2014, which we consider beneficial to the Independent Shareholders, considering the Group's assets comprise mostly cash and fair valued properties and securities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Peer comparison

We have identified Hong Kong listed entities principally engaged in property investment in the PRC, with at least half of their revenues generated from this activity, and which had market capitalisations of 50.0% to 200.0% of the market capitalisation of the Company as at 7 August 2014, the last full trading day prior to the release of the MOU Announcement. Based on these criteria, we identified four entities (the “**Comparable Entities**”). We further consider it reasonable to include real estate investment trusts, which distribute most of their income to unitholders, as is the case for the Company over recent years, to our list of Comparable Entities. We consider the list of Comparable Entities presented below to be an exhaustive list according to our research on the website of the Stock Exchange based on the above criteria. The Comparable Entities are set out in the table below:

Name of entities	Market capitalisation as at 7 August 2014 <i>(HK\$ million)</i>	Closing price as at the Latest Practicable Date <i>(HK\$)</i> (A)	Consolidated NAV per share <i>(HK\$)</i> (B) <i>(Note 1)</i>	Price to book multiple (“P/B”) <i>(times)</i> (A/B)	Dividend yield as at the Latest Practicable Date
Yuexiu Real Estate Investment Trust (stock code: 405)	10,694.4	3.90	5.74	0.68	7.0%
Gemdale Properties and Investment Corporation Limited (stock code: 535)	5,183.1	0.49	0.62	0.79	1.6% <i>(Note 2)</i>
Spring Real Estate Investment Trust (Stock code: 1426)	3,706.1	3.75	6.12	0.61	7.5% <i>(Note 3)</i>
New Century Real Estate Investment Trust (stock code: 1275)	3,013.4	3.32	3.76	0.88	8.8% <i>(Note 4)</i>
			Mean	0.74	6.2%
			Median	0.73	7.2%
			Maximum	0.88	8.8%
			Minimum	0.61	1.6%
The Share Offer	5,560.2	0.5973 <i>(Note 5)</i>	0.4658	1.28	3.7% <i>(Note 6)</i>

Source: Bloomberg and website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) The consolidated NAV per share of the Company and the Comparable Entities is calculated by the respective consolidated NAV attributable to the equity holders/unitholders as extracted from the latest published financial statements, divided by the respective number of issued shares/units of the year/period end date*
- (2) Based on the final dividend per share of Gemdale Properties and Investment Corporation Limited of HK\$0.01 for the 15 months period ended 31 December 2013, the dividend per share for the 12 month period ended 31 December 2013 is HK\$0.008 on a pro-rated basis*
- (3) Based on the interim distribution per unit of Spring Real Estate Investment Trust ("Spring REIT") of HK\$0.139, the distribution per unit of Spring REIT for the year ending 31 December 2014 is approximately HK\$0.280 on an annualised basis. As Spring REIT was listed on 5 December 2013, we consider the above annualised interim distribution per unit to be a more suitable comparison figure than the final distribution per unit for the period from 5 December 2013 to 31 December 2013 of HK\$0.016*
- (4) Based on the interim distribution per unit of New Century Real Estate Investment Trust ("New Century REIT") of HK\$0.1454, the distribution per unit of New Century REIT for the year ending 31 December 2014 is approximately HK\$0.2932 on an annualised basis, after taking into account of the fact that certain unitholders of New Century REIT have agreed to waive their entitlements to receive distributions payable in respect of certain percentage of their respective holdings. As New Century REIT was listed on 10 July 2013, we consider the above annualised interim distribution per unit to be a more suitable comparison figure than the final distribution per unit for the period from 10 July 2013 to 31 December 2013 of HK\$0.1558*
- (5) Being the Share Offer Price of HK\$0.5973 per Share*
- (6) The calculation of the implied dividend yield excludes the Interim Dividend paid*

As shown above, the P/B of the Comparable Entities ranged from approximately 0.61 times to 0.88 times, with mean and median of 0.74 times and 0.73 times respectively, meaning the Comparable Entities are all trading at discounts to their respective net assets. The P/B as represented by the Share Offer Price of approximately 1.28 is higher than the mean and median of the Comparable Entities, which we consider favourable to the Independent Shareholders.

The implied dividend yield of approximately 3.7% represented by the Share Offer is lower than the mean and median dividend yields of the Comparable Entities of approximately 6.2% and 7.2% respectively, and within the range of approximately 1.6% to 8.8%. This would allow Independent Shareholders accepting the Share Offer to reinvest the proceeds to obtain a higher yield, when compared to the generally higher dividend yields of the Comparable Entities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. The Option Offer

Pursuant to Rule 13 of the Takeovers Code, CITIC Securities, on behalf of the Offeror, makes the Option Offer to the Optionholders to cancel their outstanding Options. The Option Offer is extended to all Optionholders in accordance with the Takeovers Code. As at the Latest Practicable Date, there were 800,000 outstanding Options granted under the Share Option Scheme, details of which are as follows:

Number of outstanding Options (vested)	Exercise period	Option exercise price
600,000	3 June 2006 to 2 June 2015	HK\$0.822
200,000	25 May 2008 to 24 May 2017	HK\$0.616

As the exercise prices for the Options are above the Share Offer Price such that all the Options are out-of-money, the Option Offer is a nominal amount of HK\$0.0001 per Option (whether such Options are exercisable or not), which we consider to be fair and reasonable so far as the Optionholders are concerned. Optionholders should note that under the terms of the Share Option Scheme, all Options (to the extent not exercised) will lapse automatically on the Closing Date.

8. Information on the Offeror

The Offeror is indirectly wholly-owned by Oceanwide Holdings, a joint stock company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 000046) with a market capitalisation of approximately RMB31.9 billion as at the Latest Practicable Date.

Oceanwide Holdings is principally engaged in investment and investment management, assets management, real estate business operation and property management, self-owned property leasing, corporate management consultation and sale of building materials, decoration materials and mechanical equipment. As extracted from its most recent annual report, Oceanwide Holdings recorded revenues of approximately RMB5.9 billion in 2013, and had total assets of approximately RMB40.7 billion as at 31 December 2013.

Intention of the Offeror regarding the Group

Business of the Group

As disclosed in the letter from CITIC Securities in the Composite Document, it is the intention of the Offeror to continue the principal businesses of the Group. Following the completion of the Offers, the Offeror would conduct a review on the financial position and the operations of the Group and would formulate long-term business plans and strategy of the Group, explore other business opportunities and consider whether any asset or business restructuring, diversification or fund raising would be appropriate to enhance the long-term growth potential of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider to expand the property business of the Group in the PRC and overseas. Should, after detailed review of the financial position and the operations of the Group, any other suitable investment opportunities be identified, the Offeror may also consider having the Group to acquire assets and/or businesses in order to enhance the growth of the Group. Any such acquisition will only be made in compliance with the Listing Rules. As at the Latest Practicable Date, the Offeror has no definitive proposal, terms, timetable, agreement, arrangement, understanding, intention or negotiation with any party about any arrangement or injection of assets or businesses.

The Offeror intends to develop the Group as the main listed investment and development arm outside the PRC for the group under Oceanwide Holdings. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Group other than in its ordinary and usual course of business.

Composition of the Board

Following Completion, a total of twelve proposed Directors had been nominated by the Offeror to the Board. As stated in the letter from CITIC Securities in the Composite Document, following the despatch of the Composite Document, it is proposed that four executive Directors, four non-executive Directors and four independent non-executive Directors will be appointed, the names and biographical details of which are stated in the letter from CITIC Securities in the Composite Document. It is also intended that following Completion, the resignation of all Directors as at the Latest Practicable Date would take effect upon the date immediately after the Closing Date in compliance with the Takeovers Code.

Listing status of the Company

As at the Latest Practicable Date, 2,563,411,755 Shares, representing approximately 28.6% of the issued share capital of the Company, were in the hands of the public. As stated in the letter from CITIC Securities in the Composite Document, it is the intention of the Offeror to maintain the listing status of the Company. In the event that the public float of the Company falls below 25.0% following the Closing Date, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible. Also, the Offeror may appoint and negotiate with a placing agent to place down the Shares in order to restore the minimum public float as required under the Listing Rules within a specified period which is acceptable to the Stock Exchange.

Independent Shareholders should be aware that if the number of Shares held by the public, as defined in the Listing Rules, comprises less than 25.0% of the total issued Shares of the Company at the close of the Offers, trading in the Shares may be suspended. If trading in the Shares is suspended, Independent Shareholders who chose not to accept the Share Offer would not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes. If a placing exercise is required to increase the Shares in public hands, we consider that this may put pressure on the market price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

DISCUSSION AND ANALYSIS

(i) A reliable holding without attracting much investor interest

The Company has been stable for a number of years, retaining two investment properties after the 2008 Property Disposal with a value of just over HK\$1.0 billion, along with a portfolio of debt securities and substantial liquidity. Its steady turnover and profit (excluding one-off other net expenses/income) have allowed a high dividend payout ratio in the past. However, investment interest in the Company has been fairly low, judged by the trading volume of its Shares set out in the section headed “5.(b) Trading liquidity”.

(ii) The Share Offer provides a chance to exit on terms we consider attractive

The Share Offer gives Independent Shareholders the chance to exit at a favourable fixed cash price of HK\$0.5973 per Share as it represents:

- a premium over net assets as at 30 September 2014 of approximately 28.2%, compared with a discount to net assets for the Comparable Entities we have identified;
- a premium of approximately 49.3% to the undisturbed 60-day average Adjusted Share Price prior to the MOU Announcement; and
- an exit yield of approximately 3.7%, which would allow Independent Shareholders accepting the Share Offer to reinvest the proceeds to obtain a higher yield, as the median Comparable Entities’ dividend yields are higher as at the Latest Practicable Date.

(iii) Current market price of the Shares higher than Share Offer Price

Although we consider the Share Offer Price attractive for the reasons set out in (ii) above, the Share price following the MOU Announcement and up to the Latest Practicable Date, and on the Latest Practicable Date is higher than the Share Offer Price. This sometimes happens when a bigger group, such as the Offeror, makes an offer for a smaller listed Hong Kong company. However, while stating that the Offeror intends to develop the Group as the main listed investment and development arm outside the PRC for the group under Oceanwide Holdings, the letter from CITIC Securities in the Composite Document does not include detailed plans for the future of the Company, so the recent price level and trading value may not be sustained in the period after the Closing Date.

(iv) Maintenance of the listing status

The Offeror has stated that it intends to maintain the listing status of the Company, which normally requires a public float of at least 25.0%. As the Offeror has already acquired approximately 71.4% of the issued share capital of the Company, significant acceptances of the Share Offer would cause the public float to fall below the minimum requirement. In that case, trading in the Shares may be suspended until the public float is restored and the measures needed to achieve this, for example a placing of new or existing shares, may have an impact on the Share price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) Share Options

The cancellation price for the Options is a nominal amount of HK\$0.0001 per Option, as the exercise prices for the Options are above the Share Offer Price, which means that all the Options are out-of-money. This is consistent with the normal practice adopted in Hong Kong in such circumstances. Optionholders should note that in accordance with the terms of the Share Option Scheme, any unexercised Options will lapse automatically on the Closing Date.

OPINION AND RECOMMENDATIONS

Based on the above principal factors and reasons, we consider the terms of the Offers to be fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and the Optionholders to accept the Share Offer and the Option Offer respectively.

However, the market price of the Shares has consistently exceeded the Share Offer Price in recent weeks, closing at HK\$0.67 as at the Latest Practicable Date. Consequently, Independent Shareholders who wish to dispose of their Shares should monitor the Share price closely; if Independent Shareholders decide to accept the Share Offer but the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Share Offer, they should sell in the market instead. Optionholders should likewise consider exercising their Options in accordance with the Share Option Scheme and selling in the market the Shares issued to them, if the proceeds (net of costs) would be higher than the net proceeds receivable under the Option Offer. Optionholders should note that all Options (to the extent not exercised) will lapse automatically on the Closing Date.

