THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to what action to take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shui On Land Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

瑞安房地產
SHUI ON LAND

Shui On Land Limited

瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 272)

MAJOR AND CONNECTED TRANSACTION — SWAP AGREEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION — JV AGREEMENT

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

PLATINUM
Securities

Platinum Securities Company Limited

A letter from the Board is set out on pages 6 to 34 of this circular and a letter from the Independent Financial Adviser is set out on pages 37 to 55 of this circular.

* *For identification purposes only*

28 October 2013

CONTENTS

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

"Acquisition"	the transfer of the Group Company Shares from the Investor to Shui On Development pursuant to the Swap Agreement
"Adjusted TPQ116 Cleared Site Value"	RMB5,272,914,080, being the value of the independent valuation of TPQ116 Cleared Site as at 31 July 2013 prepared by the Appraiser and as adjusted by the methodology as described in the section headed "Letter from the Board — The Swap Agreement — Basis of Shortfall Amount" in this circular
"Appraiser"	Knight Frank Petty Limited, an independent property valuer
"Board"	the board of Directors
"CCCD"	Chongqing City Center Development Company Limited, a company incorporated in the British Virgin Islands with limited liability
"Company"	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 272)
"Completion"	completion of the Restructuring pursuant to the terms of the Swap Agreement
"Completion Date"	ten business days after the conditions precedent under the Swap Agreement are satisfied or waived (or such other time and date as agreed between the parties in writing)
"connected person"	has the meaning ascribed to it in the Listing Rules
"Deadlock"	the situation where at two consecutive board meetings of Portspin, whether due to a lack of quorum caused by the absence of the director(s) appointed by a shareholder the meeting cannot be held, or where the meeting is convened and held but any resolution on a reserved matter cannot be passed due to failure to reach the requisite votes in favour of such resolution
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Portspin Shares by Shui On Development to Taipingqiao 116 pursuant to the Swap Agreement
"Elegant Partners"	Elegant Partners Limited, a company incorporated in the British Virgin Islands with limited liability

"Fieldcity Investments"	Fieldcity Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"Foresight Profits"	Foresight Profits Limited, a company incorporated in the British Virgin Islands with limited liability
"GFA"	gross floor area
"Golden Swan"	Golden Swan Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
"Group"	the Company and its subsidiaries
"Group Companies"	Fieldcity Investments, Foresight Profits, Score High and Rightchina
"Group Company Shares"	all the shares in the Group Companies held by the Investor at Completion
"Group Properties"	the land and properties owned by the Group Companies and Portspin
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW, each being an independent non-executive Director formed to advise the Independent Shareholders on the Swap Agreement and the JV Agreement
"Independent Financial Adviser"	Platinum Securities Company Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Swap Agreement and the JV Agreement, and a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	Shareholders who do not have a material interest on the Swap Agreement and the JV Agreement
"Investor"	Trophy Property, Taipingqiao 116, Wuhan Tiandi, Elegant Partners, CCCD and Golden Swan

"JV Agreement"	the shareholders agreement in relation to Portspin dated 30 September 2013 entered into between Shui On Development, Taipingqiao 116 and Portspin
"JV Completion"	the completion of the issuance of shares in Portspin to Shui On Development pursuant to the terms of the JV Agreement
"JV Group Companies"	Portspin and its subsidiaries
"Latest Practicable Date"	24 October 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Guarantee Fee"	loan guarantee fee in the amount of RMB19,600,000 owed by Elegant Partners to Shui On Development (as the Company's assignee) pursuant to the letter entitled "Re: Guarantee Fee in relation to the Standard Chartered Bank Syndicated Loan" dated 1 June 2010 and executed by Elegant Partners, Shui On Development and the Company
"Portspin"	Portspin Limited, a company incorporated in British Virgin Islands with limited liability
"Portspin Shares"	51 shares in the capital of Portspin (subject to any share split consummated pursuant to the JV Agreement), representing 51% of its total issued share capital, which are legally and beneficially owned by Shui On Development as at the date of this circular
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan
"Project Company"	Shanghai Jun Xing Property Development Co., Ltd. (上海駿興房地產開發有限公司), a sino-foreign joint venture formed pursuant to PRC laws and a subsidiary of Portspin
"Project Management Agreement"	the project management agreement dated 30 September 2013 entered into between the Project Company and Shui On Development pursuant to which Shui On Development agreed to provide development management and project management services

