THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shanghai Zendai Property Limited, you should at once hand this Composite Document together with the accompanying Form 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 transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

SMART SUCCESS CAPITAL LTD.

(Incorporated in the BVI with limited liability)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED FOR AND ON BEHALF OF SMART SUCCESS CAPITAL LTD. TO ACQUIRE ALL THE ISSUED SHARES OF SHANGHAI ZENDAI PROPERTY LIMITED (OTHER THAN THOSE ALREADY ACQUIRED OR AGREED TO BE ACQUIRED BY SMART SUCCESS CAPITAL LTD. AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror

中信証券國際
CITIC Securities International

Financial adviser to Shanghai Zendai Property Limited

高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Independent Financial Adviser to the Independent Board Committee

SOMERLEY CAPITAL LIMITED

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

A letter from CITIC Securities containing, among other things, principal terms of the Offer is set out on pages 7 to 17 of this Composite Document.

A letter from the Board is set out on pages 18 to 23 of this Composite Document.

A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 24 and 25 of this Composite Document.

A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 26 to 44 of this Composite Document.

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

* *for identification purpose only*

16 April 2015

CONTENTS

The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates refer to Hong Kong local time and date.

	2015
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer *(Note 1)*	Thursday, 16 April 2015
Latest time and date for acceptance of the Offer *(Notes 2 and 4)*	4:00 p.m. on Thursday, 7 May 2015
Closing Date *(Note 1)*	Thursday, 7 May 2015
Announcement of the results of the Offer to be published on the website of the Stock Exchange *(Note 2)*	no later than 7:00 p.m. on Thursday, 7 May 2015
Latest date for posting of remittances for the amount due under the Offer in respect of valid acceptances received under the Offer *(Notes 3 and 4)*	Monday, 18 May 2015

Notes:

(1) The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "6. Right of withdrawal" in Appendix I to this Composite Document.

(2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Thursday, 7 May 2015. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on Thursday, 7 May 2015 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

(3) Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Shares tendered under the Offer will be despatched to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible but in any event within seven Business Days after the date of receipt by the Registrar of the valid requisite documents from the Independent Shareholders accepting the Offer.

(4) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

   (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same day; or

   (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day.

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

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate"	has the meaning ascribed thereto 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 operated by Hong Kong Securities Clearing Company Limited
"Changchun Zendai"	長春証大置業有限公司 (Changchun Zendai Property Limited*), a subsidiary of which 95% interests is held by the Company
"CITIC Securities"	CITIC Securities Corporate Finance (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined in schedule 5 of the SFO, and the financial adviser to the Offeror
"Closing Date"	7 May 2015, being the closing date of the Offer or if the Offer is revised or extended, the closing date of the Offer as revised or extended by the Offeror in accordance with the Takeovers Code
"COAMC"	China Orient Asset Management Corporation, a state-owned enterprise set up by the Ministry of Finance of the PRC
"COAMI"	China Orient Asset Management (International) Holding Limited, an indirectly wholly-owned subsidiary of COAMC
"Company"	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of each of the Share Purchase Agreements

"Composite Document"	this composite offer and response document dated 16 April 2015 jointly issued by and on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, the terms and conditions of the Offer, the Form of Acceptance, the letter of advice of the Independent Financial Adviser in respect of the Offer, and the letter of recommendation of the Independent Board Committee to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance
"Covenantor"	Mr. Dai
"Directors"	the directors of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
"Fifth Vendor"	Ms. Dai Mocao, the daughter of the Covenantor, who directly held 500,000,000 Shares as at the date of the First Share Purchase Agreement
"First Sale Shares"	6,253,635,000 Shares agreed to be acquired by the Offeror from the Vendors pursuant to the First Share Purchase Agreement, which represents approximately 42.03% of the entire issued share capital of the Company as at the Latest Practicable Date, and "First Sale Share" means any of them
"First Share Purchase Agreement"	the share purchase agreement dated 26 January 2015 entered into among the Vendors, the Covenantor and the Offeror in relation to the sale and purchase of the First Sale Shares
"First Vendor"	Giant Glory Assets Limited, which is legally and beneficially wholly-owned by the Covenantor and directly held 2,326,560,000 Shares as at the date of the First Share Purchase Agreement
"Form of Acceptance"	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document

"Fourth Vendor"	Zendai Kai Investment Limited, which is legally and beneficially wholly-owned by the Covenantor and directly held 39,900,000 Shares as at the date of the First Share Purchase Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising non-executive Directors, namely Mr. Xu Xiaoliang and Mr. Gong Ping and independent non-executive Directors, namely Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng, formed to make recommendation to the Independent Shareholders in respect of the Offer
"Independent Financial Adviser"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and has been appointed as an independent financial adviser to the Independent Board Committee in relation to the Offer
"Independent Shareholders"	holders of Shares, other than the Offeror and parties acting in concert with it and the Vendors
"Initial Announcement"	the announcement of the Company dated 27 January 2015 regarding a possible offer
"Jilin Zendai"	吉林市証大華城房地產開發有限公司 (Jilin Zendai Huacheng Real Estate Development Limited*), a non-wholly-owned subsidiary of the Company
"Joint Announcement"	the joint announcement of the Company and the Offeror dated 12 February 2015 in relation to, among others, the Share Purchase Agreements and the Offer
"Last Trading Day"	21 January 2015, being the last trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement

"Latest Practicable Date"	13 April 2015, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Profit"	Long Profit Group Limited, an indirect subsidiary of the Company, of which 80% interests are held by Hero Horse Holding Limited, a wholly-owned subsidiary of the Company and the remaining 20% interests are held by Wisdom Mind
"Mr. Dai"	Mr. Dai Zhikang, the controlling Shareholder, the executive Director and the chairman of the Company
"Offer"	the unconditional mandatory cash offer to be made by CITIC Securities on behalf of the Offeror, for all the issued Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with the Takeovers Code
"Offer Period"	the period commencing on the date of the Initial Announcement up to and including the Closing Date
"Offer Price"	the consideration per Share of HK$0.20 payable in cash by the Offeror to the Shareholders under the Offer
"Offeror" or "Purchaser"	Smart Success Capital Ltd., a company incorporated in the BVI with limited liability and indirectly controlled by COAMI
"Orient Venture"	深圳東方創業投資有限公司 (Shenzhen Orient Venture Capital Limited*), a wholly-owned subsidiary of COAMI
"Power Rider"	Power Rider Enterprises Corp., a wholly-owned subsidiary of COAMI
"PRC"	The People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

"Purchase Price"	the aggregate consideration payable by the Purchaser to the Vendors for the purchase of the First Sale Shares or to the Selling Shareholder for the purchase of the Second Sale Shares
"Registrar"	Tricor Secretaries Limited, being the Hong Kong branch share registrar and transfer office of the Company whose address is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period commencing from six months prior to 27 January 2015, being the date of the Initial Announcement, and ending with the Latest Practicable Date
"Results Announcement"	the announcement of the audited results of the Company for the year ended 31 December 2014 dated 31 March 2015
"Richtex"	Richtex Holdings Limited, a subsidiary of the Company, of which 80% interests are held by the Company and the remaining 20% interests are held by Power Rider
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the First Sale Shares and the Second Sale Shares, and "Sale Share" means any of them
"Second Sale Shares"	1,190,000,000 Shares agreed to be acquired by the Offeror from the Selling Shareholder pursuant to the Second Share Purchase Agreement, which represents approximately 8.00% of the entire issued share capital of the Company as at the Latest Practicable Date, and "Second Sale Share" means any of them
"Second Share Purchase Agreement"	the share purchase agreement dated 7 February 2015 entered into between the Selling Shareholder and the Offeror in relation to the sale and purchase of the Second Sale Shares
"Second Vendor"	Jointex Investment Holdings Limited, which is indirectly owned as to 85% by the Covenantor and as to 15% by Mr. Zhu Nansong and directly held 2,932,000,000 Shares as at the date of the First Share Purchase Agreement

"Selling Shareholder"	Concord Emperor Investment Limited, which directly held 1,571,000,000 Shares as at the date of the Second Share Purchase Agreement
"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$0.02 each in the share capital of the Company
"Share Purchase Agreements"	the First Share Purchase Agreement and the Second Share Purchase Agreement
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong issued by the SFC as in force and amended from time to time
"Third Vendor"	Shanghai Zendai Investment Development (Hong Kong) Company Limited, which is indirectly owned as to 75% by the Covenantor, as to 20% by Ms. Dai Mocao and as to 5% by Mr. Dai Zhixiang and directly held 455,175,000 Shares as at the date of the First Share Purchase Agreement
"Vendors"	collectively the First Vendor, the Second Vendor, the Third Vendor, the Fourth Vendor and the Fifth Vendor
"Wisdom Mind"	Wisdom Mind Holdings Corp, a wholly-owned subsidiary of COAMI
"ZAR"	South Africa rands, the lawful currency of the Republic of South Africa
"%"	per cent.

* *for identification purpose only*

中信証券國際
CITIC Securities International

16 April 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER 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 ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 12 February 2015, COAMI, the Offeror and the Company jointly announced that (i) the Offeror entered into the First Share Purchase Agreement with the Vendors and the Covenantor on 26 January 2015, pursuant to which the Offeror agreed to purchase 6,253,635,000 Shares in aggregate from each of the Vendors and the Covenantor for an aggregate consideration of HK$1,250,727,000 (equivalent to HK$0.20 per Share), representing approximately 42.03% of the entire issued share capital of the Company as at the Latest Practicable Date; and (ii) the Offeror entered into the Second Share Purchase Agreement with the Selling Shareholder on 7 February 2015, pursuant to which the Offeror agreed to purchase 1,190,000,000 Shares from the Selling Shareholder for an aggregate consideration of HK$238,000,000 (equivalent to HK$0.20 per Share), representing approximately 8.00% of the entire issued share capital of the Company as at the Latest Practicable Date.

On 13 February 2015, COAMI, the Offeror and the Company jointly announced that completion of each of the First Share Purchase Agreement and the Second Share Purchase Agreement took place on 13 February 2015. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is 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) upon completion of the First Share Purchase Agreement and the Second Share Purchase Agreement.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offer and procedures of acceptance are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Your attention is also drawn to the "LETTER FROM THE BOARD" on pages 18 to 23, the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" on pages 24 to 25 and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" on pages 26 to 44 of this Composite Document.

UNCONDITIONAL MANDATORY CASH OFFER

As at the Latest Practicable Date, there are 14,879,351,515 Shares in issue. Immediately following the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 7,443,635,000 Shares, representing approximately 50.03% of the entire share capital of the Company. The Offer is made for 7,435,716,515 Shares, representing all issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it.

The Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company.

Principal terms of the Offer

CITIC Securities is making, for and on behalf of the Offeror, the Offer to all the Independent Shareholders 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) on the following basis:

For each Share held . . . . HK$0.20 in cash

The Offer is unconditional in all respects and is not conditional upon any minimum level of acceptances of the Offer or subject to any other condition.

The Offer Price is equal to the price paid by the Offeror for each Share under each of the First Share Purchase Agreement and the Second Share Purchase Agreement.

Comparison of value

The Offer Price of HK$0.20 for each Share under the Offer represents:

(i) a premium of approximately 9.29% over the closing price of HK$0.183 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 42.86% over the average closing price of HK$0.140 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 44.93% over the average closing price of HK$0.138 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 63.93% over the average closing price of HK$0.122 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 36.51% over the closing price of HK$0.315 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a discount of approximately 49.75% to the audited consolidated net asset value attributable to Shareholders of the Company of approximately HK$0.398 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 31 December 2014, the date to which the latest audited financial results of the Group were made up.

Highest and lowest closing prices of Shares

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Offer Period and up to the Latest Practicable Date were HK$0.315 per Share on 13 April 2015 and HK$0.102 per Share on 7 November 2014, 11 November 2014, 14 November 2014, 18 November 2014, 19 November 2014 and 10 December 2014, respectively.

Total consideration under the Offer

As at the Latest Practicable Date, there were 14,879,351,515 Shares in issue.

The Offer is made for 7,435,716,515 Shares, representing all issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it. Assuming that there is no change in the issued share capital of the Company, and on the basis of the Offer Price of HK$0.20 per Share, the Offer is valued at approximately HK$1,487,143,303 in aggregate.

The Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company.

Financial resources available for the Offer

Based on the Offer Price of HK$0.20 per Share as referred to the paragraph headed "Principal terms of the Offer" above and on the basis of full acceptance of the Offer, the cash consideration payable required by the Offeror under the Offer will amount to approximately HK$1,487,143,303 in aggregate. The Offer will be funded by internal resources and committed banking facilities with the Bank of China Limited Macau Branch. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend on any significant extent on the business of the Group.

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

Effect of accepting the Offer

By accepting the Offer, Shareholders will sell their Shares to the Offeror free from all encumbrances and with all rights attached to them, including the rights to receive 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 Offer is made, being the date of posting of this Composite Document.

The Offer is 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 Offer 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 Offer (after deducting the seller's ad valorem stamp duty) would be made as soon as possible but in any event within seven Business Days following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by the Registrar for and on behalf of the Offeror to render each such acceptance of any of the Offer complete and valid. Remittances in respect of acceptance of the Offer will be despatched to the accepting Independent Shareholders 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 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 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 Offer.

Overseas Shareholders

As the 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 Offer. It is the responsibility of the Overseas Shareholders who wish to accept the 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 are recommended to consult their own professional advisers as to the tax consequences of accepting or rejecting the Offer. The Offeror accepts no responsibility for any tax consequences of, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Form of Acceptance and Settlement

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

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 III to this Composite Document.

INFORMATION ON THE OFFEROR

Background of the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability on 2 January 2015 and is indirectly wholly-owned by COS Greater China Special Situations Fund, L.P., an exempted limited partnership registered in the Cayman Islands on 20 October 2014, of which China Orient Summit Capital SSF GP Co. Ltd. is the general partner and China Orient Summit Capital SSF SLP, L.P. is its limited partner. There are no other general or limited partners of COS Greater China Special Situations Fund, L.P. and China Orient Summit Capital SSF SLP L.P..

Each of China Orient Summit Capital SSF GP Co. Ltd. and China Orient Summit Capital SSF SLP GP Co. Ltd. (the general partner of China Orient Summit Capital SSF SLP, L.P.) is a wholly-owned subsidiary of China Orient Summit Capital International Co. Ltd., which is 80% owned by COAMI and 20% by Summit Capital International L.P.. The general partner of Summit Capital International L.P. is Summit Capital International GP Co. Ltd. which is wholly owned by Mr. Tao Wu. The limited partner of Summit Capital International L.P. is Mr. Feng Han.

COAMI is an indirectly wholly-owned subsidiary of COAMC, one of the state-owned asset management companies in PRC. It is the primary overseas platform of COAMC. With its location in Hong Kong, COAMI has access to both onshore and offshore markets and serves as a link between COAMC's domestic and international businesses. As an asset management company, COAMI's main investment strategies involve investing in non-performing assets, equities, fixed income and property. Its strategies are also complemented by its special situations investment business in which COAMI adds value to its portfolio through active involvement in management, maintaining a local presence, taking advantage of resources across its national network, and transforming the businesses of and realizing value from its portfolio assets. COAMI also provides financing services and investment banking advisory services.

As at the Latest Practicable Date, the sole director of the Offeror was COAMI.

Reasons for the Acquisition and the Offer

The Acquisition and the Offer fall within the business strategy of COAMI and COS Greater China Special Situations Fund, L.P.. As part of its conventional business model, COAMI has been actively involved in the investment in domestic and overseas real estate projects in recent years and achieve commercial benefits with the investment target companies through various methods, including reorganisation, disposal and management enhancement. By leveraging on its capital resources and business opportunities, COAMI intends to provide financial and commercial support to the Group's operations with the aim of enabling the Group to achieve long-term and stable growth.

OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

Development and expansion of the Group's businesses

The Offeror seeks to enhance value of its portfolio companies through participating in management and refining their business strategies and it is its intention to develop the Group's business by leveraging on its real estate investment and management experience and financial strength. COAMI has supported the development of various real estate projects of the Group, and will continue to support the Group's current businesses.

The Offeror intends to closely review the Group's businesses and refine the Group's strategy in the following ways:

(i) strengthening and consolidating the Group's current development projects and land reserves by focusing on Tier 1 and 2 cities in the PRC;

(ii) expediting the expansion of the Group's businesses by capitalising on the synergies between the Group and the Offeror; and

(iii) pursuing business opportunities overseas and further developing the Group's international business.

Other than as stated above, the Offeror does not intend to introduce any significant changes to the operations and management of the Company. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets immediately following completion of the Offer, other than the acquisition and disposal of assets or land in the ordinary course of business of the Group.

Continued employment of the employees of the Company and its subsidiaries

The Offeror does not intend to make significant changes to the continued employment of the employees of the Group. The Offeror will conduct a further review of the Group's employees and assess the employment requirements of the Group after close of the Offer.

Review of the financial position and operations of the Group after completion of the Offer

Following the close of the Offer, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a sustainable long-term development strategy for the Group and explore other opportunities for enhancing its future development.

Pre-Existing Loans

COAMI and its subsidiaries currently have the following pre-existing loan arrangements with the subsidiaries of the Company (the "Pre-Existing Loans"):

(i) a secured interest-bearing loan of RMB850,000,000 was provided to Long Profit by Wisdom Mind (details of which are set out in the announcement of the Company dated at 24 March 2014);

(ii) a secured interest-bearing loan of RMB632,000,000 was provided to Richtex by Power Rider (details of which are set out in the announcement of the Company dated at 24 March 2014);

(iii) an unsecured interest-bearing entrusted loan of RMB240,000,000 was provided to Jilin Zendai by Orient Venture due on 27 January 2016; and

(iv) an unsecured interest-bearing entrusted loan of RMB240,000,000 was provided to Changchun Zendai by Orient Venture due on 27 January 2016.

COAMI may from time to time review the terms of the existing loans (including without limitation to the Pre-Existing Loans) of the Group and explore refinancing opportunities.

COAMI is currently in an advanced stage of discussion with an investment bank in relation to refinancing of (i) and (ii) above.

New Shareholder's Loan

COAMI is considering to grant a loan of approximately USD82 million to the Company for the purpose of repaying a loan made by Bank of Communications, Hong Kong Branch, which is due in April 2015. However, there is no assurance that any loan may be granted in a timely manner or at all.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board currently comprises ten directors, of whom four are executive Directors, two are non-executive Directors and four are independent non-executive Directors. Mr. Dai Zhikang, Mr. Tang Jian and Mr. Zuo Xingping will resign as executive Directors with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate three new executive Directors and such appointments will not take effect earlier than the date of posting of the Composite Document subject to the requirements under the Takeovers Code.

Set out below are the proposed candidates to be nominated by the Offeror as executive Directors:

Proposed executive Directors

Mr. Zhang Chenguang

Mr. Zhang Chenguang, age 46, is Co-President of COAMI, Investment Committee member of COAMC, General Manager of Orient Asset Management (China) Limited and Shenzhen Orient Startup Investment Limited, Co-President and Investment Committee member of Shenzhen Orient Summit Asset Management Limited. Mr. Zhang worked in COAMC from 2000 to 2011, as Senior Officer, Senior Manager and Assistant General Manager of Dalian office of COAMC, and participated in various acquisitions of distressed assets and acquisitions of equity interests. Between 1991 and 2000, he worked in Bank of China, Liaoning Provincial Branch and has extensive experience in banking and financing. Mr. Zhang holds a master degree from China University of Political Science and Law, an MBA degree from the Open University of Hong Kong, and a bachelor degree in Finance from Jilin University of Finance and Economics.

Mr. Zhong Guoxing

Mr. Zhong Guoxing, age 48, has been the executive director and co-president of COAMI, a subsidiary of COAMC since April 2012. He has been a director of Guangzhou Yucheng Real Estate Development Company Limited (廣州市譽城房地產開發有限公司) since late 2012. Mr. Zhong was the executive director from 11 August 2009 to 27 June 2012 and the chief executive officer from 11 June 2010 to 27 June 2012 of Madex International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 231). Since 9 October 2013, Mr. Zhong has been appointed as a non-executive director of Skyfame Realty Limited, a company listed on the Main Board of the Stock Exchange (stock code: 59). Mr. Zhong was an assistant general manager of Guangzhou Branch of COAMC from December 1999 to August 2009. He also has extensive experience in banking, financing and asset management. Mr. Zhong holds a Master's Degree in Business Administration from the Asia International Open University (Macau).

Dr. Wang Hao

Dr. Wang Hao, age 46, graduated from Renmin University of China in 1996 with a master degree in International Economic Law, and obtained a P.H.D. law degree from China University of Political Science and Law in 2005. He practised as a lawyer from 1996 to 2011. Since 2011, Dr. Wang worked as the Chief Risk Officer of COAMI. He is also a member of the Investment Committee of Shenzhen Orient Summit Asset Management Limited.

Save as disclosed above, as at the date of this Composite Document, (i) each of Mr. Zhang Chenguang, Mr. Zhong Guoxing and Dr. Wang Hao did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company and has not held any other positions with the Company or the Group; (ii) for the past three years, each of Mr. Zhang Chenguang, Mr. Zhong Guoxing and Dr. Wang Hao did not hold any directorship in any public companies, the securities of which are listed on the Stock Exchange or overseas; (iii) each of Mr. Zhang Chenguang, Mr. Zhong Guoxing and Dr. Wang Hao did not have any interest in the Shares within the meaning of Part XV of the SFO; (iv) there were no other matters that are required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(h)(v) of the Listing Rules; and (v) there were no other matters in relation to the appointments of each of Mr. Zhang Chenguang, Mr. Zhong Guoxing and Dr. Wang Hao that need 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 Offer.

In the event that the public float of the Company falls below 25% following the close of the Offer, the new Directors to be nominated by the Offeror and the existing Directors have jointly and severally undertaken to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Shares not acquired under the Offer after close of the Offer.

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 Offer to be delivered by or sent to or from the Independent Shareholders 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 Offer 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" on pages 18 to 23, the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" on pages 24 to 25 and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" on pages 26 to 44 of 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. in relation to their respective recommendations and advice with respect to the Offer.

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

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

SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

Executive Directors:
Mr. Dai Zhikang *(Chairman)*
Ms. Li Li Hua
Mr. Zuo Xingping
Mr. Tang Jian

Non-executive Directors:
Mr. Xu Xiaoliang
Mr. Gong Ping

Independent non-executive Directors:
Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Cai Gaosheng

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business in Hong Kong:
Unit 6108
61/F., The Center
99 Queen's Road Central
Hong Kong

16 April 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED FOR AND ON BEHALF OF SMART SUCCESS CAPITAL LTD. TO ACQUIRE ALL THE ISSUED SHARES OF SHANGHAI ZENDAI PROPERTY LIMITED (OTHER THAN THOSE ALREADY ACQUIRED OR AGREED TO BE ACQUIRED BY SMART SUCCESS CAPITAL LTD. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement.

On 12 February 2015, the Offeror and the Company jointly announced that, among others, on 26 January 2015, the Offeror entered into the First Share Purchase Agreement with the Vendors and the Covenantor and on 7 February 2015, the Offeror entered into the Second Share

* *for identification purpose only*

Purchase Agreement with the Selling Shareholder, pursuant to which the Offeror has conditionally agreed to purchase a total of 7,443,635,000 Shares, representing approximately 50.03% of the entire issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK$1,488,727,000 (equivalent to HK$0.20 per Sale Share). Completion of the First Share Purchase Agreement and the Second Share Purchase Agreement took place on 13 February 2015.

Immediately following the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 7,443,635,000 Shares, representing approximately 50.03% of the entire issued share capital of the Company as at the Latest Practicable Date. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising non-executive Directors, namely Mr. Xu Xiaoliang and Mr. Gong Ping and independent non-executive Directors, namely Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng, has been formed to make recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer, in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of Somerley Capital Limited has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer.

UNCONDITIONAL MANDATORY CASH OFFER

Principal terms of the Offer

The terms of the Offer as set out in the "Letter from CITIC Securities" are extracted below. You are recommended to refer to the "Letter from CITIC Securities" and the Form of Acceptance for further details.

CITIC Securities is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Share held . . . . HK$0.20 in cash

The Offer Price of HK$0.20 for each Share under the Offer is the same as the price per Share of HK$0.20 at which the Sale Shares are being acquired by the Offeror pursuant to each of the Share Purchase Agreements.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the "Letter from CITIC Securities" and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Group is principally engaged in construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties. The Group currently has property projects under development in 12 cities which are located in the three regions including northern China, Shanghai city and its surroundings and Hainan province, as well as the overseas real estate development projects.

Set out below is the summary of the audited financial information of the Group as extracted from its annual report and the Results Announcement for the three years ended 31 December 2014:

	As at 31 December		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Net assets	6,276,942	6,630,960	5,799,835
	For the year ended 31 December		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,579,612	2,227,663	1,122,891
(Loss)/profit before income tax	(916,090)	(71,246)	872,607
(Loss)/profit attributable to owners of the Company	(438,468)	79,347	554,702

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date.