The Offeror has not given detailed plans for the future. However, Independent Shareholders who are attracted to the future of the Company under the management of the Offeror may consider retaining some or all of their Shares. Such Independent Shareholders should bear in mind the comments on the possibility of a temporary suspension of trading in the Shares referred to in paragraph (iv) in the section headed "DISCUSSION AND ANALYSIS".

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the SFC and as a responsible officer of Somerley Capital to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over six years of experience in the corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE**1.1 The Share Offer**

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offers, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for

the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or CITIC Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
 - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in

blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
- (iii) certified by the Registrar or the Stock Exchange.

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

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

1.2 The Option Offer

- (a) To accept the Option Offer, you should complete the **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) Without prejudice to the paragraph headed “Effect of accepting the Offers” in the “LETTER FROM CITIC SECURITIES” contained in this Composite Document and the paragraph headed “5. LAPSE OF OPTIONS” of this Appendix, the completed **PINK** Form of Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, to the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code provided however, no Option shall be capable of acceptance if at the time of acceptance such Option has lapsed. Please refer to the paragraph headed “5. LAPSE OF OPTIONS” of this Appendix for further information. Optionholders should note that according to published information of the Company in respect of the rules of the share option scheme of the Company conditionally adopted on 20 May 2004, the Optionholders are entitled to exercise their Options (to the extent not exercised) in full or in part by notice in writing to the Company before the close of the Offers. The Options (to the extent not exercised) will lapse automatically on the Closing Date. Optionholders are reminded that acceptance of the Option Offer made in relation to any Option that has lapsed will not render acceptance to be valid. Optionholders are therefore recommended to consult their own professional advisers as to the exercise of the Options pursuant to the rules of the share option scheme of the Company conditionally adopted on 20 May 2004, and the implications as to accepting or rejecting the Option Offer.

- (c) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Option Offer Acceptance should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (d) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, you must exercise the Options to the extent exercisable as indicated in the paragraph headed "4. EXERCISE OF OPTIONS" of this Appendix below, but (i) the relevant exercise notice and cheque for the subscription monies must reach the Company before the Offers close; and (ii) the relevant **WHITE** Form of Share Offer Acceptance must reach the Registrar on or before 4:00 p.m. on the Closing Date. You should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (e) No stamp duty will be deducted from the amount paid or payable to Optionholder who accept the Option Offer.
- (f) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

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

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

2.2 The Option Offer

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

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

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.
- (b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as they may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.
- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers will be kept open for at least 14 days thereafter.
- (d) If the Closing Date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.
- (e) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders and the Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "7. RIGHT OF WITHDRAWAL" below and duly do so.

4. EXERCISE OF OPTIONS

The Optionholder who wishes to accept the Share Offer may (i) exercise his/her/its Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options to the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Options. Exercise of the Options is subject to the terms and conditions of the share option scheme of the Company conditionally adopted on 20 May 2004 and the terms attaching to the grant of the relevant Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Options but will only be deemed to be an irrevocable authority to the Offeror and/or CITIC Securities and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Options as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If the Optionholder fails to exercise his/her/its Options as aforesaid and in accordance with the terms and conditions of the share option scheme of the Company conditionally adopted on 20 May 2004, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Option(s) to such Optionholder in time for it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

5. LAPSE OF OPTIONS

As referred to in the paragraph headed “Effect of accepting the Offers” in the “LETTER FROM CITIC SECURITIES” contained in this Composite Document, Optionholders should note that under the rules of the share option scheme of the Company conditionally adopted on 20 May 2004, all Options (to the extent not exercised) will lapse automatically on the Closing Date.

Nothing in this Composite Document or the Option Offer will serve to extend the life of any Option which lapses under the share option scheme of the Company conditionally adopted on 20 May 2004. No exercise of Options or acceptance of the Option Offer may be made in relation to any Option that has lapsed.

6. ANNOUNCEMENTS

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

The announcement will state the total number of Shares and Options and rights over Shares:

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

- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

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

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

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

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

7. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offers tendered by the Independent Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "6. ANNOUNCEMENTS" above, the Executive may require that the Independent Shareholders and the Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

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

8. STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

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

9. OVERSEAS SHAREHOLDERS

As the Share Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are residents, Overseas Shareholders should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Share Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

10. TAXATION ADVICE

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

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

- (b) The provisions set out in the **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance form part of the terms and conditions of the Share Offer and Option Offer, respectively.
- (c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the Share Offer or the Option Offer in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, CITIC Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (f) By accepting the Offers, the Independent Shareholders or the Optionholders will sell their Shares or Options (as the case may be) to the Offeror free from all liens, claims, Encumbrances and all third party rights and with all rights attached thereto as at the date of this Composite Document, including in the case of the Shares, the right to receive all dividends and declared, paid or made, if any, on or after the date of this Composite Document. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong or who is a citizen, resident or national of a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Overseas Shareholders with registered addresses in jurisdictions outside Hong Kong or who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.
- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.
- (h) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension or revision thereof.
- (i) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and the Optionholders in the Forms of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (j) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of the financial years ended 31 December 2011, 2012 and 2013, respectively, as extracted from the relevant published annual reports of the Company for the three years ended 31 December 2013, and the unaudited consolidated financial results of the Group for the nine months ended 30 September 2014 as extracted from the announcement of the Company dated 21 October 2014.

The auditors of the Company for the three years ended 31 December 2013 were PricewaterhouseCoopers. Their opinions on the consolidated financial statements of the Group for each of the three years ended 31 December 2013 were unqualified.

Save as disclosed in Note 6 to the audited consolidated financial results of the Group for the financial year ended 31 December 2013, there were no exceptional items in respect of the consolidated financial results of the Group for each of the aforesaid periods.

(A) Condensed consolidated income statement

	Unaudited		Audited		
	For the nine months		For the year ended 31 December		
	2014	2013	2013	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	70,251	65,146	88,433	87,819	86,366
Cost of sales	(12,720)	(12,425)	(16,644)	(15,436)	(14,848)
Gross profit	57,531	52,721	71,789	72,383	71,518
Interest income	60,822	76,610	103,928	89,769	76,690
Other net (expenses)/income	(4,215)	50,420	50,420	71,204	–
Administrative expenses	(19,216)	(18,024)	(24,861)	(21,779)	(22,919)
Selling and distribution costs	(1,476)	(1,042)	(1,593)	(2,730)	(3,129)
Operating profit	93,446	160,685	199,683	208,847	122,160
Finance costs	–	–	–	(762)	(1,788)
Profit before tax	93,446	160,685	199,683	208,085	120,372
Tax charge	(15,982)	(11,178)	(16,642)	(16,480)	(22,011)
Profit for the period/year	<u>77,464</u>	<u>149,507</u>	<u>183,041</u>	<u>191,605</u>	<u>98,361</u>
Attributable to:					
Non-controlling interests	7,111	6,100	8,295	9,445	7,359
Shareholders of the Company	<u>70,353</u>	<u>143,407</u>	<u>174,746</u>	<u>182,160</u>	<u>91,002</u>
	<u>77,464</u>	<u>149,507</u>	<u>183,041</u>	<u>191,605</u>	<u>98,361</u>
Basic and diluted earnings per share attributable to Shareholders of the Company	<u>HK0.78 cents</u>	<u>HK1.60 cents</u>	<u>HK1.95 cents</u>	<u>HK2.03 cents</u>	<u>HK1.01 cents</u>
Dividend	<u>1,793,628</u>	<u>–</u>	<u>197,299</u>	<u>197,299</u>	<u>197,299</u>
Dividend per share	<u>HK\$20.0 cents</u>	<u>–</u>	<u>HK2.2 cents</u>	<u>HK2.2 cents</u>	<u>HK2.2 cents</u>

(B) Condensed consolidated statement of financial position

	Unaudited		Audited	
	30 September		As at 31 December	
	2014	2013	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,449	4,819	4,886	3,823
Investment properties	1,023,697	1,039,946	1,007,448	1,000,359
Leasehold land and land use rights	1,613	1,682	1,684	1,418
Available-for-sale financial assets	672,698	159,587	1,276,628	1,201,163
	<u>1,702,457</u>	<u>1,206,034</u>	<u>2,290,646</u>	<u>2,206,763</u>
Current assets				
Available-for-sale financial assets	–	1,118,523	–	–
Trade receivables	3,643	127	215	536
Deposits, prepayments and other receivables	17,406	50,234	42,002	39,211
Bank deposits with maturity over three months	287,391	289,317	265,727	230,769
Cash and cash equivalents	2,620,493	3,888,476	4,013,602	4,259,131
	<u>2,928,933</u>	<u>5,346,677</u>	<u>4,321,546</u>	<u>4,529,647</u>
Total assets	<u><u>4,631,390</u></u>	<u><u>6,552,711</u></u>	<u><u>6,612,192</u></u>	<u><u>6,736,410</u></u>
EQUITY				
Equity attributable to Shareholders of the Company				
Share capital	896,814	896,814	896,814	896,814
Reserves	3,280,191	5,203,949	5,238,248	5,254,368
	<u>4,177,005</u>	<u>6,100,763</u>	<u>6,135,062</u>	<u>6,151,182</u>
Non-controlling interests	<u>159,180</u>	<u>154,753</u>	<u>140,367</u>	<u>131,479</u>
Total equity	<u>4,336,185</u>	<u>6,255,516</u>	<u>6,275,429</u>	<u>6,282,661</u>
LIABILITIES				
Non-current liability				
Deferred tax liabilities	183,749	177,860	167,441	154,665
Current liabilities				
Deposits received, other payables and accruals	79,066	74,687	125,644	209,966
Loans from a non-controlling shareholder	–	–	–	40,295
Tax payables	32,390	44,648	43,678	48,823
	<u>111,456</u>	<u>119,335</u>	<u>169,322</u>	<u>299,084</u>
Total liabilities	<u>295,205</u>	<u>297,195</u>	<u>336,763</u>	<u>453,749</u>
Total equity and liabilities	<u><u>4,631,390</u></u>	<u><u>6,552,711</u></u>	<u><u>6,612,192</u></u>	<u><u>6,736,410</u></u>
Net current assets	<u>2,817,477</u>	<u>5,227,342</u>	<u>4,152,224</u>	<u>4,230,563</u>
Total assets less current liabilities	<u><u>4,519,934</u></u>	<u><u>6,433,376</u></u>	<u><u>6,442,870</u></u>	<u><u>6,437,326</u></u>

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2013

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 December 2013 as extracted from the annual report of the Company for the year ended 31 December 2013.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	<i>5</i>	88,433	87,819
Cost of sales		<u>(16,644)</u>	<u>(15,436)</u>
Gross profit		71,789	72,383
Interest income		103,928	89,769
Other income		50,420	71,204
Administrative expenses		(24,861)	(21,779)
Selling and distribution costs		<u>(1,593)</u>	<u>(2,730)</u>
Operating profit	<i>6</i>	199,683	208,847
Finance costs	<i>7</i>	<u>–</u>	<u>(762)</u>
Profit before tax		199,683	208,085
Tax charge	<i>8</i>	<u>(16,642)</u>	<u>(16,480)</u>
Profit for the year		<u><u>183,041</u></u>	<u><u>191,605</u></u>
Attributable to:			
Non-controlling interests		8,295	9,445
Shareholders of the Company	<i>9</i>	<u>174,746</u>	<u>182,160</u>
		<u><u>183,041</u></u>	<u><u>191,605</u></u>
Basic and diluted earnings per share attributable to shareholders of the Company	<i>10</i>	<u><u>HK1.95 cents</u></u>	<u><u>HK2.03 cents</u></u>

Details of proposed final dividend payable to shareholders of the Company are set out in Note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2013*

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year	183,041	191,605
Other comprehensive income/(expenses):		
Items that may be reclassified subsequently to profit and loss:		
Translating accounts of foreign operations:		
– Gains taken to reserves	43,637	9,264
Available-for-sale financial assets:		
– Valuation losses taken to reserves	(49,292)	(8,210)
	<u>(5,655)</u>	<u>1,054</u>
Other comprehensive (expenses)/income for the year, net of tax*	<u>(5,655)</u>	<u>1,054</u>
Total comprehensive income for the year	<u><u>177,386</u></u>	<u><u>192,659</u></u>
Total comprehensive income attributable to:		
Non-controlling interests	14,386	11,486
Shareholders of the Company	<u>163,000</u>	<u>181,173</u>
	<u><u>177,386</u></u>	<u><u>192,659</u></u>

* *There was no tax effect on each component of the other comprehensive income/(expenses) for the year ended 31 December 2013 and 2012.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>15</i>	4,819	4,886
Investment properties	<i>16</i>	1,039,946	1,007,448
Leasehold land and land use rights	<i>17</i>	1,682	1,684
Available-for-sale financial assets	<i>19</i>	159,587	1,276,628
		<u>1,206,034</u>	<u>2,290,646</u>
		-----	-----
Current assets			
Available-for-sale financial assets	<i>19</i>	1,118,523	–
Trade receivables	<i>20</i>	127	215
Deposits, prepayments and other receivables		50,234	42,002
Bank deposits with maturity over three months	<i>21</i>	289,317	265,727
Cash and cash equivalents	<i>21</i>	3,888,476	4,013,602
		<u>5,346,677</u>	<u>4,321,546</u>
		-----	-----
Total assets		<u><u>6,552,711</u></u>	<u><u>6,612,192</u></u>

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	<i>24</i>	896,814	896,814
Reserves		5,203,949	5,238,248
		6,100,763	6,135,062
Non-controlling interests		154,753	140,367
Total equity		<u>6,255,516</u>	<u>6,275,429</u>
LIABILITIES			
Non-current liability			
Deferred tax liabilities	<i>23</i>	177,860	167,441
Current liabilities			
Deposits received, other payables and accruals	<i>22</i>	74,687	125,644
Tax payables		44,648	43,678
		119,335	169,322
Total liabilities		<u>297,195</u>	<u>336,763</u>
Total equity and liabilities		<u>6,552,711</u>	<u>6,612,192</u>
Net current assets		<u>5,227,342</u>	<u>4,152,224</u>
Total assets less current liabilities		<u>6,433,376</u>	<u>6,442,870</u>

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS			
Non-current asset			
Investments in subsidiaries	18	659,085	659,085
Current assets			
Amounts due from subsidiaries	18	1,450,847	1,393,498
Deposits, prepayments and other receivables		7,505	2,304
Cash and cash equivalents	21	3,431,724	3,619,890
		4,890,076	5,015,692
Total assets		5,549,161	5,674,777
EQUITY			
Equity			
Share capital	24	896,814	896,814
Reserves	26	4,646,636	4,768,229
Total equity		5,543,450	5,665,043
LIABILITIES			
Current liabilities			
Other payables and accruals		5,711	6,389
Amounts due to subsidiaries	18	–	3,345
Total liabilities		5,711	9,734
Total equity and liabilities		5,549,161	5,674,777
Net current assets		4,884,365	5,005,958
Total assets less current liabilities		5,543,450	5,665,043

CONSOLIDATED STATEMENT OF CASH FLOWS*For the year ended 31 December 2013*

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Operating activities			
Cash generated from operating activities before finance costs, tax paid and changes in working capital	<i>27(a)</i>	45,887	48,360
Changes in working capital	<i>27(b)</i>	(31,081)	(15,279)
		<hr/>	<hr/>
Cash generated from operations		14,806	33,081
Interest received		111,180	100,831
Tax paid – outside Hong Kong		(14,749)	(12,663)
		<hr/>	<hr/>
Net cash from operating activities		111,237	121,249
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Investing activities			
Proceeds from the disposal of subsidiaries in prior years	<i>6</i>	29,912	–
Increase in bank deposits with maturity over three months		(23,590)	(34,958)
Purchase of property, plant and equipment		(279)	(727)
Purchase of available-for-sale financial assets		(65,538)	(97,629)
		<hr/>	<hr/>
Net cash used in investing activities		(59,495)	(133,314)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Financing activities			
Dividend paid		(197,299)	(197,299)
Repayment of loans to a non-controlling shareholder		–	(39,874)
Interest paid to a non-controlling shareholder by subsidiaries		–	(771)
		<hr/>	<hr/>
Net cash used in financing activities		(197,299)	(237,944)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Decrease in cash and cash equivalents		(145,557)	(250,009)
Cash and cash equivalents at 1 January		4,013,602	4,259,131
Exchange gains on cash and cash equivalents		20,431	4,480
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		3,888,476	4,013,602
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Analysis of cash, liquid funds and listed investments			
Bank deposits with maturity of less than three months		3,831,759	3,917,671
Cash at banks and on hand		56,717	95,931
		<hr/>	<hr/>
Cash and cash equivalents		3,888,476	4,013,602
Bank deposits with maturity over three months		289,317	265,727
Available-for-sale financial assets, overseas listed investments		1,278,110	1,276,628
		<hr/>	<hr/>
Total cash, liquid funds and listed investments		5,455,903	5,555,957
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to shareholders of the Company						Non-controlling interests	Total	
	Share capital	Share premium	Exchange reserve	Other properties revaluation reserve	Other reserves (Note)	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Sub-total	HK\$'000	HK\$'000
At 1 January 2013	896,814	2,612,756	231,756	8,689	62,072	2,322,975	6,135,062	140,367	6,275,429
Gains on translating accounts of foreign operations:									
- Taken to reserves			37,265	281	-	-	37,546	6,091	43,637
Available-for-sale financial assets:									
- Valuation losses taken to reserves			-	-	(49,292)	-	(49,292)	-	(49,292)
Net income/(expenses) recognised directly in equity			37,265	281	(49,292)	-	(11,746)	6,091	(5,655)
Profit for the year			-	-	-	174,746	174,746	8,295	183,041
Total comprehensive income/(expenses)			37,265	281	(49,292)	174,746	163,000	14,386	177,386
2012 final dividend paid	-	-	-	-	-	(197,299)	(197,299)	-	(197,299)
At 31 December 2013	896,814	2,612,756	269,021	8,970	12,780	2,300,422	6,100,763	154,753	6,255,516

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Share premium	Exchange reserve	Other properties revaluation reserve	Other reserves	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	896,814	2,612,756	224,568	8,654	71,531	2,336,859	6,151,182	131,479	6,282,661
Gains on translating accounts of foreign operations:									
– Taken to reserves			7,188	35	–	–	7,223	2,041	9,264
Available-for-sale financial assets:									
– Valuation losses taken to reserves			–	–	(8,210)	–	(8,210)	–	(8,210)
Net income/(expenses) recognised directly in equity			7,188	35	(8,210)	–	(987)	2,041	1,054
Profit for the year			–	–	–	182,160	182,160	9,445	191,605
Total comprehensive income/(expenses)			7,188	35	(8,210)	182,160	181,173	11,486	192,659
Share option lapsed	–	–	–	–	(1,249)	1,249	–	–	–
2011 final dividend paid	–	–	–	–	–	(197,299)	(197,299)	–	(197,299)
Dividend payable to a non-controlling shareholder	–	–	–	–	–	–	–	(2,598)	(2,598)
Write back of unclaimed dividends	–	–	–	–	–	6	6	–	6
At 31 December 2012	896,814	2,612,756	231,756	8,689	62,072	2,322,975	6,135,062	140,367	6,275,429

Note:

Other reserves comprise investment revaluation reserve, share-based compensation reserve and capital redemption reserve.

	Investment revaluation reserve	Share-based compensation reserve	Capital redemption reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	66,523	1,450	3,558	71,531
At 31 December 2012 and 1 January 2013	58,313	201	3,558	62,072
At 31 December 2013	9,021	201	3,558	12,780

NOTES TO THE ACCOUNTS**1 General information**

Hutchison Harbour Ring Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in property investments in Mainland China and earns rental income.

The Company is a limited liability company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

These consolidated accounts are presented in Hong Kong dollars, unless otherwise stated.

2 Summary of significant accounting policies

The consolidated accounts of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). These accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair value, as explained in the significant accounting policies set out below.

(a) Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The acquisition of subsidiaries is accounted for using the acquisition method.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Non-controlling interests represent the interests of shareholders external to the Group in the operating results and net assets of subsidiaries.

(b) Subsidiaries

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

In the Company’s statement of financial position the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that make strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported in the income statement as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

(iii) Group's entities

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

(e) Property, plant and equipment

Property, plant and equipment comprise mainly buildings, leasehold improvements, furniture, fixtures and equipment, and motor vehicles. Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost less accumulated impairment losses over their estimated useful lives, as follows:

Buildings	20 years
Leasehold improvements	5 years or over the term of the relevant leases, whichever is shorter
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

The gain or loss on disposal of a property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

The assets' useful lives are reviewed, and adjusted if appropriate, at each date of statement of financial position.

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

(f) Investment properties

Investment properties are interests in land and buildings that are held for earning rentals or for capital appreciation or both. Investment properties are measured initially at cost and are subsequently carried in the statement of financial position at fair value determined annually by independent professional valuers at the date of the statement of financial position, and are not depreciated. Changes in fair values are recognised in the income statement.

(g) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. At each statement of financial position date subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are dealt with as movements in the investment revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in investment revaluation reserve is removed from investment revaluation reserve and recognised in the income statement.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statement, the impairment loss is reversed through the income statement.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortisation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

(i) Trade and other receivables

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

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks with original maturities of three months or less.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

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

(l) Other payables

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

(m) Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

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

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases (including up-front prepayments made for the leasehold land and land use rights) net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

(o) Finance costs

Finance costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other finance costs are charged to the income statement in the year incurred.

(p) Employee benefits

(i) Salaries, bonus, paid annual leave and the cost of other benefits to the Group are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) The Group operates two defined contribution schemes for Hong Kong employees, the assets of which are held in separate administered funds. The Group's contributions to the defined contribution schemes are expensed as incurred and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in Mainland China. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees for post-retirement benefits beyond the contributions made. The assets of these plans are held separately from those of the Group in independently administered funds managed by the government of Mainland China. Contributions to these plans are expensed as incurred.

(iii) Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Hong Kong Accounting Standard ("HKAS") 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(q) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become vested. At each date of the statement of financial position, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement and a corresponding adjustment to equity.

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

(r) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the year in which they are earned.

(s) Interest income

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

(t) Share capital

Ordinary shares are classified as equity.

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

(u) Dividend distribution

Dividend distribution of the final dividend to the Group's shareholders is recognised as a liability in the Group's accounts in the period in which the dividends are approved by the Company's shareholders.

The Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are effective for annual periods beginning on 1 January 2013. Except as described below, the adoption of these new and revised standards, amendments and interpretations does not have an impact on the Group's accounting policies.

HKFRS 13 Fair Value Measurement

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

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures. The required disclosures are in Note 3 and Note 16.