	Immediately before Completion		**Immediately after Completion and as at the Latest Practicable Date**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Vendors				
First Vendor *(Note 1a)*	2,326,560,000	15.64	–	–
Second Vendor *(Note 1b)*	2,932,000,000	19.70	–	–
Third Vendor *(Note 1c)*	455,175,000	3.06	–	–
Fourth Vendor *(Note 1d)*	39,900,000	0.27	–	–
Fifth Vendor	500,000,000	3.36	–	–
Subtotal	**6,253,635,000**	**42.03**	**–**	**–**
Selling Shareholder *(Note 2)*	1,571,000,000	10.56	381,000,000	2.56
China Alliance Properties Limited *(Note 3)*	2,431,815,000	16.34	2,431,815,000	16.34
Mr. Tang Jian *(Note 4)*	10,000,000	0.07	10,000,000	0.07
Offeror and parties acting in concert with it	–	–	7,443,635,000	50.03
Public Shareholders	4,612,901,515	31.00	4,612,901,515	31.00
Total	**14,879,351,515**	**100.00**	**14,879,351,515**	**100.00**

Notes:

(1a) The First Vendor is wholly-owned by Mr. Dai;

(1b) The Second Vendor is owned as to 85% by the First Vendor;

(1c) The Third Vendor is indirectly owned as to 75% by Mr. Dai; and

(1d) The Fourth Vendor is wholly-owned by Mr. Dai.

(2) The Selling Shareholder is wholly-owned by Miss Jiang Weiting. The Selling Shareholder has become a public Shareholder upon Completion.

(3) According to published information, Mr. Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 79.6% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited which together with Fosun International Limited have approximately 99.05% control of Shanghai Forte Land Co., Limited, which has 100% control of China Alliance Properties Limited.

(4) Mr. Tang Jian is an executive Director.

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 in this Composite Document.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed "Offeror's intentions in relation to the Group" in the "Letter from CITIC Securities" as set out in this Composite Document. The Board is pleased with the Offeror's intentions in respect of the Group and the employees of the Group and is willing to co-operate with the Offeror in the interests of the Group and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the "Letter from CITIC Securities" as set out in this Composite Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

In the event that the public float of the Company falls below 25% following the close of the Offer, the new Directors to be nominated by the Offeror and the existing Directors have jointly and severally undertaken to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 and 25 of this Composite Document and the letter from the Independent Financial Adviser set out on pages 26 to 44 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. 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 Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully
On behalf of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

16 April 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED FOR AND ON BEHALF OF SMART SUCCESS CAPITAL LTD. TO ACQUIRE ALL THE ISSUED SHARES OF SHANGHAI ZENDAI PROPERTY LIMITED (OTHER THAN THOSE ALREADY ACQUIRED OR AGREED TO BE ACQUIRED BY SMART SUCCESS CAPITAL LTD. AND PARTIES ACTING IN CONCERT WITH IT)

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

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us regarding the terms of the Offer and as to the acceptance of the Offer. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 26 to 44 of this Composite Document. Your attention is also drawn to the "Letter from the Board", the "Letter from CITIC Securities" and the additional information set out in the appendices to this Composite Document.

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

Yours faithfully,
Independent Board Committee

Xu Xiaoliang *Non-executive Director*	**Gong Ping** *Non-executive Director*
Lo Mun Lam, Raymond *Independent non-executive Director*	**Lai Chik Fan** *Independent non-executive Director*
Li Man Wai *Independent non-executive Director*	**Cai Gaosheng** *Independent non-executive Director*

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee in relation to the Offer, which has been prepared for the purpose of inclusion in the Composite Document.

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

16 April 2015

To: The Independent Board Committee of
Shanghai Zendai Property Limited

Dear Sirs,

UNCONDITIONAL MANDATORY CASH OFFER BY
CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED
FOR AND ON BEHALF OF
SMART SUCCESS CAPITAL LTD.
TO ACQUIRE ALL THE ISSUED SHARES OF
SHANGHAI ZENDAI PROPERTY LIMITED
(OTHER THAN THOSE ALREADY ACQUIRED OR
AGREED TO BE ACQUIRED BY SMART SUCCESS CAPITAL LTD. AND
PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the unconditional mandatory cash offer by CITIC Securities Corporate Finance (HK) Limited for and on behalf of Smart Success Capital Ltd. to acquire all the issued Shares of Shanghai Zendai Property Limited (other than those Shares already owned or agreed to be acquired by Smart Success Capital Ltd. and parties acting in concert with it). Details of the Offer are set out in the Composite Document to the Independent Shareholders dated 16 April 2015, 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.

As stated in the Joint Announcement, on 26 January 2015, the Offeror entered into the First Share Purchase Agreement with the Vendors and the Covenantor, pursuant to which each of the Vendors has conditionally agreed to sell, and the Covenantor has conditionally agreed to procure each of the Vendors to sell, their respective First Sale Shares and the Offeror has conditionally agreed to purchase (or procure the purchase of) the First Sale Shares from the Vendors, being 6,253,635,000 Shares in aggregate, representing approximately 42.03% of the entire issued share capital of the Company as at the date of the Joint Announcement. The aggregate Purchase Price for the First Sale Shares is HK$1,250,727,000, equivalent to HK$0.20 for each First Sale Share. As also disclosed in the Joint Announcement, on 7 February 2015, the Offeror entered into the Second Share Purchase Agreement with the Selling Shareholder, pursuant to which the Offeror has conditionally agreed to purchase the Second Sale Shares from the Selling Shareholder, being 1,190,000,000 Shares, representing approximately 8.00% of the entire issued share capital of the Company as at the date of the Joint Announcement. The aggregate Purchase Price for the Second Sale Shares is HK$238,000,000, equivalent to HK$0.20 for each Second Sale Share. The consideration payable by the Offeror for the First Sale Shares and the Second Sale Shares is HK$1,488,727,000 in aggregate, equivalent to HK$0.20 for each Sale Share.

As further disclosed in the announcement jointly issued by the Company, COAMI and the Offeror dated 13 February 2015 (the "**Completion Announcement**"), completion of each of the First Share Purchase Agreement and the Second Share Purchase Agreement took place on 13 February 2015. Upon Completion, the Offeror owns 7,443,635,000 Shares in aggregate, representing approximately 50.03% of the entire issued share capital of the Company as at the date of the Completion Announcement. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for 7,435,716,515 Shares, representing all issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it. Accordingly, CITIC Securities is making the Offer on behalf of the Offeror at the Offer Price of HK$0.20 in cash for each Share.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors, namely Mr. Xu Xiaoliang and Mr. Gong Ping and all the independent non-executive Directors, namely Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng, none of whom has any direct or indirect interest in the Offer, has been form to make recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance. The Independent Board Committee has approved the appointment of Somerley Capital Limited as the independent financial adviser to the Independent Board Committee in the same regard.

We are not associated or connected with the Company or the Offeror, their respective substantial shareholders 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 Offer. 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 or the Offeror, their respective substantial shareholders 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 Company (the "**Management**"), which we have assumed to be true, accurate and complete. We have reviewed the published information on the Company, including but not limited to, the annual report of the Company for the year ended 31 December 2013 (the "**2013 Annual Report**"), the annual results announcement of the Company for the year ended 31 December 2014 (the "**2014**

AR Announcement") and other information contained in the Composite Document. 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 at the time they were made and at the date of the Composite Document and Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, Independent Shareholders 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, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

The Offer

CITIC Securities is making, on behalf of the Offeror, the Offer to all the Independent Shareholders 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) on the following basis:

For each Share held . . . . .HK$0.20 in cash

The Offer Price is equal to the price paid by the Offeror for each Share under each of the First Share Purchase Agreement and the Second Share Purchase Agreement. The Offer is unconditional in all respects and is not conditional upon any minimum level of acceptance of the Offer or subject to any of the condition. By accepting the Offer, Independent Shareholders will sell their Shares to the Offeror free from all encumbrances and with all rights attached to them, including the rights to receive 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 Offer is made, being the date of posting of this Composite Document.

Details of the terms of the Offer are contained in the letter from CITIC Securities and Appendix I to the Composite Document. Independent Shareholders 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 Offer, we have taken into account the following principal factors and reasons:

1. Information on the Group

The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are principally engaging in construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties. The Shares have been listed on the Main Board of the Stock Exchange since 27 October 1992.

The Group currently has property projects under development in 12 cities in the PRC which are located in the three regions including northern China, Shanghai city and its surroundings and Hainan province, as well as the overseas real estate development projects.

The Group currently has 3 commercial property projects in Shanghai, namely Shanghai Zendai Thumb Plaza, Radisson Blu Hotel Pudong Century Park and Himalayas Center. Shanghai Zendai Thumb Plaza is an integrated commercial complex near Shanghai's Century Park and the Lujiazui financial district. As at 31 December 2014, the area of retail shops in the Shanghai Zendai Thumb Plaza owned by the Group covered a total gross floor area of 40,333 square metres with 430 underground car-parking spaces. The Group's five-star Radisson Blu Hotel is located in Shanghai Zendai Thumb Plaza. The 18-storey hotel boasts a gross floor area of 31,529 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. The Group's 45%-owned Zendai Himalayas Center is located in Pudong, Shanghai. The project occupies a site area of 28,893 square metres with a total gross floor area (including underground parking space of 26,287 square metres) of approximately 162,207 square metres. The Group also owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai which is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end apartments, retail shops, hotels and a clubhouse in two phases, with a total gross floor area of approximately 151,066 square metres.

The Group has one residential project in Shanghai, namely "Mandarin Palace", which comprises 54 villas with a total saleable area of approximately 39,347 square metres. The project is to be developed in two phases. The first phase was completed in 2011 and all 47 villas were delivered. The second phase, comprises seven villas with a total saleable area of 5,711 square metres, and were all sold out as at 31 December 2014.

The Group has commercial property projects in various cities surrounding Shanghai. Those commercial property projects have a total gross floor area of approximately 1,292,063 square metres, which mainly comprise office buildings, hotels, commercial space, service apartments and underground car-parks. The Group also owns 60% interest in a parcel of land in Chenmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property. In addition, the Group is planning to develop a parcel of land in Changchun City, Jilin Province into a commercial property comprising retail shops, offices and service apartments. Such project in Changchun City, with a total site area of approximately 17,354 square metres, will comprise a total gross floor area of approximately 119,351 square metres.

The Group also has one residential project in Haimen, Jiangsu Province, namely "Zendai Garden-Riverside Town". The Group also possesses land parcels in Inner Mongolia Autonomous Region, Hebei Province and Yantai Development Zone, which are all intended to be developed into residential property, commercial space and/or office.

Outside China, the Group has a residential project in Whangaparaoa Peninsula, Auckland, New Zealand with an area of approximately 320,000 square metres. The site is about 25 kilometres away from downtown Auckland and is intended to be developed as high-end residential development. However, as advised by the Company, after considering factors such as progress of sales of the project, market demand, funding requirements of the whole project and the time needed for development, the Group entered into an agreement in November 2014 to sell all equity interests in the project company of the New Zealand residential project. Completion of the transaction is subject to the approval and consent by the Investment Office of the Government of New Zealand and is expected to take place in the second quarter of 2015. The Group also has a real estate development project located in Johannesburg, South Africa, comprising certain land parcels and buildings with an area of approximately 1,600 hectares. The whole project is planned to be developed into a mixed-use zone including residential, commercial, light industrial and retail developments. As disclosed in 2014 AR Announcement, the Group sold a parcel of land for residential use with a site area for development of 11 hectares at a selling price of ZAR85,000,000 (equivalent to approximately HK$60,736,000) during FY2014, which was already recognised as turnover.

(a) Historical financial performance of the Group

Set out below are certain key financial information on the Group as extracted from the consolidated statement of comprehensive income for the three years ended 31 December 2012, 2013 and 2014 as set out in the 2014 AR Announcement and the 2013 Annual Report respectively:

	For the financial year ended 31 December		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Turnover	1,579,612	2,227,663	1,122,891
– Sales of properties	*990,358*	*1,710,340*	*685,521*
– Hotel operations	*173,852*	*144,983*	*143,016*
– Properties rental, management and agency services	*406,452*	*360,701*	*277,915*
– Travel and related services	*8,950*	*11,639*	*16,439*

	For the financial year ended 31 December		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Gross profit	481,652	641,707	440,691
Other income and gains	86,781	124,541	1,216,742
Change in fair value of investment properties	70,128	140,962	(42,748)
Write-down of property under development	(320,656)	–	–
Finance costs	(436,723)	(278,557)	(136,227)
(Loss)/profit before tax credit/(expenses)	(916,090)	(71,246)	872,607
(Loss)/profit for the year	(493,468)	79,907	555,764
(Loss)/profit for the year attributable to			
– owners of the Company	(438,468)	79,347	554,702
– non-controlling interests	(55,000)	560	1,062

For the financial year ended 31 December 2013 ("**FY2013**"), the Group recorded turnover of approximately HK$2,227.7 million, represented a substantial increase of approximately 98.4% when compared to the financial year ended 31 December 2012 ("**FY2012**"). Turnover for the Company was derived from sales of properties, hotel operations, properties rental, management and agency income and, to a lesser extent, travel and related services. As advised by the Management, the substantial increase in revenue was mainly due to an increase in saleable GFA sold and delivered and an increase in investment properties available for leasing and management by the Group during FY2013. Other income and gains decreased from approximately HK$1,216.7 million for FY2012 to approximately HK$124.5 million for FY2013 due to the gain on disposal of 上海証大外灘國際金融服務中心置業有限公司, an indirect wholly owned subsidiary of the Company, in the amount of approximately HK$826.6 million, which was realised in FY2012. There was also a gain on change in fair value of investment properties to approximately HK$141.0 million for FY2013 against a loss of approximately HK$42.7 million for FY2012.

Despite the significant increase in revenue recognised during FY2013, the profit attributable to owners of the Company decreased from approximately HK$554.7 million for FY2012 to approximately HK$79.3 million for FY2013, which was mainly attributable to the one-off gain on disposal of subsidiaries in FY2012.

The Group recorded a decrease in turnover by around 29.1% from approximately HK$2,227.7 million for FY2013 to approximately HK$1,579.6 million for the year ended 31 December 2014 ("**FY2014**"). Such decrease was mainly attributable to the decrease in properties delivered as the new property projects of the Group were still in the planning or development stages during FY2014 and could not launch into the market for sale and delivery in time. During FY2014, a special provision of approximately HK$320.7 million has been made for the diminution in value of the property project under development in Ordos City. The finance costs of the Group increased significantly by around 56.7% to approximately HK$436.7 million for FY2014 as compared to that of approximately HK$278.6 million for

FY2013 due to the increase of borrowings during FY2014. Owing to (i) the decrease in turnover due to the decrease in properties delivered; (ii) the special provision for the diminution in value of the property project under development in Ordos City; and (iii) the substantial increase in finance costs due to the increase of borrowings, the Group turned from profit-making during FY2013 to suffering a loss attributable to owners of the Company of approximately HK$438.5 million for FY2014.

(b) Historical financial position of the Group

Set out below is the consolidated statement of financial position of the Group as at 31 December 2013 and 2014, as extracted from the 2014 AR Announcement:

	As at 31 December	
	2014	**2013**
	HK$'000	*HK$'000*
	(audited)	(audited)
Non-current assets		
Property, plant and equipment	689,491	393,259
Investment properties	2,886,730	2,723,188
Interest in associates	182,808	410,983
Interest in joint ventures	1,341,952	1,386,006
Available-for-sale investments	67,259	67,712
Other non-current assets	663,062	654,916
	5,831,302	5,636,064
Current assets		
Properties under development and for sales	8,502,063	6,794,008
Inventories	4,060	1,982
Trade and other receivables	556,517	470,523
Deposits for property development	1,604,306	295,939
Available-for-sale investments	2,648	2,665
Pledged bank deposits	775,425	1,571,342
Entrusted loan receivables	126,072	126,919
Cash and cash equivalents	1,098,074	942,721
Other current assets	2,753,568	1,948,951
	15,422,733	12,155,050

	As at 31 December	
	2014	**2013**
	HK$'000	*HK$'000*
	(audited)	(audited)
Current liabilities		
Trade, notes and other payables	1,362,617	1,319,155
Receipts in advance from customers	1,635,641	1,235,512
Bank loans	3,337,768	3,459,042
Other current liabilities	1,491,795	1,726,141
	7,827,821	7,739,850
Net current assets	7,594,912	4,415,200
Capital and reserves		
Share capital	297,587	297,587
Reserves	5,619,121	5,928,562
Equity attributable to owners of the Company	5,916,708	6,226,149
Non-controlling interests	360,234	404,811
Total Equity	6,276,942	6,630,960
Non-current liabilities		
Bank loans	4,550,096	2,685,637
Other non-current liabilities	2,599,176	734,667
	7,149,272	3,420,304

As at 31 December 2014, total assets amounted to approximately HK$21,254.0 million as compared to approximately HK$17,791.1 million as at 31 December 2013. Non-current assets, comprising mainly property, plant and equipment, investment properties and interest in joint ventures which constitute over 80% of the non-current assets as at 31 December 2014, increased from approximately HK$5,636.1 million as at 31 December 2013 to approximately HK$5,831.3 million as at 31 December 2014. Properties under development and for sales of approximately HK$8,502.1 million, which represented an increase from approximately HK$6,794.0 million as at 31 December 2013 and constituted around 55% of the total current assets as at 31 December 2014.

As at 31 December 2014, the bank loans of the Group amounted to approximately HK$7,887.9 million as compared to approximately HK$6,144.7 million as at 31 December 2013. The current portion of bank loans decreased slightly to approximately HK$3,337.8 million as at 31 December 2014 from approximately HK$3,459.0 million as at 31 December

2013, while the non-current portion of bank loans increased significantly to approximately HK$4,550.1 million as at 31 December 2014 from approximately HK$2,685.6 million as at 31 December 2013. The gearing ratio of the Group (being total interest-bearing bank loans to the total equity of the Group) increased significantly from around 0.93 times as at 31 December 2013 to 1.26 times as at 31 December 2014.

As at 31 December 2014, the equity attributable to the Company's owners was approximately HK5,916.7 million and, based on the number of issued share capital of 14,879,351,515 Shares as at 31 December 2014, the equity attributable to the Company's owners per Share was approximately HK$0.40 per Share.

2. Prospects of the Group

According to National Bureau of Statistics of the PRC, the growth in investment in real estate market in the PRC has shown a decreasing trend since early 2014 from a growth rate of around 19.3% for the first two months in 2014 as compared with the corresponding period in 2013 to a growth rate of around 10.4% for the first two months in 2015 as compared with the corresponding period in 2014. The sale volume (in term of saleable area) and sale amount of properties in the PRC recorded a negative growth of around 7.6% and around 6.3% respectively for the year of 2014 as compared with the year of 2013. The slowdown in property sale continued in early 2015. The sale volume (in term of saleable area) and sale amount of properties recorded a decrease by around 16.3% and around 16.7% respectively during the first two months in 2015 as compared with the corresponding period in 2014. While two key development projects of the Group in Nanjing, as mentioned in the 2014 AR Announcement, are expected to commence pre-sale in 2015 and contribute to the Group's contracted sales value, the financial performance of the Group for the current financial year is accordingly expected to highly depend on the actual pre-sale performance of the aforesaid projects which may be affected by the aforesaid challenging market environment and/or any unfavorable regulatory policies enforced by the PRC central government on real estate industry from time to time. In addition, though the Offeror has set out the direction for the Group's future development and expansion in the letter from CITIC Securities in the Composite Document, no detailed business plan on the Group has been provided by the Offeror. In light of the above, there is no guarantee that the Group could improve its financial performance in the near future.

3. Information on the Offeror

As set out in the letter from CITIC Securities in the Composite Document, the Offeror is an investment holding company incorporated in the BVI with limited liability on 2 January 2015 and is indirectly wholly-owned by COS Greater China Special Situations Fund, L.P., an exempted limited partnership registered in the Cayman Islands on 20 October 2014, of which China Orient Summit Capital SSF GP Co. Ltd. is the general partner and China Orient Summit Capital SSF SLP, L.P. is its limited partner. There are no other general or limited partners of COS Greater China Special Situations Fund, L.P. and China Orient Summit Capital SSF SLP L.P..

Each of China Orient Summit Capital SSF GP Co. Ltd. and China Orient Summit Capital SSF SLP GP Co. Ltd. (the general partner of China Orient Summit Capital SSF SLP, L.P.) is a wholly-owned subsidiary of China Orient Summit Capital International Co. Ltd., which is

80% owned by COAMI and 20% by Summit Capital International L.P.. The general partner of Summit Capital International L.P. is Summit Capital International GP Co. Ltd., which is wholly-owned by Mr. Tao Wu. The limited partner of Summit Capital International L.P. is Mr. Feng Han.

COAMI is an indirectly wholly-owned subsidiary of COAMC, one of the state-owned asset management companies in PRC. It is the primary overseas platform of COAMC. As further provided in the letter from CITIC Securities in the Composite Document, with its strategic location in Hong Kong, COAMI has access to both onshore and offshore markets and serves as a link between COAMC's domestic and international business. As an asset management company, COAMI's main investment strategies involve investing in non-performing assets, equities, fixed income and property. Its strategies are also complemented by its special situations investment business in which COAMI adds value to its portfolio through active involvement in management, maintaining a local presence, taking advantage of resources across its national network and transforming the businesses of and realizing value from its portfolio assets. COAMI also provides financing services and investment banking advisory services.

As at the Latest Practicable Date, the sole director of the Offeror is COAMI.

Please refer to the section headed "Background of the Offeror" in the letter from CITIC Securities in the Composite Document for further details of the Offeror.

4. Intention of the Offeror regarding the Group and proposed change of Board composition

Development and expansion of the Company's business

As set out in the letter from CITIC Securities in the Composite Document, the Acquisition and the Offer fall within the business strategy of COAMI and COS Greater China Special Situations Fund, L.P.. As part of its conventional business model, COAMI has been actively involved in the investment in domestic and overseas real estate projects and achieve commercial benefits with the investment target companies through various methods, including reorganisation, disposal and management enhancement. The Offeror seeks to enhance value of its portfolio companies through participating in management and refining their business strategies and its intention to develop the Company's business by leveraging on its real estate investment and management experience and financial strength. COAMI, as a financial investor, has supported the development of various real estate projects of the Group in the past years, and will continue to support the Company's current businesses.

It is also mentioned in the letter from CITIC Securities in the Composite Document that the Offeror intends to closely review the Company's businesses and refine the Company's strategy in the following ways:

(1) strengthening and consolidating the Company's current development projects and land reserves by focusing on Tier 1 and 2 cities in the PRC;

(2) expediting the expansion of the Company's businesses by capitalising on the synergies between the Group and the Offeror; and

(3) pursuing business opportunities overseas and further developing the Group's international business.

Other than as stated above, the Offeror does not intend to introduce any significant changes to the operations and management of the Company.

Review of the financial position and operations of the Group after completion of the Offer

As disclosed in the letter from CITIC Securities in the Composite Document, following the close of the Offer, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a sustainable long-term development strategy for the Group and explore other opportunities for enhancing its future development.

COAMI and its subsidiaries currently have certain pre-existing loan arrangements with the subsidiaries of the Company at the principal amount of RMB1,962 million in aggregate (the "**Pre-Existing Loans**"), details of which are set out in the letter from the CITIC Securities in the Composite Document. COAMI may from time to time review the terms of the existing loans (including without limitation to the Pre-Existing Loans) of the Group and explore refinancing opportunities. COAMI is currently in an advanced stage of discussion with an investment bank in relation to refinancing certain Pre-Existing Loans. In addition, it is also stated in the letter from CITIC Securities in the Composite Document that COAMI is considering to grant a loan of approximately USD82 million to the Company for the purpose of repaying a loan made by Bank of Communications, Hong Kong Branch, which is due in April 2015. However, there is no assurance that any loan may be granted in a timely manner or at all.

Proposed change of Board composition

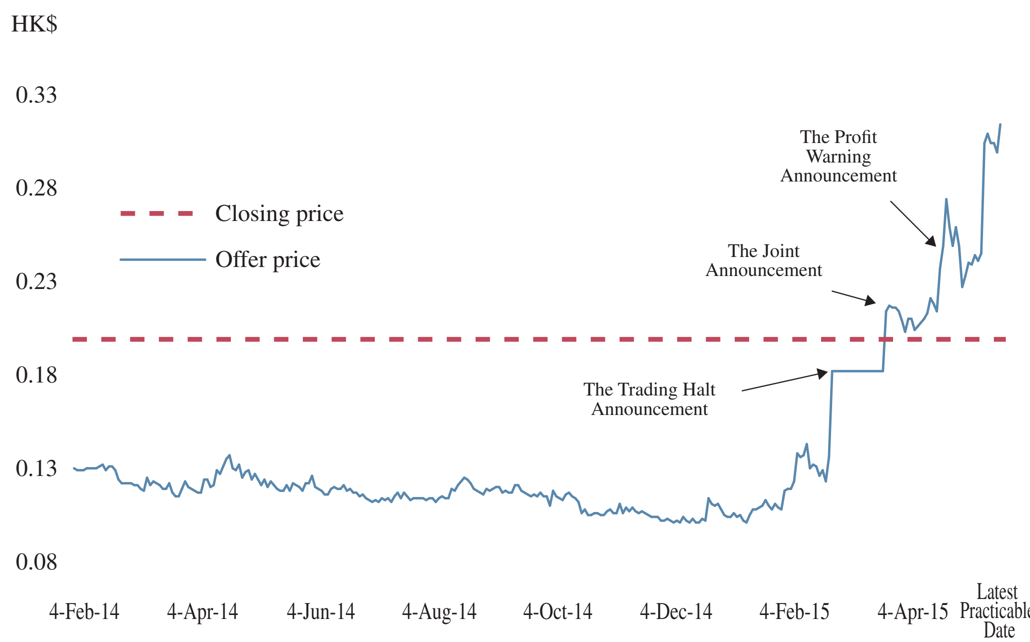
The Board currently comprises ten directors, of whom four are executive Directors, two are non-executive Directors and four are independent non-executive Directors. As disclosed in the in the letter from CITIC Securities in the Composite Document, Mr. Dai Zhikang, Mr. Tang Jian and Mr. Zuo Xingping will resign as executive Directors with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate three new executive Directors, namely Dr. Wang Hao, Mr. Zhang Chenguang and Mr. Zhong Guoxing, and such appointments will not take effect earlier than the date of posting of the Composite Document subject to the requirements under the Takeovers Code.

Please refer to the section headed "Offeror's intentions in relation to the Group" and "Proposed Change of Board Composition" in the letter from CITIC Securities in the Composite Document for further details of the Offeror's intentions in relation to the Group and the biographical information of the proposed executive Directors.

5. Offer Price comparison

(a) Historical price performance and liquidity of the Shares

Set out below is the movement of the closing prices of the Shares from 1 February 2014 (being the date around 1 year prior to the date of the Joint Announcement) up to and including the Latest Practicable Date (the "**Review Period**"):



Source: Bloomberg and Stock Exchange

During the period from 1 February 2014 to 21 January 2015, being the Last Trading Day and the date of the publication of the trading halt announcement (the "**Trading Halt Announcement**") (the "**Pre-Announcement Period**"), the closing price of the Shares ranged from HK$0.102 to HK$0.183, with an average of approximately HK$0.118. The closing price of the Shares went up sharply from HK$0.137 on 20 January 2015 to HK$0.183 on 21 January 2015 (being the Last Trading Day immediately before the release of the Joint Announcement). Trading in the Shares had been suspended since 22 January 2015 and following the publication of the Joint Announcement on 12 February 2015 and resumption of trading of the Shares on 13 February 2015, the trading price of the Shares continued to surge and closed at HK$0.215 on 13 February 2015. Since then, the closing price of the Shares maintained at levels above the Offer Price of HK$0.20 and peaked at HK$0.315 on the Latest Practicable Date.

We believe that the recent upswing of the closing price of the Shares is likely to be attributable to the market reaction to the publication of the Joint Announcement and therefore, the sustainability of the current price level of the Shares could be uncertain. As shown in the chart above, the Offer Price represents a premium over the closing prices of the Shares at all time during the Pre-Announcement Period.

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

	Total monthly trading volume of the Shares	Approximate % of average daily trading volume to the total issued Shares *(note 1)*	Approximate % of average daily trading volume to the Shares constituting the public float *(note 2)*
2014			
February	56,045,000	0.0209	0.0675
March	46,889,911	0.0150	0.0484
April	53,107,686	0.0178	0.0576
May	39,830,000	0.0134	0.0432
June	37,797,000	0.0127	0.0410
July	153,390,000	0.0469	0.1511
August	133,575,000	0.0427	0.1379
September	83,076,500	0.0266	0.0858
October	36,133,000	0.0116	0.0373
November	94,801,000	0.0319	0.1028
December	107,702,354	0.0345	0.1112
2015			
January *(note 3)*	260,832,000	0.1252	0.4039
Average during the Pre-Announcement Period		0.0310	0.1001
13 February 2015 to the Latest Practicable Date (*note 4*)	7,254,352,204	1.3177	4.2503

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. The calculation is based on the number of the Shares in issue as at the end of each month.

2. The calculation is based on the number of Shares in issue as set out in note 1 above excluding the Shares held by the substantial shareholders and directors of the Company in the corresponding month.

3. The Trading Halt Announcement was published after trading hour on 21 January 2015, and trading in Shares was suspended during the period from 22 January 2015 to 12 February 2015.

4. The trading of Shares resumed on 13 February 2015 after the publication of the Joint Announcement on 12 February 2015.

We note from the above table that the average daily trading volume of the Shares has been thin in general during the Pre-Announcement Period. The average daily trading volume of the Shares during the Pre-Announcement Period was within the range between approximately 0.0116% and 0.1252% of the total Shares in issue with an average of approximately 0.0310%, and between approximately 0.0373% and 0.4039% of the issued Shares constituting the public float of the Company with an average of approximately 0.1001%. The number of Shares traded daily on average from 13 February 2015 (the first trading day immediately following the publication of the Joint Announcement) up to and including the Latest Practicable Date represented approximately 1.3177% and 4.2503% of the total Shares in issue and the issued Shares constituting the public float of the Company respectively. A relatively higher trading volume was recorded during the period from 13 February 2015 up to the Latest Practicable Date, which we believe was primarily due to the market reaction to the publication of the Joint Announcement and the sustainability of the recent growth in the trading volume could be uncertain.

Given the thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares and accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. The Offer, therefore, represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Offer Price if they so wish.

(b) Historical discount of market price to net assets value

We have also compared the historical closing price of the Shares against the then latest consolidated net assets value attributable to equity holders of the Company during the period from 28 March 2013 (being the date of the Company's annual results announcement for the year ended 31 December 2013) up to and including 21 January 2015, being the Last Trading Day and the date of the publication of the Trading Halt Announcement (the "**Period**"). We have assumed the then latest consolidated net assets value attributable to equity holders of the Company was generally available to the market from the date of publication of the relevant full year or interim results announcements and the Share price has reflected such information.

Nature of results announcement (the announcement date)	Period	Published consolidated net assets value attributable to the owners of the Company	Closing price per Share			Discount to net assets value attributable to owners of the Company per Share		
			Highest	Lowest	Average	Average	Highest	Lowest
		HK$				*Approx.* %	*Approx.* %	*Approx.* %
Annual results announcement for year ended 31 December 2012 (27/Mar/2013)	28/3/2013* – 26/8/2013	0.450	0.167	0.130	0.148	67.11	62.89	71.11
Interim results announcement for six-month ended 30 June 2013 (26/Aug/2013)	27/8/2013* – 28/3/2014	0.403	0.162	0.116	0.142	64.76	59.80	71.22
Annual results announcement for year ended 31 December 2013 (28/Mar/2014)	31/3/2014* – 29/8/2014	0.418	0.138	0.113	0.120	71.29	66.99	72.97
Interim results announcement for six-month ended 30 June 2014 (29/Aug/2014)	1/9/2014* – Last Trading Day	0.411	0.183	0.102	0.113	72.51	55.47	75.18
	Simple average of the discounts to the net assets value attributable to equity holders per Share represented by average closing price for the above respective periods (the "Average Discount")					**68.92**		

Notes:

* The first trading day immediately after the Company released its full year or interim results announcements.

Net assets values attributable to equity holders per Share are calculated based on the net assets values attributable to equity holders extracted from the Company's annual reports or interim reports and the total issued Shares as at the corresponding year ended/period ended date.

Based on the analysis set out above, we note that the average closing price of the Shares have been traded consistently at a discount to the then underlying net assets value attributable to owners of the Company at all time during the Period.

The discount of approximately 50.00% represented by the Offer Price to the consolidated net asset value attributable to the owners of the Company of approximately HK$0.40 per Share as at 31 December 2014 based on the 2014 AR Announcement, is indeed less than the Average Discount of approximately 68.92% and therefore, in our view, acceptable when compared with the discounts represented by the historical average closing price of the Shares to the then underlying consolidated net assets value of the Company.

(c) Comparison with comparable companies

As discussed under the section headed "1. Information on the Group" above, the Group is principally engaged in construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties and the businesses are mainly conducted in the PRC. The aggregate revenue from property development, property rental, management and agency services accounted for over 80% of the Group for each of the two years ended 31 December 2013 and 2014. In such circumstances and in order to assess the Offer Price, we have identified the following 22 companies (the "**Comparable Companies**") listed on the Main Board of the Stock Exchange which (i) are principally engaged in property development, property investments and the businesses mainly conducted in the PRC with over 50% of consolidated revenue derived from such segments in the latest financial year as set out in their respective published annual reports; and (ii) have a market capitalisation as at the Latest Practicable Date within the range of HK$1,360 million and HK$4,085 million, being the range of 0.5 to 1.5 times the market capitalisation of the Company of approximately HK$2,723 million as at the Last Trading Day (based on the closing price per Share of HK$0.183 and the number of total issued Shares of 14,879,351,515 as at the Last Trading Day). We consider the above selection criteria represent an approach to identify the Comparable Companies which are engaged in businesses and with sizes that are similar to that of the Group. The table below represents an exhaustive list of companies with the above criteria that we were able to identify from the Stock Exchange's website.

For asset-based companies such as property development companies listed in Hong Kong, price-to-book ratio ("**PB Ratio(s)**") analysis is a commonly used approach for valuation. Meanwhile, earnings of property development companies are likely to fluctuate widely depending on the timing of completion and sales of the property development projects which may lead to possible distortions on the results of a price-to-earnings ratio analysis. Accordingly, we consider the PB Ratio analysis a more appropriate approach to assess the valuation of the properties companies. The table below sets out the PB Ratio of each of the Comparable Companies and the Company.

Stock code	**Company name**	**Share price**	**Market capitalisation**	**Net assets attributable to owners**	**PB Ratio**
		(note 1)	*(note 1)*	*(note 1)*	*(note 2)*
		HK$	*HK$'million*	*HK$'million*	
1207	SRE Group Limited	0.240	1,360	9,037	0.15
93	Termbray Industries International (Holdings) Limited	0.720	1,410	1,262	1.12
1191	Yueshou Environmental Holdings Limited	0.500	1,498	171	8.74
1232	Golden Wheel Tiandi Holdings Company Limited	0.870	1,568	4,439	0.35
59	Skyfame Realty (Holdings) Limited	0.740	1,640	2,138	0.77

Stock code	Company name	Share price	Market capitalisation	Net assets attributable to owners	PB Ratio
		(note 1)	*(note 1)*	*(note 1)*	*(note 2)*
		HK$	*HK$'million*	*HK$'million*	
367	Chuang's Consortium International Limited	1.030	1,786	8,007	0.22
160	Hon Kwok Land Investment Company Limited	2.890	2,082	5,969	0.35
226	Lippo Limited	4.510	2,224	9,049	0.25
1107	Modern Land (China) Company Limited	1.480	2,368	3,576	0.66
672	Zhong An Real Estate Limited	1.050	2,466	7,503	0.33
1125	Lai Fung Holdings Limited	0.162	2,613	12,865	0.20
798	Optics Valley Union Holding Company Limited	0.660	2,640	2,937	0.90
190	HKC (Holdings) Limited	0.255	2,957	12,703	0.23
655	Hongkong Chinese Limited	1.520	3,037	10,211	0.30
3688	Top Spring International Holdings Limited	2.810	3,262	6,117	0.53
258	Tomson Group Limited	2.280	3,480	11,243	0.31
2118	Tian Shan Development (Holding) Limited	3.540	3,540	2,498	1.42
194	Liu Chong Hing Investment Limited	10.080	3,816	11,009	0.35
1862	Jingrui Holdings Limited	2.970	3,835	4,613	0.83
230	Minmetals Land Limited	1.150	3,842	8,003	0.48
95	LVGEM (China) Real Estate Investment Company Limited	2.780	3,848	989	3.89
1838	China Properties Group Limited	2.160	3,908	43,598	0.09
				Maximum	**8.74**
				Minimum	**0.09**
				Average	**1.02**
	The Company	**0.200**	**2,976**	**5,917**	**0.50**
		(note 3)	*(note 4)*	*(note 5)*	*(note 5)*

Notes:

(1) The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from the website of Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respective closing share prices and number of issued shares as at the Latest Practicable Date. The latest published consolidated net asset value attributable to equity holders are extracted from the respective latest annual/interim reports/announcements of the Comparable Companies.

(2) The PB Ratios of the Comparable Companies are calculated based on their market capitalisation as at the Latest Practicable Date and their latest published consolidated net asset value attributable to equity holders.

(3) The Offer Price of HK$0.20.

(4) We have taken the Offer Price and the issued share capital of the Company of 14,879,351,515 Shares as at the Latest Practicable Date for the purpose of determining the theoretical market capitalisation of the Company.

(5) The PB Ratio of the Company is calculated based on the implied market capitalisation of the Company pursuant to the Offer Price of HK$0.20 and its latest published consolidated net asset value attributable to owners of the Company as at 31 December 2014.

As shown in the table above, the PB Ratios of the Comparable Companies ranged from approximately 0.09 times to approximately 8.74 times with an average of approximately 1.02 times. The PB Ratio of the Company calculated based on the theoretical market capitalisation represented by the Offer Price of approximately 0.50 times is within the range of the PB Ratios of the Comparable Companies.

Among the Comparable Companies, LVGEM (China) Real Estate Investment Company Limited ("**LVGEM**") was subject to a general offer following a change in control in May 2014. We note that the closing prices of the shares of LVGEM have soared substantially following the close of the general offer. In addition, Yueshou Environmental Holdings Limited ("**Yueshou**") had published an announcement (the "**Yueshou Announcement**") on 26 February 2015 in relation to the entering into of a memorandum of understanding with an independent third party (the "**Counterparty**") regarding the possible investment in online financial services and/or wealth management businesses of the Counterparty in the PRC which, if proceeded, may constitute a very substantial acquisition for Yueshou under Chapter 14 of the Listing Rules. We note that the closing prices of the shares of Yueshou have increased substantially following the publication of the Yueshou Announcement. Given the respective background stated above, LVGEM and Yueshou have exceptionally high PB Ratio of approximately 3.89 times and 8.74 times respectively as compared with that of the other Comparable Companies as at the Latest Practicable Date, which we consider that they are outliers to other Comparable Companies and may tend to produce anomalous results to our analysis. In light of the aforesaid, if we exclude LVGEM and Yueshou from our analysis, the PB Ratios of the remaining 20 Comparable Companies ranged from approximately 0.09 times to approximately 1.42 times with an average of approximately 0.49 times. The PB Ratio of the Company calculated based on the theoretical market capitalisation represented by the Offer Price of approximately 0.50 times is close to the average of the PB Ratios of the Comparable Companies.

6. DISCUSSION AND ANALYSIS

We consider that the terms of the Offer, including the Offer Price, are fair and reasonable so far as the Independent Shareholders are concerned after taking into account the above principal factors and reasons, in particular:

1. as discussed in the paragraphs namely "(a) Historical financial performance of the Group" under the section headed "1. Information on the Group" above, the Group was loss-making in FY2014 and, as discussed in details under section headed "2. Prospects of the Group" above, there is no guarantee that the Group could improve its financial performance in the near future;

2. the Offer Price represents a premium over the closing prices of the Shares at all time during the Pre-Announcement Period;

3. the average daily trading volume of the Shares has been thin in general during the Pre-Announcement Period and the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares. The Offer, therefore, represents an opportunity for the Independent Shareholders to dispose of their entire holdings at the Offer Price of HK$0.20 each; and

4. as previously discussed, the closing price of the Shares have been, on average, traded consistently at a discount to the then underlying net assets value attributable to owners of the Company at all time during the Period. Although the Offer Price represents a discount of approximately 50.00% to the consolidated net asset value attributable to the Shareholders of approximately HK$0.40 per Share as at 31 December 2014, such discount is indeed less than the Average Discount of approximately 68.92%. We therefore consider the Offer represents an opportunity for the Shareholders to realise, if they so wish, their investment in the Company at the Offer Price which represents less discount to the Average Discount and also a premium to the market prices of the Shares during the Pre-Announcement Period.

7. OPINION AND RECOMMENDATION

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

However, it should be noted that since the publication of the Joint Announcement, the Shares have been trading at a premium over the Offer Price. As such, the Independent Shareholders may consider selling their Shares in the open market if the sales proceeds, net of transaction costs, from disposal of the Shares in the open market exceed the amount receivable under the Offer. Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of all or part of their Shares in the market without exerting downward pressure on the price of the Shares.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Kenneth Chow	**Lyan Tam**
Managing Director	*Director*

Mr. Kenneth Chow is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

(i) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the completed Form(s) of Acceptance together with 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) for not less than the number of Shares in respect of which you intend to accept the Offer to the Registrar, being Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "The Offer – Shanghai Zendai Property Limited" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

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

   (i) instruct the nominee company to accept the Offer on your behalf and request it to deliver the completed Form(s) of 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) in an envelope marked "The Offer – Shanghai Zendai Property Limited" to the Registrar; or

   (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form(s) of 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) in an envelope marked "The Offer – Shanghai Zendai Property Limited" to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on the Closing Date; 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 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 Share(s) have/has 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 by HKSCC Nominees Limited.

(iii) 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 Share(s) is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Share(s), the Form(s) of Acceptance should nevertheless be completed and delivered in an envelope marked "The Offer – Shanghai Zendai Property Limited" to the Registrar together with a letter stating that you have lost one or more of your 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) 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), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(iv) 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 Offer in respect of your Shares, you should nevertheless complete the Form(s) of Acceptance and deliver it in an envelope marked "The Offer – Shanghai Zendai Property Limited" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of CITIC Securities and/or the Offeror and/or any of 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 certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.

(v) Acceptance of the Offer will be treated as valid only if the completed Form(s) of 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 in accordance with the Takeovers Code and the Registrar has recorded that the Form(s) of Acceptance and any relevant documents required have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) 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 subparagraph of this paragraph (v)); or

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

(vi) If the Form(s) of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(vii) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Shares subject to the Offer or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

(viii) No acknowledgement of receipt of any Form 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.

(ix) The address of the Registrar is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. SETTLEMENT OF THE OFFER

(a) Provided that the Form(s) of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares are in complete and good order in all respects in accordance with the Takeovers Code and have been 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 in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares subject to the Offer tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days after the date of receipt of duly completed acceptances by the Registrar.

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

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive, in accordance with the Takeovers Code, all Form(s) of Acceptance must be received by the Registrar by 4:00 p.m. on Thursday, 7 May 2015, being the Closing Date, in accordance with the instructions printed thereon.

(b) If the Offer is extended or revised and the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(c) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may agrees), the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the Offer has been revised, extended or has expired. The announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be published on the websites of the Stock Exchange and the Company.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "5. Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer 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, if the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post at the risk of the relevant Independent Shareholders, the 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) in respect of the Shares lodged with the Form(s) of Acceptance to the relevant Independent Shareholders.

7. OVERSEAS SHAREHOLDERS

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction 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 jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror that the local laws and requirements have been fully complied with. Independent Shareholders should consult their professional adviser if in doubt.

8. TAXATION ADVICE

Shareholders are recommended to consult their own professional advisers as to the tax implications of accepting or rejecting the Offer. 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 Offer.

9. GENERAL

(a) All communications, notices, Form(s) of Acceptance, certificates for Shares, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders 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 Offeror, the Company, CITIC Securities, the Independent Financial Adviser, the Registrar nor any of their respective directors or agents or other parties involved in the Offer and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, 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 any director of the Offeror, CITIC Securities or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer 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 it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto on or after the date on which the Offer is made, including without limitation, the right to receive in full all dividends and/or other distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made.

(g) References to the Offer in this Composite Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.

(h) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Company, CITIC Securities, or the Independent Financial Adviser or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

(i) The English texts of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of any inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014, as extracted from the annual reports and the Results Announcement of the Company for the years ended 31 December 2012, 2013 and 2014 respectively. No qualified opinion has been given by BDO Limited in respect of financial information for each of the three years ended 31 December 2012, 2013 and 2014.

	Year ended 31 December		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	1,579,612	2,227,663	1,122,891
Cost of sales	(1,097,960)	(1,585,956)	(682,200)
Gross profit	481,652	641,707	440,691
Other income and gains	86,781	124,541	1,216,742
Distribution costs	(136,879)	(102,332)	(118,150)
Administrative expenses	(445,057)	(400,697)	(318,932)
Change in fair value of investment properties	70,128	140,962	(42,748)
Write-down of property under development	(320,656)	–	–
Impairment loss on goodwill	–	(65,417)	–
Share of results of associates	(152,510)	(103,264)	(159,189)
Share of results of joint ventures	(62,826)	(28,189)	(9,580)
Finance costs	(436,723)	(278,557)	(136,227)
(Loss)/profit before tax credit/(expenses)	(916,090)	(71,246)	872,607
Tax credit/(expenses)	422,622	151,153	(316,843)
(Loss)/profit after taxation	(493,468)	79,907	555,764
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(145,192)	220,205	37,149
Release of other revaluation reserve on disposal of properties for sales held by associates	(544)	(10,100)	2,988
Tax expenses/(credit) related to release of other revaluation reserve	82	1,515	(448)
Release of foreign exchange reserve upon disposal of subsidiaries	–	–	(539,506)
Other comprehensive income for the year, net of tax	(145,654)	211,620	(499,817)
Total comprehensive income for the year	(639,122)	291,527	55,947
(Loss)/profit for the year attributable to:			
– Owners of the Company	(438,468)	79,347	554,702
– Minority interests	(55,000)	560	1,062
	(493,468)	79,907	555,764
	HK$ cents	*HK$ cents*	*HK$ cents*
(Loss)/earnings per share			
– Basic and diluted	(2.95)	0.59	4.5
	HK$ cents	*HK$ cents*	*HK$ cents*
Dividend per share	Nil	Nil	Nil

Profit attributable to owners of the Company for the year ended 31 December 2012 includes a gain on disposal of investment properties of approximately HK$168.67 million, a gain on disposal of subsidiaries of approximately HK$826.65 million and a gain on disposal of an associate of approximately HK$58.43 million. Profit attributable to owners of the Company for the year ended 31 December 2013 includes a gain on disposal of investment properties of approximately HK$11.56 million and a gain on disposal of subsidiaries of approximately HK$0.12 million. Profit attributable to owners of the Company for the year ended 31 December 2014 includes a gain on disposal of investment properties of approximately HK$6.87 million. Save for the aforesaid, there were no extraordinary items or exceptional items which were exceptional because of size, nature or incidence during each of the three years ended 31 December 2014. No dividend has been paid or declared by the Company and no amount has been absorbed by dividends for each of the three years ended 31 December 2012, 2013 and 2014.