HKAS 1 Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1

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

At the date these accounts are authorised for issue, the following standards, amendments and interpretations were in issue but not yet effective and have not been early adopted by the Group:

HKFRS 9 (2013)	Financial Instruments ⁽¹⁾
HKFRS 9 and 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁽¹⁾
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities ⁽²⁾
HKAS 19 (2011) (Amendments)	Employee Benefits ⁽⁴⁾
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ⁽²⁾
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ⁽²⁾
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ⁽²⁾
HK(IFRIC) – Interpretation 21	Levies ⁽²⁾
Annual improvements 2010-2012 Cycle	Improvements to HKFRSs ⁽³⁾
Annual improvements 2011-2013 Cycle	Improvements to HKFRSs ⁽⁴⁾

- (1) The current version of HKFRS 9 does not include a mandatory effective date. An effective date will be added when all phases of HKFRS 9 are completed and finalised
- (2) Effective for the Group for annual periods beginning on or after 1 January 2014
- (3) Effective for the Group for annual periods beginning on or after 1 January 2015, except for "Amendment to HKFRS 2 Share-based Payments" and "Amendment to HKFRS 3 Business Combinations" which are applicable to share-based payment transactions with a grant date, and business combinations for which the acquisition date, is on or after 1 July 2014
- (4) Effective for the Group for annual periods beginning on or after 1 July 2014

The adoption of standards, amendments and interpretations listed above, with the exception of HKFRS 9 in future periods is not expected to have any material impact on the Group's results of operations and financial position.

HKICPA intends to expand HKFRS 9 to add new requirements for impairment of financial assets measured at amortised cost. Accordingly, the impact of HKFRS 9 may change as a consequence of further development resulting from the HKICPA's project to replace HKAS 39. As a result, it is impracticable to quantify the impact of HKFRS 9 as at the date of publication of these accounts.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by senior management of the Group under policies approved by the board of directors of the Company.

(i) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the United States dollar, Hong Kong dollar and Renminbi. The Group's revenue and the operating costs are denominated in Hong Kong dollars and Renminbi. The Group is exposed to other currency movements, primarily in terms of bank deposits and available-for-sale financial assets denominated in United States dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

At 31 December 2013, if the Hong Kong dollar had weakened/strengthened by 0.5% against the United States dollar with all other variables held constant, profit for the year and equity would have been HK\$17,216,000 (2012: HK\$18,156,000) and HK\$6,391,000 (2012: HK\$6,383,000) higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of United States dollar-denominated cash and cash equivalents and listed investments. Profit is less sensitive to movement in the Hong Kong dollar/United States dollar exchange rate in 2013 than 2012 because of the decreased amount of United States dollar-denominated bank deposits. Equity is more sensitive to movement in the Hong Kong dollar/United States dollar exchange rate in 2013 than 2012 because of the increased amount of United States dollar-denominated available-for-sale financial assets. The Group considers the risk of movements in exchange rates between the Hong Kong dollar and the United States dollar to be not significant due to the fact that the Hong Kong dollar and the United States dollar are pegged.

There is no significant foreign exchange risk arising from foreign currency exposures with respect to Renminbi at 31 December 2013 and 31 December 2012.

Price risk

The Group's main market price risk exposures relate to available-for-sale financial assets which are mainly comprised of listed debt securities. At 31 December 2013, if the market price of the available-for-sale financial assets had increased/decreased by 1%, the equity would have been HK\$12,781,000 (2012: HK\$12,766,000) higher/lower, mainly as a result of the gains/losses on available-for-sale financial assets. The Group closely monitors the price movement and changes in market conditions that may have an impact on the value of these financial assets. The available-for-sale financial assets represented approximately 23% of the Group's total cash, liquid funds and listed investments.

Interest rate risk

The Group has no significant interest-bearing assets except for cash and bank deposits and the listed debt securities included under available-for-sale financial assets. The interest rate for the listed debt securities was fixed. At 31 December 2013, if interest rates on cash and bank deposits had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been HK\$41,778,000 (2012: HK\$42,793,000) higher/lower, mainly as a result of higher/lower interest income on floating rate deposits.

(ii) Credit risk

The aggregate revenue from the five largest customers represent 39.9% (2012: 40.4%) of total revenue, of which, one (2012: one) customer exceeds 10% of the total revenue for the year ended 31 December 2013.

At 31 December 2013, the balance of trade and other receivables mainly represented rental receivables and interest receivable. Rental deposits are required from tenants prior to the commencement of leases. The Group performs periodic credit evaluations of these debtors to manage the risk.

There is no significant credit risk in relation to the Group's cash and bank deposits as cash and bank deposits are placed with banks and financial institutions with good credit ratings. 99% of the Group's bank deposits were placed in international financial institutions with minimum credit ratings of A2/A as rated by Moody's and Standard & Poor's as 31 December 2013.

The Group's available-for-sale financial assets were listed in Luxembourg and Singapore with credit rating of A3/A- as rated by Moody's and Standard & Poor's as at 31 December 2013.

The maximum exposure to credit risk for the Group and the Company at the reporting date is the carrying amount of each class of financial assets.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, senior management of the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Contractual payment			
	Less than 1 year <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>
At 31 December 2013				
Deposits received, other payables and accruals	13,503	9,678	9,107	2,006
At 31 December 2012				
Deposits received, other payables and accruals	46,109	4,665	7,090	3,031

(b) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as "total borrowings". Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

The Group's strategy is to maintain a gearing ratio below 5%. At 31 December 2013 and 31 December 2012, the Group did not have any borrowings.

(c) Fair value estimation

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2013 and 31 December 2012. The different levels have been defined as follows:

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

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2013				
Available-for-sale financial assets				
– Debt securities with fixed interest rate	1,278,110	–	–	1,278,110
Total financial assets	<u>1,278,110</u>	<u>–</u>	<u>–</u>	<u>1,278,110</u>
At 31 December 2012				
Available-for-sale financial assets				
– Debt securities with fixed interest rate	1,276,628	–	–	1,276,628
Total financial assets	<u>1,276,628</u>	<u>–</u>	<u>–</u>	<u>1,276,628</u>

There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2013 (2012: Nil).

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The disclosures of the investment properties that are measured at fair value are set out in Note 16.

4 Critical accounting estimates and judgments

Note 2 to the accounts includes a summary of the significant accounting policies used in the preparation of the accounts. The preparation of accounts often requires the use of judgments to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgments on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgments under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the accounts.

(a) Income taxes

The Group is subject to income taxes mainly in Hong Kong and Mainland China, in which new and revised tax laws and regulations are issued from time to time and some of which may take effect on a retrospective basis. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain, in particular for the tax in Mainland China, during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues taking into account the existing tax legislations and market practice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Estimated fair value of investment properties

Details of the judgment and assumptions used for determination of fair value of investment properties are set out in Note 16.

(c) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably established.

Management's judgment is required in assessing the quantum of provisions at each date of the statement of financial position, which are made based on an estimation of historical and anticipated claims, the merits of the claims against the Group, and the existence of any obligation under the terms of relevant agreements with the counter parties. The amount of provisions represent management's best estimate of the expenditure required to settle the present obligations. The basis of estimation is reviewed on an on-going basis and revised where appropriate to reflect the current best estimate.

5 Revenue and segment information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 33.

Revenue represents rental and service income. The amount of revenue recognised during the year is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Rental and service income from investment properties	<u>88,433</u>	<u>87,819</u>

The Group has two reportable segments, including property division and corporate division.

The segments are managed separately as each business offers different services and each segment is subject to risks and returns that are different from the other.

Earnings before interest expense and tax ("EBIT") are regarded as segment results in respect of the Group's reportable segments as the directors consider that this can better reflect the performance of each division. EBIT is used on the Group's internal financial and management reporting to monitor business performances.

Segment information:

	Year ended 31 December 2013		
	Property division <i>HK\$'000</i>	Corporate division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers			
– Company and subsidiaries	88,433	–	88,433
Segment results before write back of provisions and others			
– Company and subsidiaries	86,082	63,181	149,263
Write back of provisions and others (Note 6)	50,420	–	50,420
Earnings before interest expense and tax	136,502	63,181	199,683
Tax charge	(16,642)	–	(16,642)
Profit for the year			183,041
Segment assets	1,800,953	4,751,758	6,552,711
Total assets			6,552,711
Segment liabilities	68,464	6,223	74,687
Tax payables	44,648	–	44,648
Deferred tax liabilities	177,860	–	177,860
Total liabilities			297,195
Capital expenditure	157	122	279
Interest income	20,116	83,812	103,928
Depreciation of property, plant and equipment	(478)	(18)	(496)
Amortisation of leasehold land and land use rights	(56)	–	(56)

	Year ended 31 December 2012		
	Property division <i>HK\$'000</i>	Corporate division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers			
– Company and subsidiaries	87,819	–	87,819
Segment results before write back of provisions and others			
– Company and subsidiaries	85,957	51,686	137,643
Write back of provisions and others (Note 6)	71,204	–	71,204
Earnings before interest expense and tax	157,161	51,686	208,847
Finance costs	(762)	–	(762)
Tax charge	(16,480)	–	(16,480)
Profit for the year			191,605
Segment assets	1,680,360	4,931,832	6,612,192
Total assets			6,612,192
Segment liabilities	118,787	6,857	125,644
Tax payables	43,678	–	43,678
Deferred tax liabilities	167,441	–	167,441
Total liabilities			336,763
Capital expenditure	691	36	727
Interest income	18,436	71,333	89,769
Depreciation of property, plant and equipment	(436)	(1)	(437)
Amortisation of leasehold land and land use rights	(49)	–	(49)

Geographical information:

The Group operates primarily in Hong Kong and Mainland China. In presenting information of geographical segments, segment revenue is based on the geographical location of provision of services.

During the years ended 31 December 2013 and 2012, all the revenues are derived from Mainland China.

Non-current assets (excluding available-for-sale financial assets) are mainly located in Mainland China at 31 December 2013 and 31 December 2012.

Information about major customers:

Revenue of approximately HK\$10.6 million (2012: HK\$9.9 million) is derived from a single external customer. This revenue is attributable to the property division and is derived from Mainland China.

6 Operating profit

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Operating profit is stated after crediting and charging the following:		
<u>Crediting</u>		
Rental income from investment properties less outgoings of HK\$13,075,000 (2012: HK\$12,130,000)	70,965	71,395
Write back of provisions and others (<i>Note</i>)	50,420	71,204
	<u> </u>	<u> </u>
<u>Charging</u>		
Staff costs (<i>Note</i> 12)	16,351	14,575
Depreciation of property, plant and equipment (<i>Note</i> 15)	496	437
Amortisation of leasehold land and land use rights (<i>Note</i> 17)	56	49
Operating lease charges in respect of properties	486	482
Auditor's remuneration		
Audit and audit related work		
PricewaterhouseCoopers	2,247	2,327
Other auditors	38	37
Net exchange loss	1,418	1,188
	<u> </u>	<u> </u>

Note:

The Group entered into a very substantial disposal transaction in 2008 to dispose of certain subsidiaries which owned an investment property in Mainland China (the "Disposal"). Pursuant to the sale and purchase agreement entered into in connection with the Disposal (the "Agreement"), the consideration should be adjusted on a dollar-for-dollar basis with reference to the net surplus as derived from the completion balance sheet.

During the year ended 31 December 2013, the Group entered into a settlement arrangement with the purchaser (the "Settlement Arrangement"), by which the completion balance sheet and the dollar-for-dollar consideration adjustment (the "Outstanding Consideration") were confirmed and agreed by the Group and the purchaser. Under the Settlement Arrangement, the purchaser agreed to release and discharge the Group from all claims and obligations arising out of or related to the Agreement, and paid to the Group the Outstanding Consideration amounted to HK\$29,912,000.

As at 31 December 2013, the Group reassessed that the crystallisation of the exposures associated with the legal undertakings related to the Disposal had become not probable and thus the Group had written back the related provisions and accruals in the total amount of HK\$20,508,000 (2012: HK\$71,204,000).