2. AUDITED FINANCIAL INFORMATION

A. For the year ended 31 December 2014

Set out below is the audited financial information of the Group for the year ended 31 December 2014 extracted from the Results Announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	4	1,579,612	2,227,663
Cost of sales		(1,097,960)	(1,585,956)
Gross profit		481,652	641,707
Other income and gains	5	86,781	124,541
Distribution costs		(136,879)	(102,332)
Administrative expenses		(445,057)	(400,697)
Change in fair value of investment properties		70,128	140,962
Write-down of property under development		(320,656)	–
Impairment loss on goodwill		–	(65,417)
Share of results of associates		(152,510)	(103,264)
Share of results of joint ventures		(62,826)	(28,189)
Finance costs	7	(436,723)	(278,557)
(Loss)/profit before tax credit/(expenses)	6	(916,090)	(71,246)
Tax credit/(expenses)	8	422,622	151,153
(Loss)/profit for the year		(493,468)	79,907
(Loss)/profit for the year attributable to:			
– Owners of the Company		(438,468)	79,347
– Non-controlling interests		(55,000)	560
		(493,468)	79,907
(Loss)/earnings per share	10		
– Basic		HK(2.95) Cents	HK0.59 Cents
– Diluted		HK(2.95) Cents	HK0.59 Cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		689,491	393,259
Investment properties		2,886,730	2,723,188
Payment for leasehold land held for own use under operating leases		625,700	617,316
Goodwill		37,362	37,600
Interests in associates		182,808	410,983
Interests in joint ventures		1,341,952	1,386,006
Available-for-sale investments		67,259	67,712
Total non-current assets		5,831,302	5,636,064
Current assets			
Properties under development and for sales		8,502,063	6,794,008
Inventories		4,060	1,982
Trade and other receivables	*11*	556,517	470,523
Deposits for property under development		1,604,306	295,939
Amounts due from associates		1,296,084	1,075,479
Amounts due from joint ventures		1,303,617	685,509
Available-for-sale investments		2,648	2,665
Amounts due from related companies		11,571	16,256
Amounts due from minority owners of subsidiaries		31,770	36,379
Pledged bank deposits		775,425	1,571,342
Tax prepayments	*13*	110,526	135,328
Entrusted loan receivables		126,072	126,919
Cash and cash equivalents		1,098,074	942,721
Total current assets		15,422,733	12,155,050
Total assets		21,254,035	17,791,114
Current liabilities			
Trade, notes and other payables	*12*	1,362,617	1,319,155
Receipts in advance from customers		1,635,641	1,235,512
Amount due to a joint venture		929,777	635,867
Amounts due to related companies		34,646	41,752
Amounts due to minority owners of subsidiaries		115,730	56,319
Bank loans	*15*	3,337,768	3,459,042
Tax payables	*13*	411,642	992,203
Total current liabilities		7,827,821	7,739,850
Net current assets		7,594,912	4,415,200
Total assets less current liabilities		13,426,214	10,051,264

	Notes	**2014** *HK$'000*	**2013** *HK$'000*
Non-current liabilities			
Amounts due to majority owners of subsidiaries		1,868,381	–
Bank loans	*15*	4,550,096	2,685,637
Deferred tax liabilities		578,549	581,069
Other payables		152,246	153,598
Total non-current liabilities		7,149,272	3,420,304
Total liabilities		14,977,093	11,160,154
TOTAL NET ASSETS		6,276,942	6,630,960
Capital and reserves attributable to owners of the Company			
Share capital		297,587	297,587
Reserves		5,619,121	5,928,562
Equity attributable to owners of the Company		5,916,708	6,226,149
Non-controlling interests		360,234	404,811
TOTAL EQUITY		6,276,942	6,630,960

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

2. ADOPTION OF HKFRSs

(a) Adoption of amendments to HKFRSs – first effective on 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) 21	Levies

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2012) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Group is not an investment entity.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 1	Presentation of Financial Statements[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external sales	990,358	1,710,340	173,852	144,983	406,452	360,701	8,950	11,639	1,579,612	2,227,663
Reportable segment profit/(loss) before tax credit/(expenses)	(503,224)	120,283	(113,396)	(155,468)	172,690	268,133	(359)	(113)	(444,289)	232,835
Other information										
Bank interest income	37,699	39,194	–	–	2,208	1,473	–	–	39,907	40,667
Interest income from other receivables	–	8,615	–	–	–	–	–	–	–	8,615
Interest income from entrusted loan receivables	10,972	12,091	–	–	–	–	–	–	10,972	12,091
Depreciation of property, plant and equipment	5,051	6,052	29,940	15,829	2,201	1,675		–	37,192	23,556
Amortisation of payment for leasehold land held for own use under operating leases	–	–	22,986	21,896	–	–	–	–	22,986	21,896
Change in fair value of investment properties	–	–	–	–	70,128	140,962	–	–	70,128	140,962
Write-down of property under development *(note a)*	320,656	–	–	–	–	–	–	–	320,656	–
Impairment loss on goodwill	–	65,417	–	–	–	–	–	–	–	65,417
Share of results of associates	(70,551)	30,320	(81,959)	(133,584)	–	–	–	–	(152,510)	(103,264)
Share of results of joint ventures	(62,826)	(28,189)	–	–	–	–	–	–	(62,826)	(28,189)
Write off of property, plant and equipment	1,016	804	–	–	–	–	–	–	1,016	804
Gain on disposal of subsidiaries	–	117	–	–	–	–	–	–	–	117
Gain on disposal of investment properties	–	–	–	–	6,866	11,563	–	–	6,866	11,563
Reportable segment assets	15,654,268	11,722,836	1,488,335	1,259,063	3,259,945	3,137,031	1,403	1,397	20,403,951	16,120,327
Amounts included in the measure of segment assets:										
Additions to non-current assets *(note b)*	182,530	12,070	303,356	8,204	3,738	–	–	–	489,624	20,274
Interests in associates	–	145,453	182,808	265,530	–	–	–	–	182,808	410,983
Interests in joint ventures	1,303,374	1,386,006	–	–	38,578	–	–	–	1,341,952	1,386,006
Reportable segment liabilities	12,694,265	8,767,824	28,753	32,597	465,812	447,518	1,462	1,096	13,190,292	9,249,035

note a:

Amounts represent the write down in the estimated net realisable value of the property under development at Ordos, PRC. (2013: nil).

note b:

Amounts comprise additions to investment properties and property, plant and equipment and prepayment in leasehold land held for own use.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Loss before tax credit/(expenses)	**Group** **2014** *HK$'000*	**2013** *HK$'000*
Reportable segment loss before tax credit/(expenses)	(444,289)	232,835
Unallocated bank interest income	2,253	1,161
Unallocated interest income from other receivables	1,900	2,632
Other revenue	4,950	3,261
Dividend income from available-for-sale investments	1,695	1,761
Finance costs	(436,723)	(278,557)
Unallocated head office and corporate expenses	(45,876)	(34,339)
Loss before income tax credit	(916,090)	(71,246)

Assets	**Group** **2014** *HK$'000*	**2013** *HK$'000*
Reportable segment assets	20,403,951	16,120,327
Pledged bank deposits	775,425	1,571,342
Head office and corporate assets	74,659	99,445
Total assets	21,254,035	17,791,114

Liabilities	**Group** **2014** *HK$'000*	**2013** *HK$'000*
Reportable segment liabilities	13,190,292	9,249,035
Bank loans	1,769,427	1,900,885
Unallocated head office and corporate liabilities	17,374	10,234
Total liabilities	14,977,093	11,160,154

(c) Geographical information

The Group's operations are principally located in the PRC, Hong Kong and South Africa.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("specified non-current assets").

	Revenue from external customers		**Specified non-current assets**	
Group	**2014**	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PRC	1,478,157	2,216,024	5,625,346	5,568,352
Hong Kong	8,950	11,639	–	–
South Africa	92,505	–	138,697	–
	1,579,612	2,227,663	5,764,043	5,568,352

4. TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
Turnover	**2014**	**2013**
	HK$'000	*HK$'000*
Sales of properties	990,358	1,710,340
Hotel operations:		
Room rentals	117,678	103,571
Food and beverage sales	42,637	32,853
Rendering of ancillary services	13,537	8,559
Properties rental, management and agency income	406,452	360,701
Travel and related services	8,950	11,639
	1,579,612	2,227,663

5. OTHER INCOME AND GAINS

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Bank interest income	42,160	41,828
Interest income from other receivables	1,900	11,247
Interest income from entrusted loans receivables	10,972	12,091
Rental income *(note a)*	6,830	6,660
Gain on disposal of investment properties	6,866	11,563
Gain on disposal of subsidiaries	–	117
Dividend income from available-for-sale investments	1,695	1,761
Exchange gains, net	–	2,963
Government grants *(note b)*	4,597	14,070
Others	11,761	22,241
	86,781	124,541

note a: Rental income was derived from certain office units included in properties for sales, for which the Group intends to sell subject to the tenancy agreements.

note b: Government grants was received as the Group has set up its headquarters in Pudong, Shanghai, the PRC. Under the Economic Enhancement policy addressed by Pudong Finance Bureau, the Group is entitled to obtain the government grants. For the year ended 31 December 2014, there have no unfulfilled conditions or contingencies relating to the government grants.

6. LOSS BEFORE TAX CREDIT

Loss before tax credit is arrived at after charging:

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Cost of sales	1,097,960	1,585,956
Staff costs	173,347	152,595
Depreciation of property, plant and equipment	37,192	23,556
Amortisation of payment for leasehold land held for own use under operating leases	22,986	21,896
Auditor's remuneration	4,095	2,600
Write off of property, plant and equipment	1,016	804
Direct operating expenses from investment properties that generated rental income during the year	52,105	50,326

7. FINANCE COSTS

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	631,636	374,164
Interest on bank loans repayable after five years	50,558	47,514
Unwinding of discount on other payables due for settlement after one year	9,763	9,507
Less: amount capitalised in properties under development	(255,234)	(152,628)
	436,723	278,557

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 7.68% (2013: 8.0%) to expenditure on qualifying assets.

8. TAX (CREDIT)/EXPENSES

The amount of tax (credit)/expenses in the consolidated statement of comprehensive income represents:

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– tax for the year	33,937	68,422
– under/(over) provision in respect of prior years	5,812	(50,443)
	39,749	17,979
Current tax – LAT		
– tax for the year	64,401	65,392
– over provision of tax attributable to sales of properties in prior years *(note)*	(524,977)	(160,068)
	(460,576)	(94,676)
Deferred tax		
– current year	(1,795)	6,194
– attributable to decrease in tax rate	–	(80,650)
	(1,795)	(74,456)
	(422,622)	(151,153)

Note:

The local tax authority in the PRC agreed and approved to use the deemed levying rates at 5.3% (2013: range from 5.3% to 5.5%) to calculate the PRC LAT for a property development project company (2013: 2 project companies) of the Group where the approval have exceeded three years (2013: the 2 project companies have been de-registered), for which LAT based on the progressive rates was provided for in previous years.

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2014 and 2013.

PRC Enterprise Income Tax

For subsidiaries which are located and operated in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. These PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2013: 25%) during the year ended 31 December 2014.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures, with an exemption provided for property sales of ordinary residential properties (普通標準住房) if their appreciation values do not exceed 20% of the sum of total deductible items. Certain property development projects companies are subjected to LAT which is calculated based on deemed levying rates of their revenue under the approved taxation method if the specific circumstances as approved by the local tax authority are met and the companies have been de-registered or the approval has exceeded three years whichever is earlier.

The tax expenses for the year can be reconciled to the loss before tax credit per the consolidated statement of comprehensive income as follows:

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Loss before tax credit	(916,090)	(71,246)
Tax calculated at the PRC profits tax rate of 25% (2013: 25%)	(229,023)	(17,812)
Tax effect of share of results of associates	38,128	25,816
Tax effect of share of result of joint ventures	15,707	7,047
Effect of different tax rates of subsidiaries operating in jurisdictions other than the PRC	8,020	2,956
Tax effect of expenses not deductible for tax purposes	22,736	63,543
Tax effect of revenue and gains not taxable for tax purposes	(64,814)	(41,964)
Tax effect of tax losses not recognised	236,973	84,858
Utilisation of tax losses previously not recognised	–	(53,840)
Provision/(reversal) of withholding tax on dividend	4,415	(76,638)
Under/(over) provision in respect of prior years	5,812	(50,443)
	37,954	(56,477)
LAT		
Tax for the year	85,868	87,189
(Over)/under provision in respect of prior years	(699,969)	(213,423)
Tax effect of LAT deductible for calculation of income tax purpose	153,525	31,558
	(460,576)	(94,676)
Tax credit	(422,622)	(151,153)

9. DIVIDENDS

No dividend was proposed for the years ended 31 December 2014 and 2013.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	(438,468)	79,347
	(thousands)	*(thousands)*
Number of shares		
Weighted average number of ordinary shares in issue	14,879,352	13,527,266
	HK Cents	*HK Cents*
Basic (loss)/earnings per share	(2.95)	0.59

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of the share options is higher than the average market price of the Company's share during the years ended 31 December 2014 and 2013.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables *(note a)*	77,656	38,258	–	–
Refundable deposits for potential acquisition of land use rights	16,868	57,589	–	–
Deposits	25,247	23,176	–	–
Prepayments	239,437	128,204	7,724	9,402
Consideration receivables on disposal of subsidiaries	126,072	138,342	–	–
Other receivables *(note b)*	71,237	84,954	599	843
	556,517	470,523	8,323	10,245

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

Notes:

(a) The ageing analysis of trade receivables at the end of reporting period is as follows:

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Current *(i)*	65,978	2,613
Less than 1 month past due	2,897	3,515
1 to 3 months past due	3,012	18,770
More than 3 months but less than 12 months past due	3,085	9,024
More than 12 months past due	2,684	4,336
Amount past due but not impaired *(ii)*	11,678	35,645
	77,656	38,258

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$11,678,000 (2013: HK$35,645,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on its accounting policies. The directors consider the balance would be recoverable.

(b) Included in the amount was an other receivable in relation to an agreement signed between the Group and an independent third party for a property development project. The Group paid approximately HK$52,500,000 for the project pursuant to the terms of the agreement but the agreement was subsequently cancelled as agreed by both parties. The Group received HK$17,375,000 in prior years and the remaining balance amounted to approximately HK$35,125,000 was due to be refundable to the Group on 31 December 2014 and was fully repaid in February 2015.

12 TRADE, NOTES AND OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables *(note a)*	913,620	1,054,627	–	–
Other payables and accruals	601,243	418,126	140,962	8,600
	1,514,863	1,472,753	140,962	8,600
Less:				
Consideration payable for acquisition of land use rights *(note b)*	(152,246)	(153,598)	–	–
	1,362,617	1,319,155	140,962	8,600

Notes:

(a) The ageing analysis of trade and notes payables at the end of reporting period is as follows:

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Current or less than 1 month	733,405	872,951
1 to 3 months	20,016	31,069
More than 3 months but less than 12 months	53,824	10,283
More than 12 months	46,531	58,146
	853,776	972,449
Retention money	59,844	82,178
	913,620	1,054,627

The trade and notes payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

(b) The amount represents consideration for acquisition of land use rights amounting to RMB360,000,000 (equivalent to HK$456,911,000) payable to an independent third party. The balance is repayable in 38 years by annual instalments, starting from February 2009. The carrying amount of the payable of RMB128,761,000 (equivalent to HK$162,332,000) (2013: RMB129,020,000 (equivalent to HK$163,752,000)) of which RMB8,000,000 (equivalent to HK$10,086,000) (2013: RMB8,000,000 (equivalent to HK$10,154,000)) is included in current liabilities as at 31 December 2014 represents the expected cash flows from settlement of the payable discounted at the effective interest rate of 6% per annum prevailing at the time of recognition of the payable plus unwinding discount less settlement made up to the end of the reporting period.

13. TAX PREPAYMENTS/PAYABLES

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Tax prepayments		
PRC Enterprise Income Tax prepayments	29,714	44,287
LAT prepayments *(note)*	80,812	91,041
	110,526	135,328

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Tax payables		
PRC Enterprise Income Tax payables	69,401	89,353
LAT provision *(note)*	342,241	902,850
	411,642	992,203

Note:

The Group is subject to LAT in the PRC and is required to prepay 1% to 5% (2013: 1% to 5%) of the proceeds from sale and pre-sale of the properties. However, the implementation of LAT varies amongst various PRC cities and the Group has not finalised its LAT returns with various local tax bureaus.

On 28 December 2006, the PRC State Administration of Taxation issued a circular, which took effect on 1 February 2007 to request real estate developers to settle the final LAT payments in respect of their development projects that meet certain criteria, such as when 85% of a development project has been delivered. Since then, local tax bureaus, including the Shanghai tax bureau, have issued local implementation rules and procedures from time to time. In order to minimise the uncertainties in the accounts due to exposure to the additional LAT liabilities, the Group has provided for LAT fully in accordance with the requirements of State Administration of Taxation and the issued implementation rules and procedures.

14. LITIGATION

On 4 June 2012, Shanghai Zendai Land Company Limited ("Shanghai Zendai Land"), a wholly-owned subsidiary of the Company, was served a document of summons issued by Shanghai No. 1 Intermediate People's Court ("the Court") in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen, the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun") (the "Claims").

On 24 April 2013, the Court issued a first instance judgment (the "Judgment") and granted an order to (i) invalidate the agreement on disposal of Shanghai Zendai Wudaokou; (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party ("Purchaser"), and, (iii) restate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer.

On 7 May 2013, an appeal (the "Appeal") was lodged with the Higher People's Court of Shanghai against the Judgment.

The Company's PRC legal advisers have advised that since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. In addition, the Company's PRC legal advisers consider that the legal grounds on which the Judgment was based are mistaken. Accordingly, the Company's PRC legal advisers are of the view that there are valid grounds for the Appeal and that the Company has a reasonable chance to win the Appeal.

The Directors believe that the disposal of the equity interests of Shanghai Zendai Wudaokou does not constitute a breach of any pre-emptive rights based on the legal advice. As the Judgment will not become effective pending the results of the Appeal, the Directors consider that the Group does not control Shanghai Zendai Wudaokou and therefore it should not be consolidated in the Group's consolidated financial statements. Further, the Directors are of the opinion that is not probable that the Group will incur any loss as a result of the Claims based on the legal advice.

In the event that the Appeal is unsuccessful, the agreement on Wudaokou Disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and ownership would revert to the Group. Should this happen, the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK$3,605,648,000) to the Purchaser. The Group would also obtain control of Shanghai Zendai Wudaokou. Adjustments would need to be made to the consolidated financial statements to recognise the liability, if any, to the Purchaser and to recognise the assets and liabilities of Shanghai Zendai Wudaokou.

15. BANK LOANS

Included in bank loans are loans (the "Loans") amounted to HK$516,668,000 (2013: HK$300,000,000) which include terms that (i) the Group has to fulfil certain financial covenants and (ii) require Mr. Dai, the ex-controlling shareholder and an executive director of the Company to beneficially own, directly or indirectly, 35% or more of the issued share capital and ownership interests in the Company or to remain as the single largest shareholder of the Company. If the Group breaches these terms, the lenders of the Loans may demand the immediate repayment of the Loans.

As at 31 December 2014, the Group has breached one of the financial covenants. Furthermore, as disclosed in the Company's announcements dated 12 February and 13 February 2015, Smart Success Capital Limited signed agreements on 26 January 2015 and 7 February 2015 to purchase in aggregate 7,443,635,000 shares of the Company at the price of HK$0.2 per share. Completion of the agreements took place on 13 February 2015 and Smart Success Capital Limited has replaced Mr. Dai and became the controlling shareholder of the Company on 13 February 2015. These events constituted breach of the terms of the Loans, where the Loans would become due immediately upon demand by the lenders. The Group and Smart Success Capital Limited are now negotiating with the lenders for waiver.

As at the date of this announcement, the net exposure of the Loans is HK$286,885,000 (being the outstanding balance at 31 December 2014 of HK$516,668,000 minus the principal of HK$16,668,000 repaid on January 2015 and pledged bank deposits of HK$213,115,000). Even if the lenders do not grant the waiver, the Company will have sufficient cash and can forthwith repay the Loans and its accrued interest. (2013: The Group also breached one of the financial covenants and has negotiated with the lender who granted a waiver by rescheduling the repayment schedule of the Loans.).

16. CLOSURE OF REGISTER OF MEMBERS

As no final dividend will be proposed for the year, it was not necessary to close the register of members of the Company.

B. For the two years ended 31 December 2012 and 2013 respectively

Set out below is the audited financial information of the Group for the year ended 31 December 2012 and 2013 extracted from the annual report of the Company for the year ended 31 December 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** *HK$'000*	**2012** *HK$'000*
Turnover	*7*	2,227,663	1,122,891
Cost of sales		(1,585,956)	(682,200)
Gross profit		641,707	440,691
Other income and gains	*8*	124,541	1,216,742
Distribution costs		(102,332)	(118,150)
Administrative expenses		(400,697)	(318,932)
Change in fair value of investment properties	*18*	140,962	(42,748)
Impairment loss on goodwill	*21*	(65,417)	–
Share of results of associates	*23*	(103,264)	(159,189)
Share of results of joint ventures	*24*	(28,189)	(9,580)
Finance costs	*12*	(278,557)	(136,227)
(Loss)/profit before tax credit/(expenses)	*9*	(71,246)	872,607
Tax credit/(expenses)	*13*	151,153	(316,843)
Profit for the year		79,907	555,764
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		220,205	37,149
Release of other revaluation reserve on disposal of properties for sales held by associates		(10,100)	2,988
Tax expenses/(credit) related to release of other revaluation reserve		1,515	(448)
Release of foreign exchange reserve upon disposal of subsidiaries		–	(539,506)
Other comprehensive income for the year, net of tax		211,620	(499,817)
Total comprehensive income for the year		291,527	55,947
Profit for the year attributable to:			
– Owners of the Company		79,347	554,702
– Non-controlling interests		560	1,062
		79,907	555,764
Total comprehensive income attributable to:			
– Owners of the Company		282,899	54,690
– Non-controlling interests		8,628	1,257
		291,527	55,947
Earnings per share	*16*		
– Basic		HK 0.59 Cents	HK 4.5 Cents
– Diluted		HK 0.59 Cents	HK 4.5 Cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	17	393,259	385,910
Investment properties	18	2,723,188	2,575,421
Payment for leasehold land held for own use under operating leases	20	617,316	619,904
Goodwill	21	37,600	101,975
Interests in associates	23	410,983	545,918
Interests in joint ventures	24	1,386,006	43,389
Available-for-sale investments	25	67,712	30,906
Total non-current assets		5,636,064	4,303,423
Current assets			
Properties under development and for sales	26	6,794,008	5,877,086
Inventories	27	1,982	2,000
Trade and other receivables	28	470,523	624,666
Deposits for property development	29	295,939	441,838
Amounts due from associates	23	1,075,479	798,782
Amounts due from joint ventures	24	685,509	813,599
Available-for-sale investments	25	2,665	2,584
Amounts due from related companies	30	16,256	15,080
Amounts due from minority owners of subsidiaries	31	36,379	–
Pledged bank deposits	32	1,571,342	1,317,421
Tax prepayments	38	135,328	44,872
Entrusted loan receivables	34	126,919	110,728
Cash and cash equivalents		942,721	1,508,600
Total current assets		12,155,050	11,557,256
Total assets		17,791,114	15,860,679

	Notes	2013 HK$'000	2012 HK$'000
Current liabilities			
Trade, notes and other payables	33	1,319,155	1,278,137
Receipts in advance from customers		1,235,512	1,706,919
Amount due to a joint venture	35	635,867	–
Amounts due to related companies	36	41,752	–
Amounts due to minority owners of subsidiaries	31	56,319	42,714
Bank loans	37	3,459,042	1,325,085
Tax payables	38	992,203	1,261,738
Total current liabilities		7,739,850	5,614,593
Net current assets		4,415,200	5,942,663
Total assets less current liabilities		10,051,264	10,246,086
Non-current liabilities			
Bank loans	37	2,685,637	3,631,598
Deferred tax liabilities	39	581,069	642,773
Other payables	33	153,598	171,880
Total non-current liabilities		3,420,304	4,446,251
Total liabilities		11,160,154	10,060,844
TOTAL NET ASSETS		6,630,960	5,799,835
Capital and reserves attributable to owners of the Company			
Share capital	42(a)	297,587	248,747
Reserves		5,928,562	5,346,924
Equity attributable to owners of the Company		6,226,149	5,595,671
Non-controlling interests		404,811	204,164
TOTAL EQUITY		6,630,960	5,799,835

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	**2013** *HK$'000*	**2012** *HK$'000*
Non-current assets			
Property, plant and equipment	*17*	274	335
Investments in subsidiaries	*46*	1,003,716	1,003,716
Total non-current assets		1,003,990	1,004,051
Current assets			
Other receivables	*28*	10,245	5,769
Amounts due from subsidiaries	*46*	3,566,806	2,144,063
Amount due from a joint venture	*24*	17,319	–
Cash and cash equivalents		101,514	23,576
Total current assets		3,695,884	2,173,408
Total assets		4,699,874	3,177,459
Current liabilities			
Other payables	*33*	8,600	4,167
Amounts due to subsidiaries	*46*	245,885	386,092
Bank loans	*37*	1,773,769	–
Total current liabilities		2,028,254	390,259
Net current assets		1,667,630	1,783,149
Total assets less current liabilities		2,671,620	2,787,200
Non-current liabilities			
Bank loans	*37*	279,240	638,623
Total liabilities		2,307,494	1,028,882
TOTAL NET ASSETS		2,392,380	2,148,577
Capital and reserves attributable to owners of the Company			
Share capital	*42(a)*	297,587	248,747
Reserves	*43*	2,094,793	1,899,830
TOTAL EQUITY		2,392,380	2,148,577

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2013

	Share capital (Note 42(a)) HK$'000	Share premium (Note 43(a)) HK$'000	Capital redemption reserve HK$'000	Contributed surplus (Note 43(b)) HK$'000	Special capital reserve (Note 43(c)) HK$'000	Statutory surplus reserve HK$'000	Share option reserve (Note 43(d)) HK$'000	Other reserve (Note a) HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve (Note b) HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012	249,276	1,874,593	1,074	157,315	68,541	411,883	39,378	–	2,060,330	674,098	12,942	5,549,430	263,495	5,812,925
Profit for the year	–	–	–	–	–	–	–	–	554,702	–	–	554,702	1,062	555,764
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	36,954	–	36,954	195	37,149
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	2,540	2,540	–	2,540
Release of foreign exchange reserve upon disposal of subsidiaries *(Note 48)*	–	–	–	–	–	–	–	–	–	(539,506)	–	(539,506)	–	(539,506)
Total comprehensive income	–	–	–	–	–	–	–	–	554,702	(502,552)	2,540	54,690	1,257	55,947
Dividend paid to non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(5,290)	(5,290)
Cancellation upon repurchase of own shares	(529)	(2,919)	–	–	–	–	–	–	–	–	–	(3,448)	–	(3,448)
Transaction costs attributable to repurchase of shares	–	(14)	–	–	–	–	–	–	–	–	–	(14)	–	(14)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	(4,987)	–	–	–	(4,987)	(55,298)	(60,285)
Release upon forfeiture of share options *(Note 43(c))*	–	–	–	–	–	–	(3,561)	–	3,561	–	–	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	25,389	–	–	(25,389)	–	–	–	–	–
At 31 December 2012	248,747	1,871,660	1,074	157,315	68,541	437,272	35,817	(4,987)	2,593,204	171,546	15,482	5,595,671	204,164	5,799,835

	Share capital (Note 42(a)) HK$'000	Share premium (Note 43(a)) HK$'000	Capital redemption reserve HK$'000	Contributed surplus (Note 43(b)) HK$'000	Special capital reserve (Note 43(c)) HK$'000	Statutory surplus reserve HK$'000	Share option reserve (Note 43(d)) HK$'000	Other reserve (Note a) HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve (Note b) HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	248,747	1,871,660	1,074	157,315	68,541	437,272	35,817	(4,987)	2,593,204	171,546	15,482	5,595,671	204,164	5,799,835
Profit for the year	–	–	–	–	–	–	–	–	79,347	–	–	79,347	560	79,907
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	212,137	–	212,137	8,068	220,205
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	(8,585)	(8,585)	–	(8,585)
Total comprehensive income	–	–	–	–	–	–	–	–	79,347	212,137	(8,585)	282,899	8,628	291,527
Issuance of ordinary shares	48,840	293,040	–	–	–	–	–	–	–	–	–	341,880	–	341,880
Transaction costs attributable to issuance of ordinary shares	–	(18)	–	–	–	–	–	–	–	–	–	(18)	–	(18)
Contribution by a minority owner	–	–	–	–	–	–	–	–	–	–	–	–	92,486	92,486
Partial disposal of interests in a subsidiary *(Note 49)*	–	–	–	–	–	–	–	5,717	–	–	–	5,717	99,533	105,250
Release upon lapsed of share options *(Note 43(c))*	–	–	–	–	–	–	(11,057)	–	11,057	–	–	–	–	–
Release of statutory surplus reserve upon deregistration of subsidiaries	–	–	–	–	–	(102,513)	–	–	102,513	–	–	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	10,019	–	–	(10,019)	–	–	–	–	–
At 31 December 2013	297,587	2,164,682	1,074	157,315	68,541	344,778	24,760	730	2,776,102	383,683	6,897	6,226,149	404,811	6,630,960

Notes:

(a) The difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.

(b) Other revaluation reserve arises from the revaluation of properties for sales upon acquisition of additional interest in associates. The reserve will be released to profit or loss on the disposal of relevant properties.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
(Loss)/profit before tax credit/(expenses)		(71,246)	872,607
Adjustments for:			
Interest income		(65,166)	(109,301)
Dividend income		(1,761)	(17,792)
Finance costs	*12*	278,557	136,227
Depreciation of property, plant and equipment		23,556	20,223
Amortisation of payment for leasehold land held for own use under operating leases		21,896	26,670
Change in fair value of investment properties	*18*	(140,962)	42,748
Impairment loss on goodwill	*21*	65,417	–
Share of results of associates		103,264	159,189
Share of results of joint ventures		28,189	9,580
Write off of property, plant and equipment	*17*	804	1,007
Release of other revaluation reserve on disposal of properties		(8,585)	2,540
Gain on disposal of investment properties		(11,563)	(168,671)
Gain on disposal of subsidiaries	*48*	(117)	(826,645)
Gain on disposal of an associate		–	(58,428)
Operating profit before working capital changes		222,283	89,954
Increase in properties under development and for sales		(916,922)	(1,597,777)
Decrease/(increase) in inventories		18	(102)
Decrease in trade and other receivables		154,143	167,849
Decrease/(increase) in deposits for property development		145,899	(350,746)
Increase in trade, notes and other payables		41,018	165,723
(Decrease)/increase in receipts in advance from customers		(471,407)	734,474
Cash used in operations		(824,968)	(790,625)
Interest received		65,166	109,301
Interest paid		(431,185)	(293,315)
Income taxes paid		(969,906)	(749,798)
Net cash used in operating activities		(2,160,893)	(1,724,437)

	Notes	2013 HK$'000	2012 HK$'000
Investing activities			
Increase in amounts due from associates		(276,697)	(134,798)
Decrease/(increase) in amounts due from joint ventures		128,090	(274,450)
(Increase)/decrease in amounts due from related companies		(1,176)	968
Increase in amount due from minority owners of subsidiaries		(36,379)	–
Increase in pledged bank deposits		(253,921)	(1,091,345)
(Increase)/decrease in entrusted loan receivables		(14,606)	184,548
Purchase of available-for-sale investments		(36,887)	(10,458)
Proceeds from disposal of available-for-sale investment		–	14,709
Purchase of property, plant and equipment		(19,732)	(17,734)
Purchase of investment properties		–	(226,613)
Proceeds from disposal of investment properties		78,974	415,417
Acquisition of subsidiaries, net of cash acquired	47	–	(24,606)
Acquisition of additional interest of a subsidiary		–	(60,285)
Net cash (outflow)/inflow on disposal of subsidiaries	48	(791,005)	13,911,796
Net cash inflow on disposal of an associate		–	140,256
Dividends received from an associate		38,942	58,274
Dividends received from available-for-sale investments		1,761	17,792
Net cash (used in)/generated from investing activities		(1,182,636)	12,903,471
Financing activities			
Decrease in entrusted loan payables		–	(73,819)
Decrease in amounts due to associates		–	(10,479,068)
Increase in amount due to a joint venture		635,867	–
Increase/(decrease) in amounts due to related companies		41,752	(6,316)
Increase/(decrease) in amounts due to minority owners of subsidiaries		13,605	(131,618)
Increase in bank loans		3,190,575	4,013,357
Repayment of bank loans		(2,001,918)	(1,632,628)
Repayment of other borrowing		–	(1,177,917)
Repayment of senior loan notes		–	(1,082,171)
Proceeds from issue of ordinary shares		341,880	–
Expenses paid for subscription of shares		(18)	–
Consideration paid for repurchase of shares		–	(3,448)
Expenses paid for repurchase of shares		–	(14)
Proceed from partial disposal of a subsidiary	49	74,629	–
Capital injection from non-controlling interest		416,014	–
Dividend paid to non-controlling interest of a subsidiary		–	(5,290)
Net cash generated from/(used in) financing activities		2,712,386	(10,578,932)
Net (decrease)/increase in cash and cash equivalents		(631,143)	600,102
Cash and cash equivalents at beginning of year		1,508,600	895,694
Effect of foreign exchange rate changes		65,264	12,804
Cash and cash equivalents at end of year		942,721	1,508,600

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. GENERAL

Shanghai Zendai Property Limited ("The Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and principal place of business is at Unit 6108, 61/F, The Centre, 99 Queen's Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 46. The Group comprises the Company and all its subsidiaries.

Its parent and the ultimate holding company is Giant Glory Assets Limited, a private limited company incorporated in the British Virgin Islands.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – first effective on 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (revised)	Separate Financial Statements
HKAS 28 (revised)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
Amendments to HKFRS 1	Government Loans

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The Group's presentation of other comprehensive income in the annual report has been modified accordingly.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of the standard does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to interests in joint arrangements and re-evaluated its involvement with joint arrangements.

The Group has reclassified its interests in jointly controlled entities to interests in joint ventures. The interests continue to be accounted for using the equity method and therefore the reclassification does not have any material impact on the financial position and financial results of the Group.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. These disclosures have been provided in note 19.

(b) New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the impairment of investment properties in note 19 and goodwill in note 21 have been modified accordingly.

(c) New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]
HKFRS 14	Regulatory Deferral Account[5]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
4 Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

Amendments to HKAS 19 (2011) Defined Benefits Plan Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent charges to a number of standards where they are currently unclear. Among them HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values as explained in the accounting policies set out in note 4 below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Each entity in the Group maintains its books and records in its own functional currency. The functional currency of the Company is HK$.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

(c) Associates

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

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying values are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test by comparing its carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(d) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 4(c)).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(e) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of a consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs 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. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Hotel buildings	Lower of underlying land lease term or 50 years
Motor vehicles	5 years
Leasehold improvements	5 years
Furniture and equipment	5 years

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

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss on disposal.

(g) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value unless they are still in the course of construction or development at the reporting period end and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal is recognised in profit or loss.

(h) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost less impairment and are amortised over the period of the lease on a straight-line basis as an expense.

(i) Properties under development and for sale

Completed properties and properties under development held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value is determined by prevailing market conditions.

(j) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expenses, over the terms of the leases.

The land and building elements of property leases are considered separately for the purpose of lease classification.

(k) Financial instrument

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets: These assets are non-derivative financial assets that are designated as available for sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty;
- a significant or prolonged decline in the fair value of an investment in equity instrument below its cost; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities at amortised cost

The Group's financial liabilities including trade, notes and other payables, amounts due to associates, amounts due to related companies, amounts due to minority owners of subsidiaries and bank loans, are initially measured at fair value, net of directly attributable costs incurred for the acquisition or issue of the financial liabilities and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

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

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(l) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(m) Revenue recognition

Income from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreements. Deposits and instalments received from forward sales of properties are carried in the statement of financial position under current liabilities.

Hotel revenue from rooms rental, food and beverage sales and other ancillary services is recognised when services are rendered.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant leases.

Income from building management services is recognised when the services are rendered.

Income from travel and related services is recognised when the services are rendered.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised as it accrues using the effective interest method.

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Income taxes are recognised in profit or loss except when they relate to items directly recognised to other comprehensive income in which case the taxes are also directly recognised in other comprehensive income.

(o) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to profit or loss as part of the profit or loss on disposal.

(p) Employee benefit

(i) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(q) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

The attributable equity amount recognised in the share option reserve is transferred to share premium account and retained profits when the options are exercised and expire respectively.

(r) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- payment for leasehold land held for own use under operating leases; and
- investments in subsidiaries, associates and joint ventures.

If the recoverable amount (i.e. the greater of fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

(s) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Related Parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

(i) Classification of investment properties

The Group has temporarily rent out certain office units which are not classified as investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, they are continuously accounted for as properties for sales.

(b) Key sources of estimation uncertainty

(i) Valuation of investment properties

The investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

(ii) Impairment of non-financial assets other than goodwill

The Group conducts impairment reviews of assets when events of changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its fair value less cost to sell or the value in use. In determining the value in use, management assess the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates are applied in determining these future cash flows and the discount rate.

(iii) Impairment loss on goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associates or joint ventures at the date of acquisition. Goodwill is recorded as a separate asset or, as applicable, included within investments in associates and joint ventures.

The Group tests annually whether goodwill has suffered any impairment in accordance with accounting policies stated in note 4(e) to the financial statements. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(iv) Impairment loss on loans and receivables

The policy for impairment of loans and receivables of the Group is based on the evaluation of collectability and ageing analysis of the loans and receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

(v) Provision for properties under development and for sales

The Group assesses the recoverable amounts of properties under development and for sales according to their forecast net realisable value, taking into account costs to completion based on budget and past experience and net sales value based on prevailing and expected market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of estimation.

(vi) Land appreciation taxes ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on appreciation of land value, being the proceeds of sales of properties less deductible expenditure including sales charges, borrowing costs and all property development expenditure.

The Group is subject to LAT in the PRC which has been included in tax expenses of the Group. However, the implementation of these taxes varies amongst various PRC provinces and the Group has not finalised its LAT returns with various local tax bureaus. Accordingly, significant estimation is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external sales	1,710,340	685,521	144,983	143,016	360,701	277,915	11,639	16,439	2,227,663	1,122,891
Reportable segment profit/(loss) before tax credit/(expenses)	120,283	1,029,013	(155,468)	(150,815)	268,133	146,317	(113)	20	232,835	1,024,535
Other information										
Bank interest income	39,194	28,960	–	–	1,473	630	–	–	40,667	29,590
Interest income from other receivables	8,615	15,449	–	–	–	–	–	–	8,615	15,449
Interest income from entrusted loan receivables	12,091	53,783	–	–	–	–	–	–	12,091	53,783
Interest income from amount due from an associate	–	9,836	–	–	–	–	–	–	–	9,836
Depreciation of property, plant and equipment	6,052	5,180	15,829	14,629	1,675	414	–	–	23,556	20,223
Amortisation of payment for leasehold land held for own use under operating leases	–	–	21,896	26,670	–	–	–	–	21,896	26,670
Change in fair value of investment properties	–	–	–	–	140,962	(42,748)	–	–	140,962	(42,748)
Impairment loss on goodwill	65,417	–	–	–	–	–	–	–	65,417	–
Share of results of associates	30,320	(13,184)	(133,584)	(146,005)	–	–	–	–	(103,264)	(159,189)
Share of results of joint ventures	(28,189)	(9,580)	–	–	–	–	–	–	(28,189)	(9,580)
Write off of property, plant and equipment	804	1,007	–	–	–	–	–	–	804	1,007
Gain on disposal of subsidiaries	117	826,645	–	–	–	–	–	–	117	826,645
Gain on disposal of an associate	–	58,428	–	–	–	–	–	–	–	58,428
Gain on disposal of investment properties	–	–	–	–	11,563	168,671	–	–	11,563	168,671
Reportable segment assets	11,722,836	10,331,581	1,259,063	1,350,136	3,137,031	2,705,614	1,397	3,098	16,120,327	14,390,429
Amounts included in the measure of segment assets:										
Additions to non-current assets *(note)*	12,070	8,453	8,204	8,050	–	264,298	–	–	20,274	280,801
Interests in associates	145,453	184,413	265,530	361,505	–	–	–	–	410,983	545,918
Interests in joint ventures	1,386,006	43,389	–	–	–	–	–	–	1,386,006	43,389
Reportable segment liabilities	8,767,824	7,610,684	32,597	14,960	447,518	426,833	1,096	2,683	9,249,035	8,055,160

Note:

Amounts comprise additions to investment properties and property, plant and equipment.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

(Loss)/profit before tax credit/(expenses)	**Group** **2013** *HK$'000*	**2012** *HK$'000*
Reportable segment (loss)/profit before tax credit/(expenses)	232,835	1,024,535
Unallocated bank interest income	1,161	643
Unallocated interest income from other receivables	2,632	–
Other revenue	3,261	364
Dividend income from available-for-sale investments	1,761	17,792
Finance costs	(278,557)	(136,227)
Unallocated head office and corporate expenses	(34,339)	(34,500)
(Loss)/profit before income tax credit/(expenses)	(71,246)	872,607

Assets	**Group** **2013** *HK$'000*	**2012** *HK$'000*
Reportable segment assets	16,120,327	14,390,429
Pledged bank deposits	1,571,342	1,317,421
Head office and corporate assets	99,445	152,829
Total assets	17,791,114	15,860,679

Liabilities	**Group** **2013** *HK$'000*	**2012** *HK$'000*
Reportable segment liabilities	9,249,035	8,055,160
Borrowings	1,900,885	1,983,303
Unallocated head office and corporate liabilities	10,234	22,381
Total liabilities	11,160,154	10,060,844

(c) Geographical information

The Group's operations are principally located in the PRC and Hong Kong. Group administration is carried out in the PRC and Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market.

Group	**Revenue from external customers** **2013** *HK$'000*	**2012** *HK$'000*
PRC	2,216,024	1,106,452
Hong Kong	11,639	16,439
	2,227,663	1,122,891

As the Group's assets are substantially located in the PRC, no further geographical information is presented.

7. TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
Turnover	**2013**	**2012**
	HK$'000	*HK$'000*
Sales of properties	1,710,340	685,521
Hotel operations:		
Room rentals	103,571	100,676
Food and beverage sales	32,853	32,362
Rendering of ancillary services	8,559	9,978
Properties rental, management and agency income	360,701	277,915
Travel and related services	11,639	16,439
	2,227,663	1,122,891

8. OTHER INCOME AND GAINS

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Bank interest income	41,828	30,233
Interest income from other receivables	11,247	15,449
Interest income from entrusted loans receivables	12,091	53,783
Interest income from amount due from an associate	–	9,836
Rental income *(note)*	6,660	12,940
Gain on disposal of investment properties	11,563	168,671
Gain on disposal of subsidiaries *(Note 48)*	117	826,645
Gain on disposal of an associate	–	58,428
Dividend income from available-for-sale investments	1,761	17,792
Exchange gains, net	2,963	974
Government grants	14,070	–
Others	22,241	21,991
	124,541	1,216,742

Note:

Rental income was derived from certain office units included in properties for sales, for which the Group intends to sell subject to the tenancy agreements.

9. (LOSS)/PROFIT BEFORE TAX CREDIT/(EXPENSES)

(Loss)/Profit before tax credit/(expenses) is arrived at after charging:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Cost of sales	1,585,956	682,200
Staff costs *(Note 10)*	152,595	153,430
Depreciation of property, plant and equipment	23,556	20,223
Amortisation of payment for leasehold land held for own use under operating leases	21,896	26,670
Auditor's remuneration	2,600	2,350
Write off of property, plant and equipment	804	1,007
Direct operating expenses from investment properties that generated rental income during the year	50,326	46,610

10. STAFF COSTS

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Staff costs (including directors) comprise:		
Wages and salaries	125,266	130,275
Contributions to defined contribution retirement plans	27,329	23,155
	152,595	153,430

11. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' remuneration

Details of directors' remuneration are as follows:

2013	**Fees**	**Salaries and other benefits**	**Contribution to retirement benefits schemes**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Dai Zhikang ("Mr. Dai")	–	3,000	80	3,080
Mr. Tang Jian	–	1,060	15	1,075
Mr. Zuo Xingping	–	764	–	764
Mr. Wang Fujie	–	3,825	–	3,825
Non-executive directors:				
Mr. Wu Yang	–	–	–	–
Mr. Gong Ping *(iv)*	–	–	–	–
Mr. Xu Xiaoliang *(iv)*	–	–	–	–
Mr. Zhu Nansong *(iv)*	–	–	–	–
Independent non-executive directors:				
Mr. Lai Chik Fan	180	–	–	180
Mr. Lo Mun Lam, Raymond	180	–	–	180
Mr. Li Man Wai	180	–	–	180
Mr. Cai Gaosheng	180	–	–	180
Total	720	8,649	95	9,464

2012	Fees	Salaries and other benefits	Contribution to retirement benefits schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Dai	–	3,000	14	3,014
Mr. Tang Jian	–	991	82	1,073
Mr. Zuo Xingping	–	1,528	66	1,594
Mr. Wang Fujie	–	3,728	–	3,728
Ms. Zhou Yan *(i)*	–	–	–	–
Non-executive directors:				
Mr. Wu Yang	–	2,459	–	2,459
Mr. Liu Zhiwei *(ii)*	–	–	–	–
Independent non-executive directors:				
Mr. Lai Chik Fan	165	–	–	165
Mr. Lo Mun Lam, Raymond	165	–	–	165
Dr. Tse Hiu Tung, Sheldon *(i)*	40	–	–	40
Mr. Li Man Wai *(iii)*	126	–	–	126
Mr. Cai Gaosheng *(iii)*	126	–	–	126
Total	622	11,706	162	12,490

(i) The directors resigned with effect from 20 April 2012.

(ii) The director resigned with effect from 12 December 2012.

(iii) The directors were appointed on 20 April 2012.

(iv) The directors were appointed on 11 January 2013.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(b) The five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2012: five) were directors of the Company whose emoluments are disclosed in note 11(a) above. The emoluments of the remaining two (2012: nil) individual were as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	3,269	–
Contribution to retirement benefits schemes	89	–
	3,358	–

(c) The emoluments paid or payable to other members of the senior management were in the following band:

	2013 No. of individual	**2012 No. of individual**
Nil to HK$1,000,000	–	1
HK$1,000,000 to HK$2,000,000	1	–

12. FINANCE COSTS

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	374,164	153,908
Interest on bank loans repayable after five years	47,514	71,054
Interest on senior loan notes	–	46,694
Interest on entrusted loans payables	–	12,107
Unwinding of discount on other payables due for settlement after one year	9,507	10,171
Amortisation of issue costs of senior loan notes	–	3,207
Less: amount capitalised in properties under development	(152,628)	(124,460)
Less: amount capitalised in investment properties	–	(36,454)
	278,557	136,227

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 8.0% (2012: 6.6%) to expenditure on qualifying assets.

13. TAX (CREDIT)/EXPENSES

The amount of tax (credit)/expenses in the consolidated statement of comprehensive income represents:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– tax for the year	68,422	156,316
– (over)/under provision in respect of prior years	(50,443)	67,720
	17,979	224,036
Current tax – LAT		
– tax for the year	65,392	104,476
– (over)/under provision of tax attributable to sales of properties in prior years *(note)*	(160,068)	41,890
	(94,676)	146,366
Deferred tax *(Note 39)*		
– current year	6,194	(53,559)
– attributable to decrease in tax rate	(80,650)	–
	(74,456)	(53,559
	(151,153)	316,843

Note:

Two property development companies in Shanghai province are subject to LAT calculated at a rate range from 5.3% of 5.5% on the proceeds from sales of properties, as agreed with the local tax authority in the year ended 31 December 2013 which differed from the management's estimated rate made in prior years, resulting in an overprovision of LAT in respect of prior years.

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2013 and 2012.

PRC Enterprise Income Tax

For subsidiaries which are located and operated in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. These PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2012: 25%) during the year ended 31 December 2013.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

The tax expenses for the year can be reconciled to the (loss)/profit before tax credit/(expenses) per the consolidated statement of comprehensive income as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
(Loss)/profit before tax (credit)/expenses	(71,246)	872,607
Tax calculated at the PRC profits tax rate of 25% (2012: 25%)	(17,812)	218,152
Tax effect of share of results of associates	25,816	39,797
Tax effect of share of result of joint ventures	7,047	2,395
Effect of different tax rates of subsidiaries operating in jurisdictions other than the PRC	2,956	9,767
Tax effect of expenses not deductible for tax purposes	63,543	19,623
Tax effect of revenue and gains not taxable for tax purposes	(41,964)	(201,889)
Tax effect of tax losses not recognised	84,858	44,374
Utilisation of tax losses previously not recognised	(53,840)	(49,518)
(Reversal)/provision of withholding tax on dividend	(76,638)	20,056
(Over)/under provision in respect of prior years	(50,443)	67,720
	(56,477)	170,477
LAT	(126,234)	195,155
Tax effect of LAT deductible for calculation of income tax purpose	31,558	(48,789)
	(94,676)	146,366
Tax (credit)/expenses	(151,153)	316,843

14. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company includes a loss of HK$98,059,000 (2012: HK$60,787,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

No dividend was proposed for the years ended 31 December 2013 and 2012.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2013	**2012**
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	79,347	554,702
	(thousands)	*(thousands)*
Number of shares		
Weighted average number of ordinary shares in issue	13,527,266	12,438,100
	HK Cents	*HK Cents*
Basic earnings per share	0.59	4.5

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of the share options is higher than the average market price of the Company's share during the years ended 31 December 2013 and 2012.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel buildings *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
2013					
Cost					
At 1 January 2013	441,072	31,398	350	54,782	527,602
Exchange differences	13,939	1,097	173	2,080	17,289
Additions	–	3,656	637	15,439	19,732
Disposal of a subsidiary	–	–	–	(307)	(307)
Written off	–	(1,927)	–	(6,040)	(7,967)
At 31 December 2013	455,011	34,224	1,160	65,954	556,349
Accumulated depreciation and impairment					
At 1 January 2013	97,786	17,401	199	26,306	141,692
Exchange differences	3,248	507	29	1,262	5,046
Provided for the year	12,125	4,690	106	6,635	23,556
Disposal of a subsidiary	–	(30)	–	(11)	(41)
Eliminated on written off	–	(1,539)	–	(5,624)	(7,163)
At 31 December 2013	113,159	21,029	334	28,568	163,090
2012					
Cost					
At 1 January 2012	438,483	25,936	199	45,794	510,412
Exchange differences	2,589	175	–	408	3,172
Additions	–	7,384	151	10,199	17,734
Written off	–	(2,097)	–	(1,619)	(3,716)
At 31 December 2012	441,072	31,398	350	54,782	527,602
Accumulated depreciation and impairment					
At 1 January 2012	85,375	14,638	199	23,181	123,393
Exchange differences	513	111	–	161	785
Provided for the year	11,898	4,133	–	4,192	20,223
Eliminated on written off	–	(1,481)	–	(1,228)	(2,709)
At 31 December 2012	97,786	17,401	199	26,306	141,692
Net book values					
At 31 December 2013	341,852	13,195	826	37,386	393,259
At 31 December 2012	343,286	13,997	151	28,476	385,910

Note:

Hotel buildings are pledged to a bank to secure certain bank loan granted to the Group (Note 37).

Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
2013			
Cost			
At 1 January 2013	152	445	597
Additions	–	20	20
At 31 December 2013	152	465	617
Accumulated depreciation			
At 1 January 2013	–	262	262
Provided for the year	30	51	81
At 31 December 2013	30	313	343
2012			
Cost			
At 1 January 2012	–	306	306
Additions	152	139	291
At 31 December 2012	152	445	597
Accumulated depreciation			
At 1 January 2012	–	213	213
Provided for the year	–	49	49
At 31 December 2012	–	262	262
Net book values			
At 31 December 2013	122	152	274
At 31 December 2012	152	183	335

18. INVESTMENT PROPERTIES

	Group 2013 *HK$'000*	2012 *HK$'000*
Fair value		
At beginning of year	2,575,421	2,564,824
Exchange differences	70,801	14,572
Additions	–	263,067
Disposals	(63,996)	(224,294)
Change in fair value	140,962	(42,748)
At end of the year	2,723,188	2,575,421

19. ANALYSIS OF INVESTMENT PROPERTIES

(a) The analysis of the carrying amount of investment properties is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Lands and buildings held in the PRC:		
– Long lease	13,961	13,533
– Medium-term lease	2,332,783	2,198,945
– Short lease	376,444	362,943
	2,723,188	2,575,421

(b) The fair value of investment properties is a level 2 and level 3 requiring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	2013	**2012**
	HK$'000	*HK$'000*
Opening balance (level 2 and level 3 recurring fair value)	2,575,421	2,564,824
Additions	–	263,067
Disposals	(63,996)	(224,294)
– Gains/(losses) on revaluation of investment properties	140,962	(42,748)
Exchange differences	70,801	14,572
Closing balance (level 2 and level 3 recurring fair value)	2,723,188	2,575,421
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 December	140,962	(42,748)

Fair value of the Group's investment properties situated in the PRC as at 31 December 2012 and 2013 had been arrived at based on a valuation carried out on that date by DTZ Debenham Tie Leung Limited ("DTZ"), an independent qualified professional valuer not connected with the Group. The fair value of investment properties are arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 1 – Retail shops in Shanghai Zendai Thumb Plaza located in Pudong, Shanghai	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate (2) Monthly unit rent (3) Level adjustment (4) Reversionary Yield	(1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 6% (2012: 6%).	The higher the capitalisation rate, the lower the fair value.
			(2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB304/sq.m. (2012: RMB294/sq.m.)	The higher the monthly rent, the higher the fair value.
			(3) Level adjustment on individual floors of the property range from 40% to 80% (2012:40%-80%) on specific level.	The higher the level adjustment, the lower the fair value.
			(4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6.5% (2012:6.5%).	The higher the reversionary yield, the lower the fair value.
Property 2 – Carpark spaces in Shanghai Zendai Thumb Plaza	**Level 2**	**Direct Comparison method based on market observable transactions of similar projects and adjust to reflect the conditions and locations of the subject property**	N/A	N/A
Property 3a – Retail shops in 楊州証大教場 located in Yangzhou City	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate (2) Monthly unit rent (3) Level adjustment (4) Reversionary Yield	(1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5% (2012: 5%).	The higher the capitalisation rate, the lower the fair value.