7 Finance costs

	2013 HK\$'000	2012 HK\$'000
Interest on loans from a non-controlling shareholder (repayable on demand)	–	762
	<u>–</u>	<u>762</u>

8 Tax charge

	2013 HK\$'000	2012 HK\$'000
Current tax, outside Hong Kong		
– current year provision	10,387	10,350
– over provision in prior years	–	(3,168)
Deferred tax charge		
– current year provision	10,559	9,298
– write back of deferred tax liabilities provided in prior years	(4,304)	–
	<u>16,642</u>	<u>16,480</u>

The Group's subsidiaries in Mainland China are subject to Enterprise Income Tax of Mainland China at a standard rate of 25% for 2013 (2012: 25%).

No Hong Kong profits tax has been provided as the Group has no estimated assessable profits for the year ended 31 December 2013 (2012: Nil).

Upon entering into the Settlement Arrangement with the purchaser as mentioned in Note 6 to the accounts, the Group reassessed that the crystallisation of the tax exposures associated with the Disposal had become not probable and thus the Group had written back the related deferred tax liabilities.

The differences between the Group's expected tax charges calculated at the domestic rates and the Group's tax charge for the years were as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit before tax	199,683	208,085
Tax calculated at the domestic rates applicable to the profits in the countries concerned	19,833	16,719
Income not subject to tax	(4,027)	(2,009)
Expenses not deductible for tax purposes	3,445	2,456
Tax losses not recognised	1,714	2,481
Over provision in prior years	(4,304)	(3,168)
Other temporary differences	(19)	1
Total tax charge	<u>16,642</u>	<u>16,480</u>

The weighted average applicable tax rate was 9.9% (2012: 8.0%). The increase for the year ended 31 December 2013 is mainly due to the decrease in write back of provisions and others which is not subject to tax.

9 Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company is dealt with in the accounts of the Company to the extent of HK\$75,706,000 (2012: HK\$58,074,000).

10 Earnings per share

(a) Basic earnings per share

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

	2013	2012
Weighted average number of ordinary shares in issue	8,968,140,707	8,968,140,707
Profit attributable to shareholders of the Company (HK\$'000)	174,746	182,160
Basic earnings per share attributable to shareholders of the Company (HK cent per share)	<u>1.95</u>	<u>2.03</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares deemed to be issued assuming the exercise of the share options.

	2013	2012
Weighted average number of ordinary shares in issue	8,968,140,707	8,968,140,707
Adjustment for share options	4,432	14,945
	<u>8,968,145,139</u>	<u>8,968,155,652</u>
Profit attributable to shareholders of the Company (HK\$'000)	174,746	182,160
Diluted earnings per share attributable to shareholders of the Company (HK cent per share)	<u>1.95</u>	<u>2.03</u>

11 Dividend

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend proposed – HK2.2 cents (2012: HK2.2 cents) per ordinary share	<u>197,299</u>	<u>197,299</u>

At a meeting held on 24 February 2014 the Directors declared a final dividend of HK2.2 cents per ordinary share. The amount of proposed final dividend for 2013 is based on 8,968,140,707 shares in issue on 24 February 2014. This proposed dividend is not reflected as a dividend payable in these accounts but will be reflected as an appropriation of retained profits for the year ending 31 December 2014.

The amount of proposed final dividend for 2012 was based on 8,968,140,707 shares in issue on 19 March 2013 and the amount paid of HK\$197,299,000 was based on 8,968,140,707 shares in issue and recorded on the Registers of Members of the Company on 21 May 2013.

12 Staff costs (including directors' emoluments)

The amount recognised during the year is as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	13,823	12,156
Other allowances and benefits	729	966
Pension costs	1,799	1,453
Total staff costs (including directors' emoluments)	<u>16,351</u>	<u>14,575</u>

13 Retirement benefits schemes

The Group has two defined contribution schemes for all qualified employees in Hong Kong.

- (a) Hong Kong employees who commenced employment before 1 September 2000 are members of the first defined contribution scheme. The assets of the first defined contribution scheme are held separately under a provident fund managed by an independent trustee. Pursuant to the rules of the scheme, the employers and its employees are each required to make contributions to the scheme calculated at 5% of the employees' basic salaries on a monthly basis. The employees are entitled to 100% of the employers' contributions and accrued interest after 10 years' service, or at an increasing scale of between 20% to 90% after completion of 2 to 9 years' service.

When there are employees who leave the scheme prior to vesting fully in the contributions, in accordance with the rules of the scheme, the forfeited employers' contributions arising from members terminating employment before becoming fully vested are allocated to the benefit of the remaining members instead of being used to reduce the future contributions of the employers.

- (b) All qualified Hong Kong employees who commenced employment on or after 1 September 2000 are members of the second defined contribution scheme which has been set up in accordance with the guidelines of Mandatory Provident Fund Schemes Ordinance. Both the employers and employees contribute 5% of relevant income (limited to HK\$1,000 before 1 June 2012 and HK\$1,250 from 1 June 2012) to the scheme each month. The assets of the second defined contribution scheme are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiaries in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

14 Directors' and senior management's emoluments

(a) Directors' emoluments

Directors' emoluments comprise payments to directors of the Company by the Group in connection with the management of the affairs of the Group. The emoluments of each of the Directors exclude amounts received from the subsidiaries of the Company and paid to the Company. The emoluments of the directors of the Company are as follows:

Name of director	Director's fees HK\$'000	Basic salaries, allowances and benefits-in-kind	Discretionary bonuses HK\$'000	Provident fund contributions	Inducement or compensation fees	2013 Total emoluments HK\$'000
		HK\$'000		HK\$'000	HK\$'000	
Fok Kin Ning, Canning ⁽¹⁾	90	-	-	-	-	90
Lai Kai Ming, Dominic	70	-	-	-	-	70
Tsui Kin Tung, Tony ⁽²⁾	70	1,948	2,000	333	-	4,351
Chow Woo Mo Fong, Susan	70	-	-	-	-	70
Edith Shih	70	-	-	-	-	70
Ronald Joseph Arculli ⁽²⁾⁽³⁾	140	-	-	-	-	140
Kwan Kai Cheong ⁽¹⁾⁽³⁾⁽⁴⁾	160	-	-	-	-	160
Lam Lee G. ⁽¹⁾⁽³⁾⁽⁴⁾	160	-	-	-	-	160
Lan Hong Tsung, David ⁽⁴⁾	70	-	-	-	-	70
Total - 2013	900	1,948	2,000	333	-	5,181

Notes:

- (1) Member of the Remuneration Committee
- (2) Non-executive Director
- (3) Member of the Audit Committee
- (4) Independent Non-executive Director
- (5) Director's fee received from the subsidiaries of the Company have been paid to the Company and are not included in the amounts above

Name of director	Director's	Basic	Discretionary	Provident	Inducement	2012
	fees	salaries, allowances and benefits- in-kind		fund	or	
	HK\$'000	HK\$'000	bonuses	contributions	compensation fees	emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fok Kin Ning, Canning ⁽¹⁾	90	-	-	-	-	90
Lai Kai Ming, Dominic	70	-	-	-	-	70
Tsui Kin Tung, Tony ⁽⁵⁾	70	1,948	2,000	333	-	4,351
Chow Woo Mo Fong, Susan	70	-	-	-	-	70
Edith Shih	70	-	-	-	-	70
Ronald Joseph Arculli ⁽²⁾⁽³⁾	140	-	-	-	-	140
Kwan Kai Cheong ⁽¹⁾⁽³⁾⁽⁴⁾	160	-	-	-	-	160
Lam Lee G. ⁽¹⁾⁽³⁾⁽⁴⁾	160	-	-	-	-	160
Lan Hong Tsung, David ⁽⁴⁾	70	-	-	-	-	70
Total - 2012	900	1,948	2,000	333	-	5,181

Notes:

- (1) Member of the Remuneration Committee
(2) Non-executive Director
(3) Member of the Audit Committee
(4) Independent Non-executive Director
(5) Director's fee received from the subsidiaries of the Company have been paid to the Company and are not included in the amounts above

During the years ended 31 December 2013 and 2012, no director waived or agreed to waive any emoluments.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2012: one) director whose emoluments are reflected in the analysis presented in Note 14(a) to the accounts. The emoluments payable to the remaining four (2012: four) individuals for the year are as follows:

	2013	2012
	HK\$'000	HK\$'000
Basic salaries, allowances and benefits-in-kind	3,036	2,775
Discretionary bonuses	820	780
Provident fund contributions	159	147
	<u>4,015</u>	<u>3,702</u>

The emoluments of the remaining four (2012: four) individuals with the highest emoluments for the year fell within the following bands:

Emolument bands	Number of individuals	
	2013	2012
HK\$1,000,001 – HK\$1,500,000	2	2
< HK\$1,000,001	2	2

During the years ended 31 December 2013 and 2012, no emoluments were paid by the Group for any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

15 Property, plant and equipment

	Buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 January 2013	4,251	628	1,826	779	7,484
Exchange translation differences	137	20	59	25	241
Additions	–	–	279	–	279
At 31 December 2013	4,388	648	2,164	804	8,004
Accumulated depreciation and impairment					
At 1 January 2013	267	180	1,669	482	2,598
Exchange translation differences	12	8	55	16	91
Charge for the year (Note 6)	216	135	81	64	496
At 31 December 2013	495	323	1,805	562	3,185
Net book value					
At 31 December 2013	3,893	325	359	242	4,819

	Buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 January 2012	3,483	357	1,744	924	6,508
Exchange translation differences	46	3	15	2	66
Transfer from investment properties	722	-	-	-	722
Additions	-	268	149	310	727
Disposals and write off	-	-	(82)	(457)	(539)
	<u>4,251</u>	<u>628</u>	<u>1,826</u>	<u>779</u>	<u>7,484</u>
At 31 December 2012	<u>4,251</u>	<u>628</u>	<u>1,826</u>	<u>779</u>	<u>7,484</u>
Accumulated depreciation and impairment					
At 1 January 2012	72	99	1,590	924	2,685
Exchange translation differences	2	1	12	-	15
Charge for the year (Note 6)	193	80	149	15	437
Disposals and write off	-	-	(82)	(457)	(539)
	<u>267</u>	<u>180</u>	<u>1,669</u>	<u>482</u>	<u>2,598</u>
At 31 December 2012	<u>267</u>	<u>180</u>	<u>1,669</u>	<u>482</u>	<u>2,598</u>
Net book value					
At 31 December 2012	<u>3,984</u>	<u>448</u>	<u>157</u>	<u>297</u>	<u>4,886</u>

The Group's interests in buildings at their net book values are analysed as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Leases of between 10 to 50 years Outside Hong Kong	<u>3,893</u>	<u>3,984</u>

16 Investment properties

	2013 HK\$'000	2012 HK\$'000
Valuation		
At 1 January	1,007,448	1,000,359
Exchange translation differences	32,498	8,108
Transfer to property, plant and equipment and leasehold land and land use rights	—	(1,019)
	<u>1,039,946</u>	<u>1,007,448</u>
At 31 December	<u>1,039,946</u>	<u>1,007,448</u>

Notes:

(a) The Group's investment properties comprise:

	2013 HK\$'000	2012 HK\$'000
Leases of between 10 to 50 years Outside Hong Kong	<u>1,039,946</u>	<u>1,007,448</u>

(b) The table below analyses recurring fair value measurements for investment properties located in Mainland China. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

Fair value hierarchy	Quoted prices in active markets for identical assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
<i>At 31 December 2013</i>				
Office units	<u>—</u>	<u>—</u>	<u>1,039,946</u>	<u>1,039,946</u>
<i>At 31 December 2012</i>				
Office units	<u>—</u>	<u>—</u>	<u>1,007,448</u>	<u>1,007,448</u>

There were no transfers between Levels 1, 2 and 3 during the year ended 31 December 2013 (2012: Nil). The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Investment properties have been fair valued as at 31 December 2013 by DTZ Debenham Tie Leung Limited, professional valuers. The fair value of the investment properties was determined based on, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The valuations are derived using the income capitalisation method. This method is based on the capitalisation of net income with due allowance for outgoings and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	Fair value at 31 December 2013 HK\$'000	Valuation technique	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Harbour Ring Plaza	847,946	Income capitalisation method	Capitalisation rate	8.5%	The higher the capitalisation rate, the lower the fair value
			Rental rate	RMB120-220/month/sq.m.	The higher the rental rate, the higher the fair value
Harbour Ring Huangpu Centre	192,000	Income capitalisation method	Capitalisation rate	8.5%	The higher the capitalisation rate, the lower the fair value
			Rental rate	RMB80-200/month/sq.m.	The higher the rental rate, the higher the fair value

17 Leasehold land and land use rights

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments.

	2013 HK\$'000	2012 HK\$'000
Net book value		
At 1 January	1,684	1,418
Exchange translation differences	54	18
Transfer from investment properties	–	297
Amortisation (Note 6)	(56)	(49)
At 31 December	<u>1,682</u>	<u>1,684</u>

The Group's leasehold land and land use rights comprise:

	2013 HK\$'000	2012 HK\$'000
Leases of between 10 to 50 years Outside Hong Kong	<u>1,682</u>	<u>1,684</u>

18 Investments in subsidiaries

	Company	
	2013 HK\$'000	2012 HK\$'000
Unlisted investments, at cost	<u>659,085</u>	<u>659,085</u>

Particulars of the principal subsidiaries at 31 December 2013 are set out in Note 33 to the accounts.

The amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

19 Available-for-sale financial assets

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Overseas listed debt securities, at fair value	1,278,110	1,276,628
Less: current portion	<u>(1,118,523)</u>	<u>–</u>
Non-current portion	<u><u>159,587</u></u>	<u><u>1,276,628</u></u>

The available-for-sale financial assets are denominated in United States dollars.

During the year ended 31 December 2013, the Group acquired from the market US\$8,000,000 (approximately HK\$62,400,000) aggregate principal amount of 4.625% note due 13 January 2022 issued by a subsidiary of Hutchison Whampoa Limited at a total consideration of HK\$65,538,000 (Note 30).

20 Trade receivables

At 31 December 2013 and 31 December 2012, trade receivables represented rental receivables for which no credit term has been granted. At 31 December, the aging analysis of trade receivables, net of provision, based on the date of invoice is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0-30 days	127	181
31-60 days	<u>–</u>	<u>34</u>
	<u><u>127</u></u>	<u><u>215</u></u>

No interest is charged on the overdue trade receivables. The trade receivables included in the above aging are considered not impaired as these relate to a number of independent customers for whom there is no recent history of default. As of 31 December 2013, no trade receivables were impaired (2012: Nil).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

21 Cash and bank deposits

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Bank deposits with maturity less than three months	3,831,759	3,917,671	3,428,021	3,616,776
Cash at banks and on hand	56,717	95,931	3,703	3,114
Cash and cash equivalents	3,888,476	4,013,602	3,431,724	3,619,890
Bank deposits with maturity over three months	289,317	265,727	-	-
	<u>4,177,793</u>	<u>4,279,329</u>	<u>3,431,724</u>	<u>3,619,890</u>

Bank balances of HK\$744,834,000 (2012: HK\$646,666,000) are mainly denominated in Renminbi and are placed with banks in Mainland China. The remittance of these funds out of Mainland China is subject to exchange control restrictions imposed by the Chinese government. The remaining bank balances are mainly denominated in Hong Kong dollars or United States dollars.

The average effective interest rate on bank deposits during the year ended 31 December 2013 was approximately 1.02% (2012: 0.68%) per annum. These deposits have an average maturity of 59 days (2012: 51 days).

22 Deposits received, other payables and accruals

Included in deposits received, other payables and accruals at 31 December 2013 are rental deposits received of HK\$27 million (2012: HK\$27 million). At 31 December 2013, there are no provisions and accruals in respect of legal and constructive obligations in connection with disposals of subsidiaries in 2008 (2012: HK\$21 million). During the year ended 31 December 2013, provisions of HK\$21 million (2012: HK\$71 million) were written back (Note 6).

There was no amount due to subsidiaries of Hutchison Whampoa Limited as at 31 December 2013. At 31 December 2012, the amounts due to certain subsidiaries of Hutchison Whampoa Limited were HK\$23,224,000, which were unsecured, interest free and repayable on demand.

23 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes related to the same fiscal authority.

- (a) The gross movement in the net deferred tax liabilities is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
At 1 January	167,441	154,665
Exchange translation differences	4,164	3,478
Charge to income statement	6,255	9,298
	<u>177,860</u>	<u>167,441</u>
At 31 December	<u><u>177,860</u></u>	<u><u>167,441</u></u>

- (b) Analysis of net deferred tax liabilities:

	Accelerated tax depreciation <i>HK\$'000</i>	Changes in fair value of investment properties <i>HK\$'000</i>	Other temporary differences <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	103,746	57,443	6,252	167,441
Exchange translation differences	3,447	654	63	4,164
Charge to income statement	8,757	-	(2,502)	6,255
	<u>115,950</u>	<u>58,097</u>	<u>3,813</u>	<u>177,860</u>
At 31 December 2013	<u><u>115,950</u></u>	<u><u>58,097</u></u>	<u><u>3,813</u></u>	<u><u>177,860</u></u>
At 1 January 2012	94,399	54,824	5,442	154,665
Exchange translation differences	850	2,619	9	3,478
Charge to income statement	8,497	-	801	9,298
	<u>103,746</u>	<u>57,443</u>	<u>6,252</u>	<u>167,441</u>
At 31 December 2012	<u><u>103,746</u></u>	<u><u>57,443</u></u>	<u><u>6,252</u></u>	<u><u>167,441</u></u>

- (c) Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profit will be available against which the unused tax losses can be utilised, based on all available evidence. The Group has not recognised deferred tax assets of HK\$15,345,000 (2012: HK\$13,631,000) in respect of the unused tax losses carried forward amounting to HK\$92,999,000 (2012: HK\$82,614,000). These amounts can be carried forward indefinitely.

24 Share capital

	2013		2012	
	<i>Number of shares</i>	<i>Amount HK\$'000</i>	<i>Number of shares</i>	<i>Amount HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u>20,000,000,000</u>	<u>2,000,000</u>	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
At 1 January and 31 December	<u>8,968,140,707</u>	<u>896,814</u>	<u>8,968,140,707</u>	<u>896,814</u>

25 Share options

The Company operates a share option scheme which was adopted in 2004. 123,750,000 and 33,000,000 share options were granted on 3 June 2005 and 25 May 2007 to certain directors and employees at the exercise price of HK\$0.822 and HK\$0.616 per share respectively. Share options are conditional on the employee completing the prescribed years of service. The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options. The share options have a contractual option term of 10 years. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

During the year ended 31 December 2013, no (2012: Nil) share options were exercised and no (2012: 5,000,000) share options had lapsed. The number of share options outstanding at 31 December 2013 was 800,000 (2012: 800,000) of which 600,000 will expire on 2 June 2015 and the remaining 200,000 will expire on 24 May 2017 unless exercised before then. All outstanding share options were exercisable at 31 December 2013 and 31 December 2012.

The fair value of share options granted on 3 June 2005 and 25 May 2007, determined using the Binomial valuation model, was as follows:

Date of grant of share options	25 May 2007	3 June 2005
Value of each share option	HK\$0.2565	HK\$0.2498
Significant inputs into the valuation model:		
Share price at grant date	HK\$0.61	HK\$0.82
Exercise price	HK\$0.616	HK\$0.822
Expected volatility (<i>Note a</i>)	37.4%	31.7%
Expected life of share options	7 years	7 years
Expected dividend yield	0.98%	2.44%
Annual risk-free interest rate	4.318%	3.444%

Notes:

- (a) *The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date.*
- (b) *Any change in the above variables adopted may affect the fair value estimation.*

Movements in share options were as follows:

		Number of share options				
	Date of grant	At 1 January 2013	Granted	Exercised	Cancelled/ lapsed	At 31 December 2013
Employees in aggregate	3 June 2005	600,000	-	-	-	600,000
	25 May 2007	200,000	-	-	-	200,000
	Total	800,000	-	-	-	800,000

26 Reserves

Company

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	2,612,756	3,558	201	1,456	2,150,258	4,768,229
Profit for the year	-	-	-	-	75,706	75,706
2012 final dividend paid	-	-	-	-	(197,299)	(197,299)
At 31 December 2013	<u>2,612,756</u>	<u>3,558</u>	<u>201</u>	<u>1,456</u>	<u>2,028,665</u>	<u>4,646,636</u>
At 1 January 2012	2,612,756	3,558	1,450	1,456	2,288,228	4,907,448
Profit for the year	-	-	-	-	58,074	58,074
Share option lapsed	-	-	(1,249)	-	1,249	-
Write back of unclaimed dividend	-	-	-	-	6	6
2011 final dividend paid	-	-	-	-	(197,299)	(197,299)
At 31 December 2012	<u>2,612,756</u>	<u>3,558</u>	<u>201</u>	<u>1,456</u>	<u>2,150,258</u>	<u>4,768,229</u>

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda (as amended).

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal amount of the Company's share capital issued for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 December 2013, the aggregate amount of reserves available for distribution to shareholders of the Company was HK\$2,030,121,000 (2012: HK\$2,151,714,000).

27 Notes to the consolidated statement of cash flows

- (a) Reconciliation of operating profit to cash generated from operating activities before finance costs, tax paid and changes in working capital:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Operating profit	199,683	208,847
Adjustments for:		
Interest income	(103,928)	(89,769)
Write back of provisions and others	(50,420)	(71,204)
Depreciation of property, plant and equipment	496	437
Amortisation of leasehold land and land use rights	56	49
	<u>45,887</u>	<u>48,360</u>

- (b) Changes in working capital:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(Increase)/decrease in trade and other receivables, deposits and prepayments	(632)	422
Decrease in deposits received, other payables and accruals	(30,449)	(15,701)
	<u>(31,081)</u>	<u>(15,279)</u>

28 Capital commitments

The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Authorised but not contracted for:		
– Property, plant and equipment	672	623
– Investment properties	2,969	–
	<u>2,969</u>	<u>–</u>

29 Operating leases

- (a) At 31 December, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Not later than one year	80,716	71,476
Later than one year and not later than five years	134,238	118,732
Later than five years	1,834	19,976
	<u>216,788</u>	<u>210,184</u>

- (b) At 31 December, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Not later than one year	146	439
Later than one year and not later than five years	–	146
	<u>146</u>	<u>585</u>

30 Material related party transactions

The Group had the following significant transactions during the year with related parties which were carried out in the normal course of business at terms determined and agreed by both parties, details of which are as follows:

- (a) The Group purchased notes issued by subsidiaries of Hutchison Whampoa Limited from the market at approximately HK\$1,187,213,000 in 2009, due 2014 with a coupon rate of 6.25%; and at approximately HK\$65,538,000 and HK\$97,629,000 in 2013 and 2012 respectively, due 2022 with a coupon rate of 4.625% (Note 19). Net interest income recognised during the year was approximately HK\$60,621,000 (2012: HK\$59,942,000).
- (b) Hutchison International Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited, has been providing and will continue to provide administrative and support services to the Group. The aggregate fees charged for the year were approximately HK\$5,000,000 (2012: HK\$5,000,000).
- (c) During the year, the Group paid rental expenses to subsidiaries of Hutchison Whampoa Limited of approximately HK\$439,000 (2012: HK\$439,000).
- (d) No transaction has been entered with the directors and senior management of the Company during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in Note 14.