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
			(2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB120/sq.m. (2012: RMB116/sq.m.)	The higher the monthly rent, the higher the fair value.
			(3) Level adjustment on individual floors of the property at 70% (2012:70%) on specific level.	The higher the level adjustment, the lower the fair value.
			(4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 5.5% (2012: 5.5%).	The higher the reversionary yield, the lower the fair value.
Property 3b – Retail shops in 楊州証大教場 located in Yangzhou City	**Level 3**	**Direct Comparison**		
		The key input is: Price per square metre	Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc. of RMB17,500/sq.m. (2012: 19,200/sq.m.) for the base level.	The higher the price, the higher the fair value.
Property 4 – Retail shops of Qingdao Zendai Thumb Plaza located in Qingdao City	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate (2) Monthly unit rent (3) Level adjustment (4) Reversionary Yield	(1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, range from 6% to 8% (2012: 6% to 8%).	The higher the capitalisation rate, the lower the fair value.

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
			(2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of range from RMB43/sq.m. to 232/sq.m. (2012: RMB43/sq.m. to 219/sq.m.)	The higher the monthly rent, the higher the fair value.
			(3) Level adjustment on individual floors of the property range from 30% to 60% (2012: 30%-60%) on specific level.	The higher the level adjustment, the lower the fair value.
			(4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties range from 6.5% to 8.5% (2012: 6.5% to 8.5%).	The higher the reversionary yield, the lower the fair value.
Property 5 – Clubhouse of 水清木華公寓 located in Pudong, Shanghai	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate (2) Monthly unit rent (3) Reversionary Yield	(1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5.5% (2012: 5.5%).	The higher the capitalisation rate, the lower the fair value.
			(2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB15/sq.m. (2012: RMB15/sq.m.) for the base level.	The higher the monthly rent, the higher the fair value.
			(3) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6% (2012: 6%).	The higher the reversionary yield, the lower the fair value.

There were no changes to the valuation techniques between the current year and prior year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

(c) The directors estimated that the effect on the fair value of investment properties in response to reasonably possible changes in the key inputs would be insignificant for the year ended 31 December 2012 and 2013.

(d) Investment properties with carrying amount of HK$2,473,761,000 (2012: HK$2,285,078,000) are pledged to banks to secure certain bank loans granted to the Group (Note 54).

(e) Gross rental income from investment properties amounted to HK$100,819,000 (2012: HK$67,264,000).

20. PAYMENT FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group's payment for leasehold land held for own use under operating leases is pledged to a bank to secure a bank loan granted to the Group (Note 54).

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Land use right in the PRC		
– Medium-term lease	617,316	619,904

21. GOODWILL

	Group
	HK$'000
At 1 January 2012	101,763
Exchange differences	212
At 31 December 2012	101,975
Exchange differences	1,042
Impairment loss	(65,417)
At 31 December 2013	37,600

22. IMPAIRMENT TESTING ON GOODWILL

Goodwill acquired through certain business combinations has been allocated to two (2012: two) major cash generating units for impairment testing.

The cash-generating units are property development projects of subsidiaries and located in the cities of Qingdao and Shanghai and are either currently available for sale or will be available for sale in the forthcoming five years.

The recoverable amounts for the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on forecasts covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 10% (2012: 10%) per annum.

The carrying amount of goodwill as at 31 December 2013 allocated to each of the two (2012: two) cash-generating units is as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Sales of properties:		
上海証大三角洲置業有限公司(「証大三角洲」)	37,600	36,558
Lanrich International Limited ("Lanrich")	–	65,417
	37,600	101,975

The management has adopted the following key assumptions in preparation of the cash flow projections to undertake impairment testing of goodwill:

– Selling prices – The market prices of the comparable properties nearby

– Construction costs – The estimated costs including infrastructure costs to complete the property development projects

– Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units

The values assigned to key assumptions are based on historical experiences, current market condition, approved budgets and forecasts and consistent with external information sources.

The carrying values of goodwill were tested for impairment as at 31 December 2013 and 2012. For the year ended 31 December 2012, no impairment loss was recognised in profit or loss. The Group made a full provision of impairment loss of HK$65,417,000 in related to Landrich's CGU during the year 2013 because its underlying remaining undeveloped land parcel was disposed to an independent third party and the management is uncertain about the future profitability of the business.

23. INTERESTS IN ASSOCIATES

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Share of net assets	410,983	545,918
Amounts due from associates *(note a)*	1,075,479	798,782
	1,486,462	1,344,700

Details of the Group's associates at 31 December 2013 are as follows:

Name	**Form of business structure**	**Place of establishment and operations**	**Particulars of paid-up capital**	**Percentage of ownership interest**	**Principal activities**
上海証大喜瑪拉雅置業有限公司(「証大喜瑪拉雅」)	Corporation	The PRC	Registered capital RMB633,630,000	45%	Hotel operation and properties rental in the PRC
青島上實地產有限公司	Corporation	The PRC	Registered capital US$3,620,000	45%	Property development in the PRC

Notes:

(a) The amounts are unsecured, interest-free and repayable on demand.

(b) The Group has disposed of its 30% equity interests in 中科廊坊科技穀有限公司 in year 2012.

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

	2013	**2012**
	HK$'000	*HK$'000*
Total assets	5,948,046	5,662,853
Total liabilities	(4,658,377)	(4,099,685)
Net assets	1,289,669	1,563,168
Group's share of net assets of associates	410,983	545,918
Total revenue	672,508	219,764
Total loss for the year	(229,475)	(368,073)
Group's share of results of the associates for the year	(103,264)	(159,189)

Summarised financial information in respect of a Group's material associate, 証大喜瑪拉雅 is set out below. The summarised financial information below represents amounts shown in the associate's unaudited management amounts prepared in accordance with HKFRSs.

	2013	**2012**
	HK$'000	*HK$'000*
As at 31 December		
Current asset	784,234	356,497
Non-current assets	4,747,455	4,826,428
Current liabilities	(1,996,469)	(1,940,795)
Non-current liabilities	(2,640,655)	(2,082,046)
Included in the above amounts are:		
Cash and cash equivalents	32,652	41,311
Current financial liabilities (excluding trade and other payable)	(1,347,005)	(1,265,140)
Non-current financial liabilities (excluding other payable and provision)	(2,640,637)	(2,082,043)
Year ended 31 December		
Revenues	303,127	202,539
Loss from continuing operations	(300,381)	(324,455)
Total comprehensive income	(263,328)	(315,937)
Included in the above amounts are:		
Depreciation and amortization	(82,014)	(80,148)
Interest income	458	289
Interest expense	(144,321)	(123,248)

24. INTERESTS IN JOINT VENTURES

	Group 2013	2012
	HK$'000	*HK$'000*
Share of net assets	1,386,006	43,389
Amounts due from joint ventures *(note a)*	685,509	813,599
	2,071,515	856,988

Details of the Group's joint ventures are as follows:

Name	Form of business structure	Place of establishment and operations	Particulars of issued and paid-up capital	Percentage of ownership interest	Principal activities
文廣証大南通文化投資發展有限公司 ("文廣証大")	Corporation	The PRC	Registered capital RMB100,000	50%	Property development in the PRC
Top Harbour Limited	Corporation	New Zealand	Issued capital NZD1,000	45%	Property development in New Zealand
南京証大大拇指商業發展 有限公司 ("Nanjing Zendai") *(note b)*	Corporation	The PRC	Registered capital RMB1,199,682,000	90%	Property development in the PRC

Notes:

(a) The amounts are unsecured, interest-free and repayable on demand.

(b) Pursuant to the Agreement (as defined) as detailed in note 48(a), Nanjing Zendai became a joint venture of the Group. According to the Agreement, the Venturer is entitled to 23% of the profit of Nanjing Zendai since 5 January 2013, on which date the Group completed the disposal of 10% equity interest therein (the "Completion Date"). The Group is granted the right to request the venturer to sell its Sale Interest (as defined) to the Group and the Venturer is granted the right to request the Group to repurchase its Sale Interest on the earlier of 45 months from the Completion Date and the date on which sales rate of all properties (including the pre-sale and delivered properties) on the property development project reaches 90%. The consideration for the Sale Interest under such repurchase is the aggregate of the registered capital of Nanjing Zendai contributed by the Venturer and 23% of all the distributable profit of Nanjing Zendai assuming Nanjing Zendai being liquidated, minus the profit already distributed to Nanjing Zendai during the period from the Completion Date to the date of such repurchase.

(c) The Group has discontinued recognition of its share of losses of certain joint ventures. The amounts of unrecognised share of a joint venture, both for the year and cumulatively, are as follows:

	2013	2012
	HK$'000	*HK$'000*
Unrecognised share of loss of a joint venture for the year	676	–
Accumulated unrecognized share of loss of a joint venture	676	–

The summarised financial information in respect of the Group's joint ventures which are accounted for using the equity method is set out below:

	2013	2012
	HK$'000	*HK$'000*
Non-current assets	6,718	729
Current assets	4,410,034	1,743,139
Current liabilities	(1,739,911)	(1,472,543)
Non-current liabilities	(1,106,041)	(184,547)
Net assets	1,570,800	86,778
Group's share of net assets of the joint ventures	1,386,006	43,389
Income	216,348	4,894
Expenses	(255,665)	(24,055)
Loss for the year	(39,317)	(19,161)
Group's share of results of the joint ventures	(28,189)	(9,580)

Summarised financial information in respect of a Group's material joint venture, Nanjing Zendai is set out below. The summarised financial information below represents amounts shown in the joint venture's unaudited management amounts prepared in accordance with HKFRSs.

	2013
	HK$'000
As at 31 December	
Current assets	2,307,848
Non-current assets	1,656
Current liabilities	(84,224)
Non-current liabilities	(736,134)
Included in the above amounts are:	
Cash and cash equivalents	32,202
Current financial liabilities (excluding trade and other payable)	(77,409)
Non-current financial liabilities (excluding other payable and provision)	(736,134)
Year ended 31 December	
Revenues	1,607
Loss from continuing operations	(31,873)
Total comprehensive income	884,091
Included in the above amounts are:	
Depreciation and amortisation	(382)
Interest income	1,607

25. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Unlisted equity interests, at cost *(note a)*	67,712	30,906
Investment funds, at fair value *(note b)*	2,665	2,584
	70,377	33,490

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Non-current assets	67,712	30,906
Current assets	2,665	2,584
	70,377	33,490

Notes:

(a) The balance represents investments cost of HK$67,712,000 (2012: HK$30,906,000) in two (2012: three) private entities established in the PRC and are classified under non-current assets. They are measured at cost less any impairment at the end of each reporting period because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) These funds are operated by the Agricultural Bank of China and Bank of Communication. According to the funds' prospectus, these funds invest in listed and unlisted securities in the PRC and other commodities contracts. The expected return on these funds ranged from 3% to 5% as estimated by the issuers.

26. PROPERTIES UNDER DEVELOPMENT AND FOR SALES

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Properties		
– Under development	4,020,295	4,724,504
– For sales	2,773,713	1,152,582
	6,794,008	5,877,086

Properties under development and for sales with carrying amount of HK$1,118,894,000 (2012: HK$1,500,587,000) are pledged to banks to secure certain bank loans (Note 54) granted to the Group.

Properties under development and for sales which are expected to be recovered in more than twelve months after the end of reporting period are classified under current assets as they are expected to be realised in the Group's normal operating cycle. The amounts of properties under development and for sales that are expected by management to be realised after more than twelve months from the end of reporting period are HK$2,558,174,000 (2012: HK$1,584,794,000).

27. INVENTORIES

	Group 2013	2012
	HK$'000	*HK$'000*
Food, beverage and low value consumables	1,982	2,000

28. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables *(note a)*	38,258	31,395	–	–
Refundable deposits for potential acquisition of land use rights	57,589	168,411	–	–
Deposits	23,176	47,193	–	–
Prepayments	128,204	129,972	9,402	4,684
Consideration receivables on disposal of subsidiaries *(note 48)*	138,342	170,318	–	–
Other receivables *(note b)*	84,954	77,377	843	1,085
	470,523	624,666	10,245	5,769

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

Notes:

(a) The ageing analysis of trade receivables at the end of reporting period is as follows:

	Group 2013	2012
	HK$'000	*HK$'000*
Current *(i)*	2,613	3,205
Less than 1 month past due	3,515	8,964
1 to 3 months past due	18,770	3,343
More than 3 months but less than 12 months past due	9,024	8,271
More than 12 months past due	4,336	7,612
Amount past due but not impaired *(ii)*	35,645	28,190
	38,258	31,395

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$35,645,000 (2012: HK$28,190,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 4(k)(ii). The directors consider the balance would be recoverable.

(b) Included in the amount was an other receivable of approximately HK$52,500,000 in relation to an agreement signed between the Group and an independent third party for a property development project. The Group paid approximately HK$52,500,000 for the project pursuant to the terms of the agreement but the agreement was subsequently cancelled as agreed by both parties. The receivable of HK$52,500,000 was due to be refundable to the Group on 30 June 2013 and carried no interest. It is further subject to a six months concession after 30 June 2013 which carried 10% interest per annum. The Group has received HK$20,000,000 on 4 March 2014 and further signed an agreement to extend the repayment period till 31 December 2014 which carried 10% interest per annum. The Group held seven artworks (2012: four) as collateral for the receivable. The Group considers that the credit risk arising from the receivable is significantly mitigated by the artworks held as collateral, with reference to the estimated market value of the artworks at 31 December 2013.

29. DEPOSITS FOR PROPERTY DEVELOPMENT

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Deposits for acquisition of land use rights in the PRC	291,915	414,276
Prepayments to property construction contractors	4,024	27,562
	295,939	441,838

30. AMOUNTS DUE FROM RELATED COMPANIES

Name of related companies	**Related party relationship**	**Group 2013**	**2012**	**Maximum amount outstanding during the year**
		HK$'000	*HK$'000*	*HK$'000*
Zendai Investment Development Limited	Mr. Dai	14,204	13,769	14,204
北京証大資源有限公司	Mr. Dai	635	615	635
上海喜瑪拉雅美術館	Mr. Dai	2	2	2
上海証大投資發展有限公司	Mr. Dai	20	79	79
江蘇証大投資發展有限公司	Mr. Dai	635	615	635
南通傳人印務包裝有限公司	Mr. Dai	603	–	603
上海証建築裝飾工程有限公司	Mr. Dai's close member	157	–	157
		16,256	15,080	16,315

The amounts are unsecured, interest-free and repayable on demand.

31. AMOUNTS DUE FROM/TO MINORITY OWNERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

32. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure certain bank loans (Note 37) granted to the Group. The pledged bank deposits carry interest ranging from 3.25% to 3.50% per annum (2012: 3.05% to 3.50% per annum).

33. TRADE, NOTES AND OTHER PAYABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables *(note a)*	1,054,627	887,437	–	–
Notes payables *(note a)*	–	28,297	–	–
Other payables and accruals	418,126	534,283	8,600	4,167
	1,472,753	1,450,017	8,600	4,167
Less: other payables due for settlement after one year:				
– Consideration payable for acquisition of land use rights *(note b)*	(153,598)	(149,193)	–	–
– Consideration payable for acquisition of a subsidiary *(Note 47)*	–	(22,687)	–	–
	(153,598)	(171,880)	–	–
	1,319,155	1,278,137	8,600	4,167

Notes:

(a) The ageing analysis of trade and notes payables at the end of reporting period is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Current or less than 1 month	872,951	695,539
1 – 3 months	31,069	59,339
More than 3 months but less than 12 months	10,283	6,483
More than 12 months	58,146	130,783
	972,449	892,144
Retention money	82,178	23,590
	1,054,627	915,734

The trade and notes payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

(b) The amount represents consideration for acquisition of land use rights amounting to RMB360,000,000 (equivalent to HK$456,911,000) payable to an independent third party. The balance is repayable in 38 years by annual instalments, starting from February 2009. The carrying amount of the payable of RMB129,020,000 (equivalent to HK$163,752,000) (2012: RMB129,264,000 (equivalent to HK$159,035,000)) of which RMB8,000,000 (equivalent to HK$10,154,000) (2012: RMB8,000,000 (equivalent to HK$9,842,000)) is included in current liabilities as at 31 December 2013 represents the expected cash flows from settlement of the payable discounted at the effective interest rate of 6% per annum prevailing at the time of recognition of the payable plus unwinding discount less settlement made up to the end of the reporting period.

34. ENTRUSTED LOAN RECEIVABLES

During the year, the Group entered into entrusted loans arrangements with a joint venture of the Group in the amounts of RMB100,000,000 (equivalent to HK$126,919,000), with a bank, in which the Group acts as the entrusting party, the bank acts as the lender, and the joint venture acts as the borrower (the "Entrusted Loans"). The Entrusted Loans receivables and Entrusted Loans payables cannot be set off and bear interests at 9% per annum and are repayable within one year. The Entrusted Loans are used to finance the operation and working capitals needs of the inter parties.

During the year ended 2012, the Group entered into entrusted loan arrangement with a joint venture of the Group, in the amount of RMB90,000,000 (equivalent to approximately HK$110,728,000), with a bank in the PRC, in which the Group acts as the entrusting party, the bank acts as the lender, and the joint venture acts as the borrower (the "2012 Entrusted Loan"). The 2012 Entrusted Loan receivable bears interest at 15% per annum and is repayable within one year. The Entrusted Loan is made to finance the operation and working capitals needs of 文廣証大. The amount was settled during the year 2013.

35. AMOUNTS DUE TO A JOINT VENTURE

The amounts were unsecured, interest-free and repayable on demand.

36. AMOUNTS DUE TO RELATED COMPANIES

The amounts were unsecured, interest-free and repayable on demand. The Company's director, Mr. Dai, had beneficial interests in these related companies.

37. BANK LOANS

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured *(note a)*	6,144,679	4,907,470	2,053,009	638,623
Unsecured	–	49,213	–	–
	6,144,679	4,956,683	2,053,009	638,623

At the end of reporting period, the bank loans were repayable as follows:

Within one year	3,459,042	1,325,085	1,773,769	–
More than one year, but not exceeding two years	769,768	1,603,646	–	638,623
More than two years, but not exceeding five years	1,201,311	1,219,636	279,240	–
After five years	714,558	808,316	–	–
	6,144,679	4,956,683	2,053,009	638,623
Less: Amount repayable within one year included in current liabilities	(3,459,042)	(1,325,085)	(1,773,769)	–
Amount repayable after one year	2,685,637	3,631,598	279,240	638,623

Notes:

(a) Included in the amount were the entrusted loans amounted to RMB626,500,000 (equivalent to HK$795,152,000) (2012: RMB542,320,000 (equivalent to HK$667,224,000)), where entrusted loan arrangement were made between the subsidiaries of the Group, the independent third party and a bank in the PRC, in which the independent third party acts as the entrusting party, the bank acts as the lender, and the subsidiaries act as the borrowers. The entrusted loans bear interest at 9% per annum (2012: 10% per annum) and are repayable within 2 years (2012: 2 to 2.5 years).

(b) Included in bank loans is a loan (the "Loan") of HK$300,000,000 which carries a covenant that requires Mr. Dai, the controlling shareholder and an executive director of the Company to beneficially own, directly or indirectly, 35% or more of the issued share capital and ownership interests in the Company or to remain as the single largest shareholder of the Company.

The Loan are secured by the entire shares of Auto Win Investments Limited, a wholly-owned subsidiary of the Company, a Company incorporated in British Virgin Islands.

The Company has breached one of the covenants that the Loan may become due immediately. The Company is now negotiating with the lender for waiver. As at the date of this report, the Company has sufficient cash and if waiver is not given, the Company shall forthwith repay the Loan and its accrued interest.

(c) The bank loans are secured by the Group's assets as detailed in note 54(a). Corporate guarantees were also given to banks for certain bank loans by a related company, which is beneficially owned by Mr. Dai, a director and shareholder of the Company.

38. TAX PREPAYMENTS/PAYABLES

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Tax prepayments		
PRC Enterprise Income Tax prepayments	44,287	12,971
LAT prepayments *(note)*	91,041	31,901
	135,328	44,872

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Tax payables		
PRC Enterprise Income Tax payable	89,353	215,817
LAT provision *(note)*	902,850	1,045,921
	992,203	1,261,738

Note:

The Group is subject to LAT in the PRC and is required to prepay 1% to 5% (2012: 1% to 5%) of the proceeds from sale and pre-sale of the properties. However, the implementation of LAT varies amongst various PRC cities and the Group has not finalised its LAT returns with various local tax bureaus.

On 28 December 2006, the PRC State Administration of Taxation issued a circular, which took effect on 1 February 2007 to request real estate developers to settle the final LAT payments in respect of their development projects that meet certain criteria, such as when 85% of a development project has been pre-sold or sold. Since then, local tax bureaus, including the Shanghai tax bureau, have issued local implementation rules and procedures from time to time. In order to minimise the uncertainties in the accounts due to exposure to the additional LAT liabilities, the Group has provided for LAT fully in accordance with the requirements of State Administration of Taxation and the issued implementation rules and procedures.

39. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the current and prior years were as follows:

	Group				
	Revaluation of property, plant and equipment and payment for leasehold land *HK$'000*	Revaluation of investment properties *HK$'000*	Revaluation of properties for sale *HK$'000*	Withholding tax on dividend *HK$'000*	Total *HK$'000*
At 1 January 2012	200,202	189,336	130,024	173,248	692,810
Exchange differences	1,046	1,614	690	172	3,522
(Credit)/charge to statement of comprehensive income for the year *(Note 13)*	–	(74,439)	824	20,056	(53,559)
At 31 December 2012	201,248	116,511	131,538	193,476	642,773
Exchange differences	5,630	3,045	3,199	878	12,752
Charge/(credit) to statement of comprehensive income for the year *(Note 13)*	–	20,082	(13,888)	(80,650)	(74,456)
At 31 December 2013	206,878	139,638	120,849	113,704	581,069

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses of HK$8,469,000 (2012: HK$8,347,000) can be carried forward indefinitely and the tax losses of HK$358,095,000 (2012: HK$351,042,000) will expire in five years' time.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed through its operations to the following risks from its use of financial instruments:

- Market risks (Interest rate risk, foreign exchange risk and equity price risk)
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board of Directors. Certain risks are managed centrally, while others are managed locally following guidelines stipulated by the central management. The policy for each of the above risks is described in more detail below.

Market risks

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank loans.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate bank loans, entrusted loan receivables and payables and pledged bank deposit. The Group currently does not use any derivative contracts to hedge the interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate").

Interest rate profile

The following table details interest rates analysis that the management of the Group evaluates their interest rate risk.

	Group				Company			
	2013 Effective interest rate		2012 Effective interest rate		2013 Effective interest rate		2012 Effective interest rate	
	(%)	*HK$'000*	*(%)*	*HK$'000*	*(%)*	*HK$'000*	*(%)*	*HK$'000*
Financial liabilities								
Fixed rate borrowings								
– Bank loans	4.81%	2,757,758	5.81%	2,242,063	1.76%	835,146	–	–
Floating rate borrowings								
– Bank loans	5.73%	3,386,921	5.82%	2,714,620	4.14%	1,217,863	3.50%	638,623
Financial assets								
Fixed rate financial assets								
– Pledged bank deposits	2.68%	1,571,342	3.27%	1,317,421	–	–	–	–
– Entrusted loan receivables	9%	126,919	15%	110,728	–	–	–	–
– Other receivables	10%	52,000,000	–	–	–	–	–	–
Floating rate financial assets								
– Cash and cash equivalents	0.7%	942,721	0.5%	1,508,600	0.01%	101,514	0.34%	23,576

Sensitivity analysis

At the respective end of reporting periods, if the Benchmark Rate had increased/decreased by 100 basis points and all other variables were held constant, the Group's profit would decrease/increase by approximately HK$18,311,000 (2012: HK$9,045,000) for the year ended 31 December 2013.

(b) Foreign exchange risk

Foreign exchange risk arises when individual company enters into transactions denominated in a currency other than their functional currency.