31 Holding company

The directors consider the ultimate holding company to be Hutchison Whampoa Limited, which is incorporated and listed in Hong Kong.

32 Approval of accounts

The accounts were approved by the board of directors on 24 February 2014.

33 Particulars of the principal subsidiaries

Details of the principal subsidiaries at 31 December 2013 are as follows:

Name of subsidiaries	Place of operations/ incorporation	Particulars of issued/registered capital	Group's effective interest (%)	Principal activity
Grand Hover International Development Limited	Hong Kong	HK\$2	100	Property investment
Harbour Ring Property Development Limited	Hong Kong	HK\$1,000,000	100	Investment holding and provision of management services
Hutchison Harbour Ring Investments Limited	British Virgin Islands	US\$100	100	Holding of debt securities
Jeanwell Development Limited	Hong Kong	HK\$2	100	Property investment
Mitsuda Corporation Limited	Hong Kong	HK\$10,000	100	Provision of management services
P & H Development Limited	Hong Kong	HK\$4,999,997 ordinary shares HK\$3 non-voting deferred shares	100	Investment holding and provision of management services
# Shanghai Gang Lu Real Estate Development Co., Ltd.	China	US\$16,000,000 registered capital	88	Property investment
# Shanghai Pu Gang Real Estate Development Co., Ltd.	China	US\$7,000,000 registered capital	80	Property investment

The non-voting deferred shares practically carry no rights to dividends or receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

Sino-foreign equity joint ventures

3. INDEBTEDNESS

As at the Latest Practicable Date, the Group did not have any bank overdrafts, loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2013, the date to which the latest audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (a) The Group's available-for-sale financial assets decreased from approximately HK\$1,278.1 million as at 31 December 2013 to approximately HK\$672.7 million as at 30 September 2014, as set out in the September Accounts, principally due to (i) notes with aggregate principal amount of US\$143.0 million (approximately HK\$1,115.4 million) issued by a subsidiary of HWL maturing during the period ended 30 September 2014, giving rise to a foreign exchange gain of approximately HK\$7.4 million, and (ii) the Group acquiring from the market notes issued by subsidiaries of HWL with an aggregate principal amount of US\$61.0 million (approximately HK\$475.8 million), at a total consideration of approximately HK\$491.0 million during the same period.
- (b) The Group's cash and bank deposits decreased from approximately HK\$4,177.8 million as at 31 December 2013 to approximately HK\$2,907.9 million as at 30 September 2014, as set out in the September Accounts, primarily as a result of the payment of an interim dividend of HK\$0.20 per Share on 18 September 2014 in the total amount of approximately HK\$1,793.6 million, and offset by the net decrease in available-for-sale financial assets as mentioned in paragraph (a) above. The payment of the above interim dividend gave rise to a foreign exchange loss of approximately HK\$11.7 million during the same period.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Composite Document.



羅兵咸永道

**INDEPENDENT ASSURANCE REPORT
TO THE BOARD OF DIRECTORS OF HUTCHISON HARBOUR RING LIMITED**

We have performed our work on the principal accounting policies adopted and the calculations used in the preparation of the unaudited condensed consolidated interim financial information of Hutchison Harbour Ring Limited (the “Company”) and its subsidiaries (together the “Group”) for the nine months ended 30 September 2014 (the “Unaudited Condensed Consolidated Interim Financial Information”) as set out in the section headed “SEPTEMBER ACCOUNTS” in the announcement of the Company dated 21 October 2014 (the “Announcement”). The Unaudited Condensed Consolidated Interim Financial Information, which constitutes a profit forecast of the Company under Rule 10 of The Hong Kong Code on Takeovers and Mergers (the “Code”), is required to be reported on by us in accordance with the Code.

Respective responsibilities of directors and ourselves

The directors of the Company are solely responsible for preparing the Unaudited Condensed Consolidated Interim Financial Information on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, as set out in the Announcement. This responsibility includes designing, implementing and maintaining internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Unaudited Condensed Consolidated Interim Financial Information that is free from material misstatement.

It is our responsibility to report, as required by Rule 10 of the Code, on whether, so far as the accounting policies and calculations are concerned, the Unaudited Condensed Consolidated Interim Financial Information has been properly compiled on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, and has been properly compiled on the basis of the assumptions made, as set out in the Announcement, based on our reasonable assurance engagement, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of conclusion

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“HKSAE 3000”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our work consisted primarily of procedures such as a) obtaining an understanding of the principal accounting policies adopted in the preparation of the Unaudited Condensed Consolidated Interim Financial Information through inquires primarily of persons responsible for financial and accounting matters, b) obtaining an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Unaudited Condensed Consolidated Interim Financial Information, c) comparing the principal accounting policies as set out in the Unaudited Condensed Consolidated Interim Financial Information with those set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, as set out in the Announcement, d) checking solely the arithmetical calculations relating to the financial numbers presented in the Unaudited Condensed Consolidated Interim Financial Information, and such other procedures that we considered necessary in the circumstances in accordance with HKSAE 3000. Our work would not enable us to, and we do not, provide any assurance on the design or operational effectiveness of internal control relating to preparation of the Unaudited Condensed Consolidated Interim Financial Information.

Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or review opinion on the Unaudited Condensed Consolidated Interim Financial Information.

Conclusion

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Unaudited Condensed Consolidated Interim Financial Information has been properly compiled on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, and has been properly compiled on the basis of the assumptions made, as set out in the Announcement.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21 October 2014

The following is the text of a report received from Somerley Capital, dated 21 October 2014, who has reported on the September Accounts.



Somerley Capital Limited
20th Floor
China Building
29 Queen's Road Central
Hong Kong

21 October 2014

The Board of Directors
Hutchison Harbour Ring Limited
22/F Hutchison House
10 Harcourt Road
Hong Kong

Dear Sirs,

HUTCHISON HARBOUR RING LIMITED

We refer to the unaudited condensed consolidated interim financial information of Hutchison Harbour Ring Limited (the “**Company**”, together its subsidiaries, the “**Group**”) for the nine months ended 30 September 2014 (the “**Unaudited Condensed Consolidated Interim Financial Information**”) as published in the section headed “SEPTEMBER ACCOUNTS” in the announcement of the Company dated 21 October 2014 (the “**Announcement**”). We note that the Unaudited Condensed Consolidated Interim Financial Information is regarded as a profit forecast under Rule 10 of the Hong Kong Code on Takeovers and Mergers.

We have discussed with the directors of the Company (the “**Directors**”) the bases and assumptions upon which the Unaudited Condensed Consolidated Interim Financial Information was prepared. We have also considered the letter from PricewaterhouseCoopers dated 21 October 2014 issued to you, the text of which is set out in the section headed “LETTER FROM PRICEWATERHOUSECOOPERS” in the Announcement, which states that, so far as the accounting policies and calculations are concerned, the Unaudited Condensed Consolidated Interim Financial Information has been properly compiled on a basis consistent with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the new/revised accounting standards introduced that were effective for accounting period beginning 1 January 2014 where applicable, and has been properly compiled on the basis of the assumptions made, as set out in the Announcement. The preparation of the Unaudited Condensed Consolidated Interim Financial Information is the sole responsibility of the Directors.

Based on the above, we are satisfied that the Unaudited Condensed Consolidated Interim Financial Information has been prepared by the Directors with due care and consideration.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

John Wong
Director

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, Oceanwide Holdings, the directors of the Offeror and Oceanwide Holdings, the proposed Directors nominated by the Offeror to the Board, their associates and parties acting in concert with any of them, the terms and conditions of the Offers and the intention of the Offeror regarding the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror, Oceanwide Holdings, the directors of the Offeror and Oceanwide Holdings, the proposed Directors nominated by the Offeror to the Board, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
20,000,000,000 Shares of HK\$0.10 each	2,000,000,000.00
<i>Issued and fully paid:</i>	
8,968,140,707 Shares of HK\$0.10 each	896,814,070.70

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the Company had 800,000 outstanding Options.

As at the Latest Practicable Date, save for the Options, the Company did not have any outstanding options, warrants or other conversion rights affecting the Shares.

No Shares have been issued since 31 December 2013, being the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Shares or securities of the Company

As at the Latest Practicable Date, the interests of the Directors in the Shares were as follows:

Name of Director	Capacity	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	5,000,000 <i>(Note)</i>	0.05575%

Note: Such Shares are held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were interested in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

(b) Other Interests

As at the Latest Practicable Date,

- (i) none of the Company or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror;
- (ii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group, and any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code, but excluding exempt principal traders (as defined under the Takeovers Code), owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (iii) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company; and
- (iv) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES

- (a) Save as disclosed in the paragraph headed “3. DISCLOSURE OF INTERESTS” in this Appendix V, during the Relevant Period,
 - (i) none of the Directors had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and
 - (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.
- (b) During the period commencing from the date of the MOU Announcement and ending on the Latest Practicable Date,
 - (i) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code) had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

- (ii) save for the MOU, the Sale and Purchase Agreement, the Facilities, the Shares Charge and the Guaranteed Notes, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code; and
- (iii) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

5. OTHER ARRANGEMENTS RELATING TO THE OFFERS

As at the Latest Practicable Date:

- (a) save for the MOU, the Sale and Purchase Agreement, the Facilities, the Shares Charge and the Guaranteed Notes, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person; and
- (b) Mr. Fok Kin Ning, Canning had indicated that he intended, in respect of his holding in the Shares, to accept the Share Offer.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (c) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

7. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which:

- (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) were continuous contracts with a notice period of 12 months or more; or
- (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

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 any member of the Group) have been entered into by the members of the Group after the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date and which are or may be material:

- (a) the master agreement dated 19 March 2013 and made between the Company and HWL in respect of the acquisition by the Company or its subsidiaries of debt securities issued or to be issued by HWL or its subsidiaries, as disclosed in the announcement of the Company dated 19 March 2013; and
- (b) the letter dated 18 June 2013 and made among Hawkwind Investments Limited, Asia Pacific Land Limited, Hutchison Harbour Ring Property Holdings Limited and the Company pursuant to which the parties agreed to the sum payable by Hawkwind Investments Limited to Hutchison Harbour Ring Property Holdings Limited for full and final settlement of payments under the agreement for the sale and purchase of the entire issued share capital of and in City Island Developments Limited and loans owed to the Company and its subsidiaries (excluding City Island Developments Limited and its subsidiaries) by City Island Developments Limited and its subsidiaries dated 16 May 2008, and the release and discharge of obligations of all parties thereunder.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the expert(s) who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
Somerley Capital	a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants

Somerley Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and references to its name, in the form and context in which they are included.

PricewaterhouseCoopers has consented to the inclusion of its report and the references to its name in this Composite Document, in the form and context in which they are included.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.hutchisonharbourring.com) during the period from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (a) Memorandum of Association and Bye-laws of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2012;
- (c) the annual report of the Company for the financial year ended 31 December 2013;
- (d) the letter from the Board, the text of which is set out on pages 18 to 22 of this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this Composite Document;
- (f) the letter from Somerley Capital, the text of which is set out on pages 25 to 39 of this Composite Document;
- (g) the report of PricewaterhouseCoopers on the September Accounts, the text of which is set out in Appendix III to this Composite Document;
- (h) the report of Somerley Capital on the September Accounts, the text of which is set out in Appendix IV to this Composite Document;
- (i) the letters of consent from each of Somerley Capital and PricewaterhouseCoopers referred to in the paragraph headed "10. QUALIFICATIONS AND CONSENTS OF EXPERTS" in this Appendix V; and
- (j) each material contract referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this Appendix V.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror. The directors of the Offeror and Oceanwide Holdings jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group, the Vendors, their associates and parties acting in concert with any of them) contained in this Composite Document, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group, the Vendors, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share HK\$
2014	
28 February	0.62
31 March	0.60
30 April	0.59
30 May	0.58
30 June	0.60
31 July	0.59
29 August	0.84
30 September	0.63
31 October	0.71
5 November (Last Trading Day)	0.72
24 November	0.67

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.89 per Share on 26 August 2014; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.58 per Share on the trading days for the period from 16 May 2014 to 5 June 2014.