The Group and the Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group and the Company's certain cash and cash equivalents and the senior loan notes also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the respective end of reporting periods are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
HK$	159,339	41,351	99,566	–
United States dollars ("USD")	291,188	46,814	1,232	8,178
New Zealand dollars ("NZD")	716	115,496	716	–
South Africa rand ("ZAR")	5,693	–	–	–
Liabilities				
HK$	300,000	4,837	–	–
USD	2,400,164	1,676,436	2,398,530	640,300

Sensitivity analysis

The Group through its subsidiaries operating in the PRC, New Zealand and South Africa mainly exposes to the currency risk of HK$ against RMB, NZD and ZAR against HK$ respectively while the Company mainly exposes to the currency risk of USD against HK$.

The directors estimated that the effect on the profit after tax in the next accounting period in response to reasonably possible changes in the respective exchange rates would be insignificant for the years ended 31 December 2012 and 2013.

(c) Equity price risk

The Group is exposed to equity price risk through its investment in investment funds. The management closely monitors the price changes and takes appropriate action when necessary.

Sensitivity analysis

The directors estimated that the effect on the profit after tax and other component of equity in the next accounting period in response to reasonably possible changes in the prices of the respective equity instruments would be insignificant for the years ended 31 December 2012 and 2013.

Liquidity risk

Internally generated cash flows, bank loans, amount due to a joint venture, amounts due to related parties are the general sources of funds to finance the operations of the Group. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

The contractual maturities of financial liabilities are shown as below:

The Group

	Carrying amount *HK$'000*	Total contractual undiscounted cash flows *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
2013						
Non-derivatives:						
Trade, notes and other payables	1,319,155	1,319,155	1,319,155	–	–	–
Other payables (non-current)	153,598	436,604	–	10,154	71,075	355,375
Bank loans	6,144,679	6,471,347	3,342,783	968,665	1,407,353	752,546
Amount due to related companies	41,752	41,752	41,752	–	–	–
Amount due to a joint venture	635,867	635,867	635,867	–	–	–
Amount due to minority owners of subsidiaries	56,319	56,319	56,319	–	–	–
Financial guarantee contracts	–	369,987	369,987	–	–	–
	8,351,370	9,331,031	5,765,863	978,819	1,478,428	1,107,921
2012						
Non-derivatives:						
Trade, notes and other payables	1,278,137	1,278,137	1,278,137	–	–	–
Other payables (non-current)	171,880	424,440	–	9,843	70,109	344,488
Bank loans	4,956,683	5,244,887	1,402,131	1,696,889	1,290,551	855,316
Amount due to an minority owner of a subsidiary	42,714	42,714	42,714	–	–	–
Financial guarantee contracts	–	246,505	246,505	–	–	–
	6,449,414	7,236,683	2,969,487	1,706,732	1,360,660	1,199,804

The Company

	Carrying amount *HK$'000*	Total contractual undiscounted cash flows *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
2013						
Non-derivatives:						
Other payables	8,600	8,600	8,600	–	–	–
Amounts due to subsidiaries	245,885	245,885	245,885	–	–	–
Bank loans	2,053,009	2,150,063	71,855	2,078,208	–	–
	2,307,494	2,404,548	326,340	2,078,208	–	–
2012						
Non-derivatives:						
Other payables	4,167	4,167	4,167	–	–	–
Amounts due to subsidiaries	386,092	386,092	386,092	–	–	–
Bank loan	638,623	668,814	22,352	646,462	–	–
	1,028,882	1,059,073	412,611	646,462	–	–

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2013 and 2012 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and guarantees provided by the Group as disclosed in note 51. The Group has policies in place to determine credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spreading over a large number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

41. FINANCIAL INSTRUMENTS – CARRYING AMOUNT AND FAIR VALUE

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and trading on active liquid markets are determined with reference to quoted market prices; and

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

42. SHARE CAPITAL

(a) Authorised and issued share capital

	Company			
Authorised	**2013**	**2013**	**2012**	**2012**
	Number	*HK$'000*	*Number*	*HK$'000*
Ordinary shares of HK$0.02 each	20,000,000,000	400,000	20,000,000,000	400,000

Issued and fully paid	**2013**	**2013**	**2012**	**2012**
	Number	*HK$'000*	*Number*	*HK$'000*
Ordinary shares of HK$0.02 each				
At beginning of the year	12,437,351,515	248,747	12,463,811,515	249,276
Placement of shares *(note a(i))*	2,442,000,000	48,840	–	–
Cancellation upon repurchase of shares *(note a(ii))*	–	–	(26,460,000)	(529)
At end of the year	14,879,351,515	297,587	12,437,351,515	248,747

Notes:

(i) On 21 June 2013, the Company entered into 2 share subscription agreements to issue 2,442,000,000 new shares at the subscription price of HK$0.14 each to 2 independent parties. All the shares ranked pari passu in all respects among themselves and all other existing shares. These new shares were issued on 16 July 2013 and the subscription money of HK$341,880,000 was duly received.

(ii) The Company was authorised to repurchase its own shares not exceeding 10% of the aggregate nominal amount of its issued share capital. The Company repurchases its shares on the Stock Exchange when the directors are of the view that the shares are significantly trading at a discount in order to enhance shareholders' value.

The details of repurchase of the Company's own ordinary shares on the Stock Exchange during the years ended 31 December 2012 are as follows:

Month/year of repurchase	Number of Ordinary shares of nominal value of HK$0.02 each repurchased	Consideration per share Highest	Consideration per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
January 2012	26,460,000	0.138	0.125	3,448

The repurchased shares were cancelled during the years ended 31 December 2012, and the issued share capital of the Company was reduced by the nominal value thereof. The premium paid and the related costs on repurchases of the shares of HK$2,933,000 were charged to share premium.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2012 and 2013.

(b) Capital management policy

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debts as total debt (which comprise non-current other payables, bank loans, other borrowing, entrusted loan payables and senior loan notes less cash and cash equivalents and pledged bank deposits). Adjusted capital comprises all components of equity.

During the year, the Group's strategy was to maintain the net debt-to-adjusted capital ratio at the lower end of the range 60% to 70%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

The net debt-to-adjusted capital ratio at 31 December 2013 and 2012 was calculated as follows:

	Group 2013	Group 2012
	HK$'000	*HK$'000*
Current liabilities		
Bank loans	3,459,042	1,325,085
Non-current liabilities		
Bank loans	2,685,637	3,631,598
Other payables	153,598	171,880
	2,839,235	3,803,478

	Group 2013 HK$'000	2012 HK$'000
Total debt	6,298,277	5,128,563
Less: Cash and cash equivalents	(942,721)	(1,508,600)
Pledged bank deposits	(1,571,342)	(1,317,421)
Net debt	3,784,214	2,302,542
Total equity and adjusted capital	6,630,960	5,799,835
Net debt-to-adjusted capital ratio	57%	40%

(c) Share option scheme

2012 Share option scheme

During the year, the Company adopted a share option scheme on 18 July 2012 (the "2012 Share Option Scheme"), for primary purpose of providing incentives to eligible participants. Details of the 2012 Share Option Scheme are as follows:

On 18 July 2012, the Company adopted the 2012 Share Option Scheme which will expire on 17 July 2022. Pursuant to the terms of the 2012 Share Option Scheme, the Company may grant options at a consideration of HK$1 to eligible participants (including directors, shareholders, eligible employees, suppliers and customers of the Company or its subsidiaries) to subscribe for shares in the Company. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share as quoted on the Stock Exchange on the date of grant, (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares on the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date on which the options are granted. Options granted should be accepted within 28 days from the date of offer.

The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Company's shares in issue as at the date on which the relevant share option scheme has been adopted.

The 2012 Share Option Scheme may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2012 Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed or exercised in accordance with the 2012 Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Company's shares in issue. Where any further grant of options to a participant would result in the Company's shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant in aggregate exceeding 1% of the Company's shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his associates abstaining from voting.

However, the overall limit on the number of the Company's shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

During the year, no option has been granted under the 2012 Share Option Scheme.

The exercise price of options outstanding at the end of the year range between HK$0.3840 and HK$0.3850 (2012: HK$0.3840 and HK$0.3850) and their weighted average remaining contractual life were 0.24 years (2012: 1.12 years).

Of the total number of options outstanding at the end of the year, options for 182,000,000 (2012: 220,000,000) shares had vested and were exercisable at the end of the year.

Options for 80,000,000 shares had been lapsed (2012: 28,000,000 has been forfeited) during the year ended 31 December 2013. The value of lapsed options of HK$11,057,000 (2012: forfeited options of HK$3,561,000) was released directly to retained profits.

The following tables disclose the movements in such share options during the year:

			Number of shares in respect of the options granted		
Date of grant	**Exercisable period**	**Exercise price** *HK$*	**Outstanding at 1 January 2013**	**Lapsed during the year**	**Outstanding at 31 December 2013**
Options granted to directors					
12 November 2009	12 November 2010 – 11 November 2013	0.3850	17,000,000	(17,000,000)	–
12 November 2009	12 November 2011 – 11 November 2013	0.3850	9,000,000	(9,000,000)	–
12 November 2009	12 November 2012 – 11 November 2013	0.3850	9,000,000	(9,000,000)	–
30 March 2010	30 March 2011 – 29 March 2014	0.3840	20,000,000	–	20,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	10,000,000	–	10,000,000
			65,000,000	(35,000,000)	30,000,000
Options granted to former director					
30 March 2010	31 March 2011 – 29 March 2014	0.3840	48,000,000	–	48,000,000
30 March 2010	31 March 2012 – 29 March 2014	0.3840	36,000,000	–	36,000,000
30 March 2010	31 March 2013 – 29 March 2014	0.3840	36,000,000	–	36,000,000
			120,000,000	–	120,000,000

Date of grant	Exercisable period	Exercise price HK$	Number of shares in respect of the options granted Outstanding at 1 January 2013	Lapsed during the year	Outstanding at 31 December 2013
Options granted to employees					
12 November 2009	12 November 2010 – 11 November 2013	0.3850	30,000,000	(30,000,000)	–
12 November 2009	12 November 2011 – 11 November 2013	0.3850	15,000,000	(15,000,000)	–
30 March 2010	30 March 2011 – 29 March 2014	0.3840	15,000,000	–	15,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	11,000,000	–	11,000,000
30 March 2010	30 March 2013 – 29 March 2014	0.3840	6,000,000	–	6,000,000
			77,000,000	(45,000,000)	32,000,000
			262,000,000	(80,000,000)	182,000,000
Weighted average exercise price (HK$)			0.3843	0.3850	0.3840

Date of grant	Exercisable period	Exercise price HK$	Number of shares in respect of the options granted Outstanding at 1 January 2012	Forfeited during the year	Outstanding at 31 December 2012
Options granted to directors					
12 November 2009	12 November 2010 – 11 November 2013	0.3850	22,000,000	(5,000,000)	17,000,000
12 November 2009	12 November 2011 – 11 November 2013	0.3850	14,000,000	(5,000,000)	9,000,000
12 November 2009	12 November 2012 – 11 November 2013	0.3850	9,000,000	–	9,000,000
30 March 2010	30 March 2011 – 29 March 2014	0.3840	25,000,000	(5,000,000)	20,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	10,000,000	–	10,000,000
			80,000,000	(15,000,000)	65,000,000
Options granted to former director					
30 March 2010	30 March 2011 – 29 March 2014	0.3840	48,000,000	–	48,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	36,000,000	–	36,000,000
30 March 2010	30 March 2013 – 29 March 2014	0.3840	36,000,000	–	36,000,000
			120,000,000	–	120,000,000

Date of grant	Exercisable period	Exercise price	Number of shares in respect of the options granted: Outstanding at 1 January 2012	Forfeited during the year	Outstanding at 31 December 2012
		HK$			
Options granted to employees					
12 November 2009	12 May 2010 – 11 November 2013	0.3850	8,000,000	(8,000,000)	–
12 November 2009	12 November 2010 – 11 November 2013	0.3850	35,000,000	(5,000,000)	30,000,000
12 November 2009	12 November 2011 – 11 November 2013	0.3850	15,000,000	–	15,000,000
30 March 2010	30 March 2011 – 29 March 2014	0.3840	15,000,000	–	15,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	11,000,000	–	11,000,000
30 March 2010	30 March 2013 – 29 March 2014	0.3840	6,000,000	–	6,000,000
			90,000,000	(13,000,000)	77,000,000
			290,000,000	(28,000,000)	262,000,000
Weighted average exercise price (HK$)			0.3844	0.3848	0.3843

43. RESERVES

Company	Share premium (note (a))	Capital redemption reserve	Contributed surplus (note (b))	Special capital reserve (note (c))	Share option reserve (note (d))	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012	1,874,593	1,074	157,315	68,541	39,378	(177,351)	1,963,550
Cancellation upon repurchases of own shares	(2,919)	–	–	–	–	–	(2,919)
Transaction costs attributable to repurchase of shares	(14)	–	–	–	–	–	(14)
Release upon forfeiture of share options	–	–	–	–	(3,561)	3,561	–
Loss for the year	–	–	–	–	–	(60,787)	(60,787)
At 31 December 2012	1,871,660	1,074	157,315	68,541	35,817	(234,577)	1,899,830
Issuance of ordinary shares	293,040	–	–	–	–	–	293,040
Transaction costs attributable to issuance of shares	(18)	–	–	–	–	–	(18)
Release upon lapse of share options	–	–	–	–	(11,057)	11,057	–
Loss for the year	–	–	–	–	–	(98,059)	(98,059)
At 31 December 2013	2,164,682	1,074	157,315	68,541	24,760	(321,579)	2,094,793

Notes:

(a) Amount subscribed for share capital in excess of nominal value.

(b) The Company's contributed surplus represents the credit arising from the effect of share premium offset against accumulated losses in previous years.

(c) The special capital reserve represents the credit arising from the effect of reduction in share capital in previous years.

(d) Share option reserve represents the share-based payment under the Company's share option scheme.

44. LEASES

Operating leases – lessee

The lease payments recognised as expenses are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Minimum lease payments	197,234	57,699	1,724	2,014

The total future minimum lease payments are due as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	4,438	42,056	1,881	459
Later than one year and not later than five years	45,737	83,284	919	18
Later than five years	178,592	–	–	–
	228,767	125,340	2,800	477

Operating lease payments in respect of rented premises payable by the Group relate to certain commercial properties for sub-letting and certain of its office premises. Leases are usually negotiated for an average term of two to ten years. Certain operating lease agreements in respect of the commercial properties for subletting last for 10 years and they are subject to contingent rent payments charged at 50% of the excess of monthly sublet income over the base rents as determined in the respective agreements, for the latter five years.

Operating leases – lessor

The Group's investment properties and certain properties for sales are leased to a number of tenants for leasing period from 4 to 20 years and 14 to 15 years respectively.

The minimum rent receivables under non-cancellable operating leases are as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Not later than one year	80,140	86,356
Later than one year and not later than five years	319,238	258,039
Later than five years	487,093	521,054
	886,471	865,449

45. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund (the "MPF") scheme for all eligible employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to profit or loss represents contributions payable to the MPF scheme by the Group at rates specified in rules of the MPF scheme.

The Group contributes to a local Municipal Government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to retirement scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The retirement benefit scheme contributions arising from the PRC Municipal Government retirement scheme charged to profit or loss represent contributions paid or payable by the Group at rates specified in the rules of the scheme.

46. INTERESTS IN SUBSIDIARIES

	Company	
	2013	**2012**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1,003,716	1,003,716
Amounts due from subsidiaries	3,566,806	2,144,063
Amounts due to subsidiaries	(245,885)	(386,092)

The amounts due from/to subsidiaries are unsecured, interest-free, repayable on demand and included in the Company's current assets and current liabilities respectively.

The Particulars of the Company's principal subsidiaries as at 31 December 2013 are as follows:

Name of subsidiary	**Place of incorporation/ establishment**	**Issued share capital/paid-up registered capital**	**Percentage of ownership interests directly**	**Percentage of ownership interests indirectly**	**Principal activities and place of operations**
上海証大置業有限公司 ("証大置業")*	The PRC	RMB820,000,000	–	100%	Property development and rental in the PRC
証大三角洲#	The PRC	RMB400,000,000	–	100%	Property development in the PRC
上海証大商業旅遊投資發展有限公司^	The PRC	RMB200,000,000	–	100%	Hotel operation and properties rental in the PRC
長春証大置業有限公司^	The PRC	RMB60,000,000	–	95%	Property development in the PRC
揚州証大商旅發展有限公司^	The PRC	RMB30,000,000	–	80%	Property development in the PRC

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
吉林市証大華城房地產開發有限公司^	The PRC	RMB20,000,000	–	100%	Property development in the PRC
海南新世界發展有限公司^	The PRC	RMB120,000,000	–	100%	Property development in the PRC
成都山水置業有限公司^	The PRC	RMB8,000,000	–	100%	Property development in the PRC
Wah Kong Travel Limited	Hong Kong	HK$1,250,000	–	60%	Sales of air tickets and provision of travel related services in HK
海門証大濱江置業有限公司#	The PRC	USD49,600,000	–	100%	Property development in the PRC
上海証大西鎮置業發展有限公司 ("証大西鎮")^	The PRC	RMB290,000,000	–	100%	Property development in the PRC
上海証大商業經營有限公司^	The PRC	RMB20,000,000	–	100%	Properties rental, management and agency services in the PRC
上海証大物業管理有限公司^	The PRC	RMB5,000,000	–	100%	Property management in the PRC
海南華意置業有限公司#	The PRC	RMB88,000,000	–	60%	Property Development in the PRC
鄂爾多斯市証大房地產開發有限公司^	The PRC	RMB50,000,000	–	100%	Property development in the PRC
青島証大大拇指商業發展有限公司*	The PRC	USD12,000,000	–	100%	Property development in the PRC
吉林省君誠房地產開發有限公司 ("吉林省君誠")^	The PRC	RMB200,000,000	–	57%	Property development in the PRC
長春証大物業服務有限公司^	The PRC	RMB500,000	–	100%	Property management in the PRC

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
吉林市城華物業服務有限公司	The PRC	RMB500,000	–	100%	Property management in the PRC
廊坊市証合泰房地產開發有限公司 ("証合泰")^	The PRC	RMB100,000,000	–	100%	Property development in the PRC
海門証大濱江物業管理有限公司^	The PRC	RMB500,000	–	100%	Property management in the PRC
揚州大拇指商業經營管理有限公司^	The PRC	RMB500,000	–	100%	Property management in the PRC
海門証大創意投資發展有限公司^	The PRC	RMB3,800,000	–	100%	Property development in the PRC
上海証大西鎮大拇指商業經營管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
江蘇証大商業文化發展有限公司^	The PRC	RMB50,000,000	–	100%	Property development in the PRC
上海証大喜瑪拉雅演藝有限公司 ("喜瑪拉雅演藝")^	The PRC	RMB5,000,000	–	100%	Properties rental, management and agency services in the PRC
上海証大喜瑪拉雅酒店管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
青島深藍復式酒店管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
煙台証大大拇指置業有限公司#	The PRC	RMB150,000,000	–	70%	Property development in the PRC
上海証大歌騰投資管理有限公司 ("証大歌騰")^	The PRC	RMB10,000,000	–	51%	Property management in the PRC
南通喜瑪拉雅酒店管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
海門証大商業經營管理有限公司^	The PRC	RMB2,000,000	–	100%	Property management in the PRC
Victory Gateway Limited	British Virgin Islands	USD1	100%	–	Investment holding
Most Perfect International Ltd.	British Virgin Islands	USD100	100%	–	Investment holding
Auto Win Investment Ltd.	British Virgin Islands	USD1	100%	–	Properties rental in the PRC

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* These subsidiaries are registered as wholly-foreign-owned enterprises under the PRC Laws.

\# These subsidiaries are registered as sino-foreign equity joint ventures under the PRC Laws.

^ These subsidiaries are registered as limited liability companies under the PRC Laws.

47. ACQUISITION OF A SUBSIDIARY

On 5 September 2012, the Group entered into an agreement with independent third parties to acquire 100% equity interest in 吉林省君誠 at a consideration of RMB45,000,000 (approximately HK$55,364,000). Up to the date of acquisition, 吉林省君誠 has not commenced its operation.

The above acquisition was accounted for as an acquisition of assets and liabilities as the entity acquired by the Group does not constitute a business. Details of the net assets acquired in the above acquisition were as follows:

	HK$'000
Properties under development	34,372
Amounts due from former owners	12,303
Net assets acquired	46,675
Total consideration satisfied by:	
Cash	24,606
Fair value of contingent consideration, payable due for settlement after one year, at the date of acquisition	22,069
	46,675
Net cash outflow arising on acquisition:	
Cash consideration paid	24,606

48. DISPOSAL OF SUBSIDIARIES

(a) For the year ended 31 December 2013

On 16 November 2012, the Group entered into an agreement (the "Agreement") with an independent third party ("Venturer") to dispose of its 10% equity interest ("Sale Interest") in Nanjing Zendai for a cash consideration of RMB120,000,000 (equivalent to approximately HK$148,240,000). The transaction led to the reduction of the Group's equity interests in Nanjing Zendai from 100% to 90%. According to the Agreement, Nanjing Zendai is jointly controlled by the Group and the Venturer and, therefore, Nanjing Zendai became a joint venture of the Group. The disposal was completed on 5 January 2013. The consideration was fully settled on 30 June 2013.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	266
Property held under development	2,974
Other receivable and prepayment	5
Deposits for property development	361,524
Amount due from subsidiaries	1,182,541
Cash and cash equivalents	939,245
Amount due to existing non-controlling interest	(2,739)
Amount due to subsidiaries	(332,642)
Bank loans	(669,944)
	1,481,230
Gain on disposal of 10% equity interests in Nanjing Zendai	117
Total consideration	1,481,347
Total consideration satisfied by:	
Cash received	148,240
Fair value of 90% retained equity interests in Nanjing Zendai	1,333,107
	1,481,347
Net cash outflow arising from the disposal:	
Cash received	148,240
Cash and cash equivalents disposed of	(939,245)
	(791,005)

(b) For the year ended 31 December 2012

On 28 October 2011, 証大置業, a wholly-owned subsidiary of the Company, entered into an agreement with 海之門, a former-associate with 35% equity interest held by the Group, for disposal of 上海証大外灘國際金融服務中心置業有限公司 (「証大外灘」), a wholly-owned subsidiary of 証大置業, with an independent third party, for a total cash consideration of RMB9,570,000,000 (equivalent to approximately HK$11,675,000,000). The Disposal was completed on 21 May 2012, on which date the Group lost control of 証大外灘. Total final consideration was approximately HK$10,547,287,000 (equivalent to approximately RMB8,578,108,000), of which approximately HK$10,499,925,000 (equivalent to approximately RMB8,539,589,000) was received on 31 December 2012.

The net assets of 証大外灘 at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	4,139
Properties under development	12,476,142
Other receivables	2,058
Cash and cash equivalents	104,666
Other payables	(1,908,552)
Amount due to an associate	(82,402)
Amount due to the major owner of an associate	(49,098)
Shareholder's loan	(1,940,377)
	8,606,576
Repayment of shareholder's loan	1,940,377
Reclassification adjustment of cumulative foreign exchange reserve of the subsidiary from equity to profit or loss for the year	(461,108)
Gain on disposal	461,442
Total consideration	10,547,287
Total consideration satisfied by:	
Cash	10,499,925
Consideration receivable	47,362
	10,547,287
Net cash inflow arising on disposal:	
Cash received	10,499,925
Cash and cash equivalents disposed of	(104,666)
	10,395,259

(c) For the year ended 31 December 2012

On 29 December 2011, 証大置業 entered into another agreement with an independent third party ("Purchaser") for disposal ("Wudaokou Disposal") of its entire interest in and shareholder's loan to Shanghai Zendai Wudaokou Property Company Limited ("Shanghai Zendai Wudaokou"), a wholly-owned subsidiary of 証大置業, for a total cash consideration of RMB2,960,000,000 (equivalent to approximately HK$3,610,000,000). Pursuant to the agreement of Wudaokou Disposal, Shanghai Zendai Wudaokou would dispose all of its assets other than its equity interest and receivable in Shanghai Haizhimen Property Management Co., Ltd ("Shanghai Haizhimen") and the shareholder's loan ("Spin-off") upon Shanghai Zendai Wudaokou was transferred to the Purchaser. Pursuant to a supplemental agreement, the Spin-off could be completed after the Shanghai Zendai Wudaokou was transferred to the Purchaser. Further, pursuant to the agreement of Wudaokou Disposal, part of the consideration would be used for settlement of other borrowing of the Group.

The Wudaokou Disposal was completed on 21 May 2012, on which date the Group lost control of Shanghai Zendai Wudaokou and all conditions precedent to the agreement were satisfied. The total cash consideration was approximately HK$3,639,493,000 (equivalent to approximately RMB2,960,000,000), of which HK$3,516,537,000 (RMB2,860,000,000) was received on 31 December 2012.

	HK$'000
Net assets disposed of:	
Interest in an associate	509,329
Amount due from an associate	2,843,359
Shareholder's loan	(2,908,813)
	443,875
Repayment of shareholder's loan	2,908,813
Reclassification adjustment of cumulative foreign exchange reserve of the subsidiary from equity to profit or loss for the year	(78,398)
Gain on disposal	365,203
Total consideration	3,639,493
Total consideration satisfied by:	
Cash	3,516,537
Consideration receivable	122,956
	3,639,493

49. PARTIAL DISPOSAL OF SUBSIDIARIES

On 17 September 2013, the Group disposed of a 40% equity interest in吉林省君城 (the "Transaction") to an independent third party, at a consideration of HK$105,250,000 (equivalent to RMB84,000,000), which was satisfied by cash. The Transaction results in an increase in other reserves of HK$5,717,000.

Before completion of the above Transaction, the Group had owned 95% effective equity interest in 吉林省君城. Upon completion of the above Transaction, effective equity interest in 吉林省君 城 owned by the Group was decreased to 57%.

50. RELATED PARTY TRANSACTIONS/BALANCES

Same as those disclose elsewhere in the financial statements, the Group had entered into the following significant transactions and had balances with related parties:

(a) Compensation of key management personnel

The remuneration of directors who are also members of key management during the year was as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Short-term benefits	9,369	12,328
Post-employment benefits	95	162
	9,464	12,490

The remuneration of directors is determined by reference to the performance of individuals and market trends.

(b) Balances with related parties

		Amounts owed to the Group by related parties As at 31 December		Amounts owed by the Group to related parties As at 31 December	
		2013	**2012**	**2013**	**2012**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from associates	*23*	1,075,479	798,782	–	–
Amounts due from joint ventures	*24*	685,509	813,599	–	–
Entrusted loan receivable from a joint venture	*34*	126,919	110,728	–	–
Amounts due from minority owners of subsidiaries	*31*	36,376	–	–	–
Amounts due from related companies	*30*	16,256	15,080	–	–
Amounts due to related companies	*36*	–	–	41,752	–
Amount due to joint venture	*35*	–	–	635,867	–
Amounts due to minority owners of subsidiaries	*31*	–	–	56,319	42,714

The Group had not made any provision for bad or doubtful debts in respect of related party debtors.

(c) During the year, 証大置業 and 喜瑪拉雅演藝 entered into the renovation contracts amounted to HK$33,304,000 and HK$775,000 with a related company of which the director is a close member of Mr. Dai. The services have been completed during the year.

(d) 証大投資, a company wholly-owned by Mr. Dai, provided corporate guarantees to the extent of HK$177,688,000 (2012: HK$812,008,000) for a bank loan (Note 37) of the Group as at 31 December 2013.

51. CONTINGENT LIABILITIES

As at 31 December 2013, the Group provided guarantees to the extent of approximately HK$346,715,000 (2012: HK$246,505,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also shared contingent liabilities of a joint venture arising from guarantees provided by the joint venture to banks to the extent of approximately HK$23,272,000 (2012: HK$Nil) in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the joint venture. These guarantees provided by the Group and the joint venture, to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition.

52. LITIGATION

On 4 June 2012, Shanghai Zendai Land Company Limited ("Shanghai Zendai Land"), a wholly-owned subsidiary of the Company, was served a document of summons issued by Shanghai No. 1 Intermediate People's Court ("the Court") in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen, the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun") (the "Claims").

On 24 April 2013, the Court issued a first instance judgment (the "Judgment") and granted an order to (i) invalidate the agreement on disposal of Shanghai Zendai Wudaokou; (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party ("Purchaser"), and, (iii) restate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer.

On 7 May 2013, an appeal (the "Appeal") was lodged with the Higher People's Court of Shanghai against the Judgment.

The Company's PRC legal advisers have advised that since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. In addition, the Company's PRC legal advisers consider that the legal grounds on which the Judgment was based are mistaken. Accordingly, the Company's PRC legal advisers are of the view that there are valid grounds for the Appeal and that the Company has a reasonable chance to win the Appeal.

The Directors believe that the disposal of the equity interests of Shanghai Zendai Wudaokou does not constitute a breach of any pre-emptive rights based on the legal advice. As the Judgment will not become effective pending the results of the Appeal, the Directors consider that the Group does not control Shanghai Zendai Wudaokou and therefore it should not be consolidated in the Group's consolidated financial statements. Further, the Directors are of the opinion that is not probable that the Group will incur any loss as a result of the Claims based on the legal advice.

In the event that the Appeal is unsuccessful, the agreement on Wudaokou Disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and ownership would revert to the Group. Should this happen, the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK$3,629,902,000) to the Purchaser. The Group would also obtain control of Shanghai Zendai Wudaokou. Adjustments would need to be made to the consolidated financial statements to recognise the liability, if any, to the Purchaser and to recognise the assets and liabilities of Shanghai Zendai Wudaokou.

53. COMMITMENTS

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Commitments for the property development – contracted for but not provided	2,407,452	1,222,797
Commitments for asset acquisition – contracted for but not provided	838,170	–

54. PLEDGE OF ASSETS

(a) At the end of reporting period, the carrying amounts of the following assets of the Group were pledged to secure certain bank loans (note 37) and payment guarantees granted to the Group.

	2013	**2012**
	HK$'000	*HK$'000*
Property, plant and equipment	341,852	343,286
Payment for leasehold land held for own use under operating leases	617,316	619,904
Investment properties	2,473,761	2,285,078
Properties under development and for sales	1,118,894	1,500,587
Pledged bank deposits	1,571,342	1,317,421
	6,123,165	6,066,276

(b) At 31 December 2013, the Group pledged certain properties under development and for sales with carrying amount of HK$482,295,000 (2012: Nil) from its joint venture, 文廣 証大, for a bank loan of the Group which has not been drawn down as at 31 December2013.

(c) At 31 December 2012, the Group pledged 45% equity interest in Shanghai Himalayas Real Estate Company Limited, an associate of the Group, with attributable carrying amount of approximately HK$361,505,000 to Shanghai Forte Land Co., Ltd. ("Shanghai Forte"), an equity holder of a former associate of the Group, for securing Shanghai Forte's interests in Shanghai Haizhimen. The pledge was released during the year.

55. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities as defined in note 4(k):

	2013		2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables	4,888,749	4,888,749	5,188,877	5,188,877
Available-for-sale financial assets (excluding those assets carried at cost)	2,665	2,665	2,584	2,584
Financial liabilities				
Financial liabilities measured at amortised cost	8,351,370	8,351,370	6,449,414	6,449,414

Determination of fair values of financial assets and financial liabilities is set out in note 40.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	31 December 2013			31 December 2012		
	Level 1	**Level 3**	**Total**	**Level 1**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets						
Available-for-sale financial assets – Investment funds	2,639	–	2,639	2,584	–	2,584
Financial liabilities						
Financial liabilities measured at fair value – Contingent payable for acquisition of a subsidiary *(note)*	–	–	–	–	22,687	22,687

Note:

The contingent consideration is measured at fair value based on the discounted cash flow of the amount of approximately RMB25,000,000 (equivalent to approximately HK$31,410,000) which the Group will settle upon the completion of the development. The management of the Group used its internal budgets and cash flow forecasts which included information about the fair value measurement using significant unobservable inputs (level 3). Upon subsequent re-measurement, fair value changes on contingent payable for acquisition of a subsidiary are included in property under development.

56. EVENTS AFTER THE REPORTING PERIOD

(a) In November 2013, the Group signed a contract to acquire a real estate project located in Johannesburg, South Africa, with an area of approximately 1,600 hectares, at a total consideration of approximately ZAR1,060,980,000 (equivalent to approximately HK$838,170,000) (the "Transaction"). The Transaction was completed on 20 March 2014. On 14 January 2014, the Company obtained an approval from an ordinary resolution on a special general meeting ("SGM") to the Transaction.

Details of the Transaction were more particularly set out in the announcement of the Company dated 5 November 2013.

(b) The Company had planned to participate in and bid at the tender for the sale shares of an investment holding Target company, the major asset of which comprises the land parcel located in Jiangsu Province, the PRC (the "Tender"). On 5 March 2014, the Company obtained an approval from an ordinary resolution on a SGM to participate in and bid at the Tender. According to the Tender, an refundable earnest money of RMB90,000,000 (equivalent to HK$114,227,000) has been paid.

On 6 March 2014, the Company won the Tender with a consideration of RMB902,300,000 (equivalent to HK$1,145,196,000). The balance of the consideration RMB812,300,000 (equivalent to HK$1,030,969,000), being the consideration after deducting the earnest money paid, has to be paid upon the signed agreement in respect of the Tender becoming effective.

Details of the Tender were more particularly set out in the announcement of the Company dated 17 February 2014 and 6 March 2014.

(c) On 24 March 2014, the Company entered into an agreement with Power Rider Enterprises Corp. ("Power Rider"), pursuant to which the Company conditionally agreed to sell and Power Rider conditionally agreed to purchase the 20% of the issued share capital of Richtex Holdings Limited ("Richtex Shares"), for a consideration of RMB200,000,000 (equivalent to approximately HK$252,000,000). In connection with the sale and purchase of the Richtex Shares, (i) Power Rider agreed to provide loan to Richtex Holdings Limited in the amount of RMB632.0 million; and (ii) the Company and Power Rider entered into an investor's rights agreement in connection with the management and control of the Richtex Holdings Limited and its subsidiaries and the rights and interests of the Company and Power Rider together as shareholders of Richtex Holdings Limited, as well as the grant of put option to Power Rider under the investor's rights agreement. Details of the transaction are disclosed in the Company's announcement dated 24 March 2014.

(d) On 24 March 2014, the Company entered into an agreement with Wisdom Mind Holdings Corp., pursuant to which Long Profit Company Limited ("Long Profit") conditionally agreed to issue and Wisdom Mind Holdings Corp., conditionally agreed to subscribe the new shares of Long Profit, representing 20% of the issued share capital of Long Profit as enlarged by the allotment and issue of the new shares, for a consideration of HK$20. In connection with the subscription of the new shares, (i) Wisdom Mind Holdings Corp., agreed to provide a loan in the amount of RMB850 million (equivalent to approximately HK$1,071.0 million) to Long Profit; (ii) an indirect wholly-owned subsidiary of the Company agreed to provide a loan in the amount of RMB950 million (equivalent to approximately HK$1,197.0 million) to Long Profit; and (iii) an indirect wholly-owned subsidiary of the Company, Long Profit and Wisdom Mind Holdings Corp., entered into an investor's rights agreement in connection of the management and control of Long Profit and the rights and interests of an indicate wholly-owned subsidiary of the Company and Wisdom Mind Holdings Corp., together as shareholders of Long Profit. Details of the transaction are disclosed in the Company's announcement dated 24 March 2014.

57. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2014.

3. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 28 February 2015, being the latest practicable date for the purpose of this schedule of borrowings prior to printing of the Composite Document, the Group had outstanding borrowings of approximately HK$10,956,061,000, details of which are set out below:

	HK$'000
Bank loans, secured and guaranteed by a related company	
– current	3,885,521
– non-current	3,984,680
Bank loans and other borrowing, unsecured	138,654
Amount due to a joint venture, unsecured	935,937
Amount due to related parties, unsecured	36,606
Amounts due to a shareholder, secured	1,868,052
Amounts due to minority owners of subsidiaries, unsecured	106,579
Amount due to an associate, unsecured	32

Securities

As at 28 February 2015, property, plant and equipment of approximately HK$605,084,000, payment for leasehold land held for own use under operating leases of approximately HK$625,590,000, investment properties of approximately HK$2,576,449,000, properties under development and for sales of approximately HK$1,716,587,000 and bank deposits of approximately HK$775,288,000 were pledged to secure certain bank loans granted to the Group.

At 28 February 2015, the Group pledged several wholly owned subsidiaries' shares held by the Group with net asset amounts of HK$463,025,000 to secure a bank loan granted to the Group.

At 28 February 2015, the Group pledged several wholly and partially owned subsidiaries' shares held by the Group with net asset amounts of HK$2,640,444,000, to secure the amounts due to related parties.

Included in non-current bank loans is loans of HK$500,000,000 which carries a covenant that requires Mr. Dai an executive director of the Company to beneficially own, directly or indirectly, 35% or more of the issued share capital and ownership interests in the Company or to remain as the single largest shareholder of the Company.

As at 28 February 2015, the Group has breached one of the financial covenants. Furthermore, as disclosed in the Company's announcements dated 12 February and 13 February 2015, the Offeror signed agreements on 26 January 2015 and 7 February 2015 to purchase in aggregate 7,443,635,000 shares of the Company at the price of HK$0.2 per share. Completion of the agreements took place on 13 February 2015 and the Offeror has replaced Mr. Dai and became the controlling shareholder of the Company on 13 February 2015. These events constituted breach of the terms of the loans. The lenders of the loans may demand the immediate repayment of the loans. The Group and the Offeror are now negotiating with the lenders for waiver. As at the Latest Practicable Date, even if the lenders do not grant the waiver, the Group will have sufficient cash and can forthwith repay the loans and its accrued interest.

Contingent liabilities

As at 28 February 2015, the Group provided guarantees to the extent of approximately HK$117,326,000 to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also shared contingent liabilities of a joint venture arising from guarantees provided by the joint to banks to the extent of approximately HK$34,809,000 in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the jointly controlled entity. These guarantees provided by the Group and the jointly controlled entity to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Referring to the paragraph under the heading "7. Litigation" in Appendix III, in the event that the Appeal is unsuccessful, the agreement on Wudaokou Disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK$3,605,193,000) to the Purchaser.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 28 February 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

4. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than information relating to the Offeror or any of its associates or any parties acting in concert with any of them) 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, or any of its associates or any 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.

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

2. SHARE CAPITAL

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

Authorised		*HK$*
20,000,000,000	Shares of HK$0.02 each	400,000,000
Issued		
14,879,351,515	Shares of HK$0.02 each	297,587,030.30

No Shares have been issued since 31 December 2014, being the end of the last financial year of the Company.

All Shares in issue rank pari passu in all respects with each other including as regards capital, dividends and voting rights.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, securities, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' and the chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

Name of Director	Capacity and nature of interests	Number of Shares	Approximate percentage of issued share capital of the Company
Mr. Tang Jian	Beneficial owner	10,000,000 (L)	0.07%

(L) denotes long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders and other person's interests and short positions in shares, underlying shares and securities of the Company

As at the Latest Practicable Date, the following persons (other than a Director or a chief executive of the Company) had an interest or short position in the Shares or underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name	Capacity and nature of interests	Number of Shares	Approximate percentage of issued share capital of the Company
The Offeror *(Note 1)*	Beneficial owner	7,443,635,000 (L)	50.03%
Wise Leaders Assets Ltd. *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
Dong Yin Development (Holdings) Limited *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
COS Greater China Special Situations Fund, L.P. *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
China Orient Summit Capital SSF GP Co. Ltd. *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
China Orient Summit Capital International Co. Ltd. *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
China Orient Asset Management (International) Holding Limited *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%

Name	Capacity and nature of interests	Number of Shares	Approximate percentage of issued share capital of the Company
Cheer Link Global Ltd. *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
中國東方資產管理公司 (China Orient Asset Management Corporation) *(Note 1)*	Interest in controlled corporation	7,443,635,000 (L)	50.03%
China Alliance Properties Limited *(Note 2)*	Beneficial owner	2,431,815,000 (L)	16.34%
Shanghai Forte Land Co., Ltd *(Note 2)*	Interest in controlled corporation	2,431,815,000 (L)	16.34%
Shanghai Fosun High Technology (Group) Company Limited *(Note 2)*	Interest in controlled corporation	2,431,815,000 (L)	16.34%
Fosun International Limited *(Note 2)*	Interest in controlled corporation	2,431,815,000 (L)	16.34%
Fosun Holdings Limited *(Note 2)*	Interest in controlled corporation	2,431,815,000 (L)	16.34%
Fosun International Holdings Ltd. *(Note 2)*	Interest in controlled corporation	2,431,815,000 (L)	16.34%
Guo Guangchang *(Note 2)*	Interest in controlled corporation	2,431,815,000 (L)	16.34%
Greenwoods Asset Management Limited	Investment manager	909,350,000 (L)	6.11%

Notes:

1. According to published information, (i) 中國東方資產管理公司 (China Orient Asset Management Corporation) has 100% control of Dong Yin Development (Holdings) Limited, which in turn has 100% control of Wise Leaders Assets Ltd.; (ii) Wise Leaders Assets Ltd. and Dong Yin Development (Holdings) Limited each has 50% control of China Orient Asset Management (International) Holding Limited; (iii) China Orient Asset Management (International) Holding Limited has 80% control of China Orient Summit Capital International Co. Ltd., which in turn has 100% control of China Orient Summit Capital SSF GP Co. Ltd. As set out in the "Letter from CITIC Securities" of this Composite Document, China Orient Summit Capital SSF GP Co. Ltd. is the only general partner of COS Greater China Special Situations Fund, L.P. According to published information, COS Greater China Special Situations Fund L.P. has 100% control of Cheer Link Global Ltd. which in turn has 100% control of the Offeror.

2. According to published information, Mr. Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 79.6% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which together with Fosun International Limited have approximately 99.05% control of Shanghai Forte Land Co., Ltd., which has 100% control of China Alliance Properties Limited.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions in the Shares and underlying Shares which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

4. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

The Company

(a) As at the Latest Practicable Date, the Company was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror during the Relevant Period.

(b) Save as disclosed in the sub-paragraph headed "3. Disclosure of interests" above, as at the Latest Practicable Date, none of the Directors were interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror. Save for the entering into of the Share Purchase Agreements, none of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror during the Relevant Period.

(c) As at the Latest Practicable Date, none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, or the adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, or had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period.

(d) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code during the Offer Period.

(e) As at the Latest Practicable Date, there was no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which were managed on a discretionary basis by fund managers connected with the Company, and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period.

(f) Save as disclosed in the sub-paragraph headed "3. Disclosure of interests" above, as at the Latest Practicable Date, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.

(g) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

(h) There was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of associate, and any other person, or between any other associate of the Company and any other person.

(i) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company was managed on a discretionary basis by any fund managers connected with the Company, and none of them had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

THE OFFEROR

(a) As at the Latest Practicable Date, there was no agreement, arrangement or understanding that the Shares acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

(b) Save for the Offeror's interest in the Sale Shares pursuant to each of the Share Purchase Agreements, the Offeror as well as COAMI (who is the sole director of the Offeror) was not interested in, and none of the parties acting in concert with the Offeror owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

(c) None of the Offeror, its ultimate beneficial owners and/or parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer during the Relevant Period.

(d) Save for each of the Share Purchase Agreements, there was no person with whom the Offeror or any parties acting in concert with it has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code and accordingly no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

(e) None of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

(f) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its ultimate beneficial owners and/or parties acting in concert with them, and none of them had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

(g) As at the Latest Practicable Date, save for each of the Share Purchase Agreements, there is 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 Offer.

(h) As at the Latest Practicable Date, save for each of the Share Purchase Agreements, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the condition to the Offer.

(i) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Offer.

5. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

(a) there was no arrangement whereby any Directors would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;

(b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(c) save for the First Share Purchase Agreement to which Mr. Dai was one of the parties thereto, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

6. DIRECTORS' SERVICE CONTRACTS

Each of Ms. Li Li Hua, an executive Director and chief executive officer of the Company, and Mr. Tang Jian, an executive Director, has entered into a service contract respectively with the Company which may be terminated by either party by giving one-month notice to the other party. Effective from 1 December 2014 and 1 January 2015, Ms. Li Li Hua and Mr. Tang Jian are entitled to receive a fixed remuneration of RMB2,600,000 and RMB1,226,400 per annum respectively and a discretionary bonus to be determined with reference to their duties, responsibilities and market practice, as well as the Company's remuneration policy and is subject to review by the remuneration committee of the Board.

Effective from 1 October 2014, the annual emoluments of each of Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng, the independent non-executive Directors have increased to HK$240,000.

Save as disclosed above, as at the Latest Practicable Date, there was no service contract entered into between the Directors and the Company or any of its subsidiaries or associated companies in force (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the commencement of the Offer Period; or (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

7. LITIGATION

Reference is made to the announcements of the Company dated 30 December 2011, 31 May 2012, 5 June 2012, 2 August 2012, 29 November 2012, 30 November 2012 and 24 April 2013. Pursuant to the aforesaid announcements, on 4 June 2012, Shanghai Zendai Land Company Limited ("**Shanghai Zendai Land**"), a wholly-owned subsidiary of the Company, was served a document of summons issued by Shanghai No. 1 Intermediate People's Court (the "**Court**") in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen Property Management Co., Ltd., the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited. On 24 April 2013, the Court issued a first instance judgment (the "**Judgment**") and granted an order to (i) invalidate the agreement on disposal (the "**Wudaokou Disposal**") of Shanghai Zendai Wudaokou Property Company Limited ("**Shanghai Zendai Wudaokou**"); (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party; and (iii) restate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer. In May 2013, an appeal (the "**Appeal**") was lodged with the Higher People's Court of Shanghai against the Judgment. Since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. As at the Latest Practicable Date, the results of the Appeal were still pending.

Save as disclosed above, as at the Latest Practicable Date, the Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Group.

8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this Composite Document or have given opinion or advice which are contained in this Composite Document:

Name	Qualification
CITIC Securities	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined in schedule 5 of the SFO
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of CITIC Securities and Somerley Capital Limited has given and has not withdrawn its consent to the issue of this Composite Document with the inclusion of its recommendation or opinion in the form and context in which it is included.

As at the Latest Practicable Date, each of CITIC Securities and Somerley Capital Limited did not have any shareholding 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.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years before the commencement of the Offer Period and are or may be material:

(a) the framework agreement dated 4 November 2013 entered into among the Group, AECI Limited, Heartland Properties (Proprietary) Limited and AECI Real Estate (Proprietary) Limited in respect of the acquisition of, among others, certain immovable properties located in the Modderfontein area at a consideration of approximately ZAR930.68 million, details of which are disclosed in the circular of the Company dated 20 December 2013;

(b) the share transfer agreement dated 10 March 2014 entered into between Long Profit and 南京臨江老城改造建設投資有限公司 (Nanjing Linjiang Old Town Renovation, Construction and Investment Co., Ltd.*, "Nanjing Linjiang") for the acquisition of the entire share capital of 南京立方置業有限公司 (Nanjing Lifang Property Company Limited*, "**Nanjing Lifang**") at a consideration of RMB902,300,000, details of which are disclosed in the circular of the Company dated 17 February 2014 and the supplemental circular of the Company dated 30 April 2014;

(c) the sale and purchase agreement dated 24 March 2014 entered into between the Company and Power Rider in respect of the disposal of 20% of the issued share capital of Richtex at a consideration of RMB200,000,000, details of which are disclosed in the announcement of the Company dated 24 March 2014;

(d) the subscription agreement dated 24 March 2014 entered into among Hero Horse Holding Limited, Long Profit and Wisdom Mind in respect of the subscription of new shares to be issued by Long Profit at a consideration of HK$20, details of which are disclosed in the announcement of the Company dated 24 March 2014; and

(e) the share transfer agreement dated 20 November 2014 entered into between Nanjing Lifang and Nanjing Linjiang for the acquisition of the entire share capital of and the shareholder's loan due from 南京五道口置業有限公司 (Nanjing Wudaokou Property Limited*) at a consideration of RMB1,043,210,000, details of which are disclosed in the circular of the Company dated 7 July 2014 and the supplemental circular of the Company dated 22 December 2014.

10. MARKET PRICES

(a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Offer Period and up to the Latest Practicable Date were HK$0.315 per Share on 13 April 2015 and HK$0.102 per Share on 7 November 2014, 11 November 2014, 14 November 2014, 18 November 2014, 19 November 2014 and 10 December 2014, respectively.

(b) The table below sets out the closing prices of the Shares as 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, which is also the last Business Day immediately preceding the date of the Initial Announcement; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
31 July 2014	0.122
29 August 2014	0.118
30 September 2014	0.106
31 October 2014	0.105
28 November 2014	0.109
31 December 2014	0.120

Date	Closing price per Share *HK$*
21 January 2015 (Last Trading Day)	0.183
30 January 2015	Suspended
27 February 2015	0.211
31 March 2015	0.246
13 April 2015 (Latest Practicable Date)	0.315

11. GENERAL

(a) The registered office of the Offeror is situated at Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands. The sole director of the Offeror is COAMI. The registered office of COAMI is Room 4802, 48/F, Office Tower Convention Plaza, One Harbour Road Wanchai, Hong Kong.

(b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company in Hong Kong is situated at Unit 6108, 61/F., The Center, 99 Queen's Road Central, Hong Kong.

(c) The secretary of the Company and the qualified accountant of the Company is Mr. Wong Ngan Hung, who is a member of Hong Kong Institute of Certified Public Accountants.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The registered office of CITIC Securities is situated at 26th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

(f) The registered office of the Independent Financial Adviser is 20/F, China Building, 29 Queen's Road Central, Hong Kong.

(g) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (http://www.zendai.com); (ii) on the website of the SFC (http://www.sfc.hk); and (iii) at the principal office of the Company at Unit 6108, 61/F., The Center, 99 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document until the Closing Date or the date on which the Offer lapses or is withdrawn (whichever is earlier):

(a) the memorandum and articles of association of the Offeror;

(b) the memorandum of association and the bye-laws of the Company;

(c) the annual reports of the Company for the two financial years ended 31 December 2013;

(d) the letter from CITIC Securities, the text of which is set out on pages 7 to 17 of this Composite Document;

(e) the letter from the Board, the text of which is set out on pages 18 to 23 of this Composite Document;

(f) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this Composite Document;

(g) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 44 of this Composite Document;

(h) the service contract referred to in the paragraph under the heading "6. Directors' service contracts" in this appendix;

(i) the written consents referred to in the paragraph under the heading "8. Experts and consents" in this appendix;

(j) the material contracts referred to in the paragraph under the heading "9. Material contracts" in this appendix; and

(k) a copy of each of the Share Purchase Agreements.