3. DISCLOSURE OF INTERESTS

The Offeror is an investment holding company incorporated in the BVI on 12 June 2014 and is wholly-owned by Oceanwide (Hong Kong), which in turn is a wholly-owned subsidiary of Oceanwide Holdings. Oceanwide Holdings is a joint stock company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046) and is principally engaged in investment and investment management, assets management, real estate business operation and property management, self-owned property leasing, corporate management consultation and sale of building materials, decoration materials and mechanical equipment.

On 6 November 2014, the Vendors and the Offeror had entered into the Sale and Purchase Agreement, pursuant to which the Vendors had agreed to sell and the Offeror had agreed to purchase the Sale Shares, representing approximately 71.36% of the entire issued share capital of the Company as at the Latest Practicable Date. The Consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$3,822,558,103 (representing HK\$0.5973 per Sale Share). Completion took place on the date of the Sale and Purchase Agreement.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 6,399,728,952 Shares, representing approximately 71.36% of the entire issued share capital of the Company.

Save for the Sale Shares, none of the Offeror, its directors and parties acting in concert with any of them had owned or controlled any other interest in any securities of the Company as at the Latest Practicable Date.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

- (a) Save for the MOU, the Sale and Purchase Agreement, the Facilities and the Shares Charge, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has dealt in the Shares, Options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.
- (b) Save for the MOU, the Sale and Purchase Agreement, the Facilities and the Shares Charge, as at the Latest Practicable Date, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or its associates or any parties acting in concert with it and any other person.
- (c) As at the Latest Practicable Date, no person had irrevocably committed himself to accept the Offers.
- (d) Save for the Facilities and the Shares Charge, as at the Latest Practicable Date, no Shares or convertible securities, warrants, options or derivatives of the Company was owned or controlled by a person with whom the Offeror, its ultimate beneficial owner or any party acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (e) As at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has borrowed or lent any Shares, convertible securities, warrants, options or derivatives in the Company.

- (f) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its ultimate beneficial owner and/or parties acting in concert with it, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

5. OTHER ARRANGEMENTS RELATING TO THE OFFERS

As at the Latest Practicable Date:

- (a) save for the Offeror’s interest in the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (b) save for the MOU, the Sale and Purchase Agreement, the Facilities, the Shares Charge and the Guaranteed Notes, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (c) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (d) there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with it was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (e) save for the MOU and the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent on the Offers; and
- (f) save for the Facilities and the Shares Charge, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons.

6. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the expert(s) whose letter/opinion is contained in this Composite Document:

Name	Qualifications
CITIC Securities	a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice, letter and/or the references to its name, in the form and context in which it appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 December 2013, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Offeror and its parties acting in concert which are or may be material:

- (a) MOU;
- (b) Sale and Purchase Agreement;
- (c) Facilities Agreement;
- (d) Shares Charge;
- (e) Charge Over Accounts between the Offeror and China CITIC Bank International Limited dated 30 October 2014, in which the Offeror agreed to charge certain accounts to China CITIC Bank International Limited as securities for the Facilities;
- (f) Guarantee between Oceanwide Holdings and China CITIC Bank International Limited dated 30 October 2014, in which Oceanwide Holdings agreed to provide a guarantee in favour of China CITIC Bank International Limited in relation to the Facilities;
- (g) Deed of Subordination between the Offeror, Oceanwide (Hong Kong) and China CITIC Bank International Limited dated 30 October 2014, in which Oceanwide (Hong Kong) agreed to subordinate the outstanding liabilities owed by the Offeror to the Facilities;
- (h) the amended and restated indenture dated 8 September 2014 between, amongst others, Oceanwide Real Estate, Oceanwide (Hong Kong), Oceanwide Holdings, the Offeror and Citicorp International Limited as trustee, under which the Guaranteed Notes were issued by Oceanwide Real Estate (the “**Indenture**”);
- (i) the purchase agreement dated 1 September 2014 between, amongst others, Oceanwide Real Estate, Oceanwide (Hong Kong), Oceanwide Holdings, the Offeror, and CITIC Securities Corporate Finance (HK) Limited and UBS AG, Hong Kong Branch as initial purchasers, under which the Offeror as a subsidiary guarantor agreed to make a number of representations, warranties and covenants to the initial purchasers in relation to the Indenture;
- (j) Facility Agreement between the Offeror and Haitong International Finance Company Limited dated 22 October 2014, in which up to HK\$460 million is granted by Haitong International Finance Company Limited to the Offeror (the “**Haitong Facility**”);
- (k) Guarantee between Oceanwide Holdings and Haitong International Finance Company Limited dated 22 October 2014, in which Oceanwide Holdings agreed to provide a guarantee in favour of Haitong International Finance Company Limited in relation to the Haitong Facility; and
- (l) Charge over account between the Offeror and Haitong International Finance Company Limited dated 22 October 2014, in which the Offeror agreed to charge an account to Haitong International Finance Company Limited as security for the Haitong Facility.

8. MISCELLANEOUS

- (a) The principal members of the Offeror's concert group are the Offeror, Oceanwide (Hong Kong), Oceanwide Holdings, China Oceanwide, Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司), Oceanwide Group Co., Ltd.* (泛海集團有限公司), Tohigh Holdings Co., Ltd.* (通海控股有限公司), Mr. Lu Zhiqiang (盧志強先生), Ms. Huang Qiongzhi (黃瓊姿女士) and Ms. Lu Xiaoyun (盧曉雲女士).
- (b) Mr. Han Xiaosheng (韓曉生先生), Mr. Zheng Dong (鄭東先生) and Mr. Liu Guosheng (劉國升先生) are the directors of the Offeror. The registered office of the Offeror is situated at Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, BVI.
- (c) Mr. Han Xiaosheng (韓曉生先生), Mr Liu Guosheng (劉國升先生), Mr. Zheng Dong (鄭東先生), Mr. Liu Hongwei (劉洪偉先生), Mr. Zhao Yingwei (趙英偉先生), Mr. Chen Xiansheng (陳賢勝先生) and Mr. Shi Yuehong (石悅宏先生) are the directors of Oceanwide (Hong Kong). The registered office of Oceanwide (Hong Kong) is situated at 66/F, Bank of China Tower, 1 Garden Road, Hong Kong.
- (d) Mr. Han Xiaosheng (韓曉生先生), Mr. Zheng Dong (鄭東先生), Mr. Li Yiming (李亦明先生), Mr. Chen Xiansheng (陳賢勝先生), Mr. Wang Hui (王輝先生), Mr. Liu Hongwei (劉洪偉先生), Ms. Wang Tong (王彤女士), Mr. Chen Changguo (陳昌國先生), Mr. Liu Guosheng (劉國升先生), Mr. Shi Yuehong (石悅宏先生), Mr. Huang Fangyi (黃方毅先生), Mr. Yan Fashan (嚴法善先生), Mr. Tang Guliang (湯谷良先生), Mr. Liu Yuping (劉玉平先生) and Mr. Kong Aiguo (孔愛國先生) are the directors of Oceanwide Holdings. The registered office of Oceanwide Holdings is situated at 22nd Floor, Tower C, Minsheng Financial Center, No.28 Jianguomennei Avenue, Dongcheng District, Beijing, PRC (中國北京市東城區建國門內大街28號民生金融中心C座22層).
- (e) Mr. Lu Zhiqiang (盧志強先生), Ms. Lu Xiaoyun (盧曉雲女士), Mr. Li Minghai (李明海先生), Mr. Yu Zheng (余政先生), Mr. Huang Yiyun (黃翼雲先生), Mr. Han Xiaosheng (韓曉生先生), Mr. Xu Jianbing (徐建兵先生), Mr. Wang Hong (王宏先生), Ms. Liu Jinyan (劉金燕女士), Mr. Qiu Xiaohua (邱曉華先生), Mr. Qin Dingguo (秦定國先生), Mr. Li Neng (李能先生) and Mr. Qi Zixin (齊子鑫先生) are the directors of China Oceanwide. The registered office of China Oceanwide is situated at 23rd Floor, Tower C, Minsheng Financial Center, No.28 Jianguomennei Avenue, Dongcheng District, Beijing, PRC (中國北京市東城區建國門內大街28號民生金融中心C座23層).
- (f) Mr. Qin Dingguo (秦定國先生), Mr. Qi Zixin (齊子鑫先生), Mr. Zhao Yingwei (趙英偉先生), Mr. Feng Zhuangyong (馮壯勇先生) and Mr. Pan Ruiping (潘瑞平先生) are the directors of Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司). The registered office of Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司) is situated at 20th Floor, Tower C, Minsheng Financial Center, No.28 Jianguomennei Avenue, Dongcheng District, Beijing, PRC (中國北京市東城區建國門內大街28號民生金融中心C座20層).
- (g) Mr. Lu Zhiqiang (盧志強先生), Ms. Lu Xiaoyun (盧曉雲女士), Mr. Yu Zheng (余政先生), Mr. Lu Zizhuang (盧志壯先生) and Ms. Yang Yi (楊怡女士) are the directors of Oceanwide Group Co., Ltd.* (泛海集團有限公司). The registered office of Oceanwide Group Co., Ltd.* (泛海集團有限公司) is situated at No.198 Heping Road, Weicheng District, Weifang City, Shandong Province, PRC (中國山東省濰坊市濰城區和平路198號).

- (h) Mr. Lu Zhiqiang (盧志強先生), Ms. Huang Qiongzi (黃瓊姿女士) and Ms. Lu Xiaoyun (盧曉雲女士) are the directors of Tohigh Holdings Co., Ltd.* (通海控股有限公司). The registered office of Tohigh Holdings Co., Ltd.* (通海控股有限公司) is situated at Unit 3C, Block 1, Guangcai International Apartment, No.18 Gongrentiyuchang West Road, Chaoyang District, Beijing, PRC (中國北京市朝陽區工人體育場西路18號光彩國際公寓1號樓底商3C).
- (i) The correspondence Hong Kong address for each of the Offeror, Oceanwide (Hong Kong), Oceanwide Holdings, China Oceanwide, Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司), Oceanwide Group Co., Ltd.* (泛海集團有限公司), Tohigh Holdings Co., Ltd.* (通海控股有限公司), Mr. Lu Zhiqiang (盧志強先生), Ms. Huang Qiongzi (黃瓊姿女士) and Ms. Lu Xiaoyun (盧曉雲女士) is 66/F, Bank of China Tower, 1 Garden Road, Hong Kong.
- (j) The registered office of CITIC Securities is situated at 26th Floor, CITIC Tower, Tim Mei Avenue, Central, Hong Kong.
- (k) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.hutchisonharbourring.com) during the period from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (a) the memorandum and articles of association of the Offeror;
- (b) the material contracts referred to in paragraph headed "7. MATERIAL CONTRACTS" in this Appendix VI;
- (c) the letter from CITIC Securities, the text of which is set out on pages 6 to 17 of this Composite Document; and
- (d) the written consent from CITIC Securities as referred to in the paragraph headed "6. QUALIFICATIONS AND CONSENT OF EXPERT" in this Appendix VI.