"Restructuring"	the Acquisition and the Disposal pursuant to the terms of the Swap Agreement, as illustrated in the section headed "Letter from the Board — Effect of the Restructuring under the Swap Agreement" in this circular
"Rightchina"	Rightchina Limited, a company incorporated in British Virgin Islands with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Score High"	Score High Limited, a company incorporated in British Virgin Islands with limited liability
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	holders of the shares of the Company
"Shui On Development"	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Swap Agreement"	the framework swap agreement dated 30 September 2013 between Shui On Development and the Investor in respect of the Acquisition and the Disposal
"Taipingqiao 116"	Taipingqiao 116 Development Company Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
"Target Companies"	the Group Companies and Portspin
"TPD"	Trophy Property Development L.P., a Cayman Islands exempted limited partnership
"TPD Total Portfolio Value"	RMB4,348,993,452, being the value of the independent valuation of each Group Property as at 31 July 2013 prepared by the Appraiser and as adjusted by the methodology as described in the section headed "Letter from the Board — The Swap Agreement — Basis of Shortfall Amount" in this circular

"TPQ116"	the proposed development project to be carried out within Plot 116 of Luwan District (subsequently merged with Huangpu District), Shanghai Municipality, the PRC, to be comprised of primarily a residential development, including car parking spaces, the land use rights to which are owned, directly or through one or more subsidiaries, by Portspin
"TPQ116 Cleared Site"	means that TPQ116 shall be Vacant and: (i) Portspin and each of its subsidiaries shall have no liabilities (other than permitted liabilities); (ii) the Portspin Shares and the shares in each of its subsidiaries shall be free of all encumbrances; and (iii) the assets (including TPQ116) of Portspin and each of its subsidiaries shall be free of all encumbrances
"Trophy Property"	Trophy Property GP Limited, a Cayman Islands exempt company, as general partner of and on behalf of TPD
"Vacant"	means (i) each resident or occupant of TPQ116, has permanently relocated from TPQ116 or a valid and non-appealable trial judgment or adminstrative decision has been made and a valid enforcement notice (執行通知) has been issued by a PRC court against such resident or occupant; (ii) all cultural relics have been demolished, preserved or otherwise dealt with in accordance with applicable laws; and (iii) TPQ116 is cleared and levelled and free of obstructions, other than those relating to residents or occupants in the process of being validly evicted
"Unwind Event"	(i) a government entity expropriates the site at TPQ116 or imposes penalties in excess of in aggregate RMB500 million upon Portspin and/or its subsidiaries in specific circumstances; or (ii) Shui On Development or its affiliates has not obtained all of the construction permits for the entirety of the site at TPQ116 by the expiration of a specified period, as a result of any attempt to develop the site as a single phase or project.
"Wuhan Tiandi"	Wuhan Tiandi Development Company Limited, a company incorporated in the British Virgin Islands with limited liability
"%"	per cent.

瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)

Executive Directors:
Mr. Vincent H. S. LO *(Chairman)*
Mr. Freddy C. K. LEE *(Chief Executive Officer)*
Mr. Daniel Y. K. WAN

Non-executive Director:
Mr. Frankie Y. L. WONG

Independent Non-executive Directors:
Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW

Registered office:
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Principal place of business:
34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

28 October 2013

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION — SWAP AGREEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION — JV AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 30 September 2013 in relation to the Swap Agreement and the JV Agreement.

On 30 September 2013, Shui On Development (a wholly-owned subsidiary of the Company) and the Investor entered into the Swap Agreement, pursuant to which, amongst other things, (i) the Investor has agreed to transfer the Group Company Shares to Shui On Development; and (ii) Shui On Development has agreed to transfer the Portspin Shares to Taipingqiao 116.

* *For identification purposes only*

As a result of the Swap Agreement, the Investor shall effectively transfer to Shui On Development its minority interest in three projects, namely Rui Hong Xin Cheng (Rainbow City) in Shanghai, Wuhan Tiandi and Chongqing Tiandi (which are currently joint venture projects between the Investor and Shui On Development, with Shui On Development as the majority shareholder). In return, Shui On Development shall transfer to the Investor its 51% majority interest in the TPQ116 project.

On the basis of information available to the Company as at the Latest Practicable Date, the shortfall amount payable by the Investor to Shui On Development under the Swap Agreement would be approximately RMB1,008,199,628. On 30 September 2013, Shui On Development, Taipingqiao 116 and Portspin entered into the JV Agreement in relation to Portspin, pursuant to which Shui On Development and Taipingqiao 116 shall, upon Completion under the Swap Agreement, form a joint venture in respect of Portspin. Under the JV Agreement, the shortfall amount under the Swap Agreement will be deemed contribution to Portspin by Shui On Development, upon which Shui On Development shall acquire approximately 18.9% interest in Portspin, with the remaining interest to be held by Taipingqiao 116. The JV Completion is conditional upon Completion under the Swap Agreement and will occur immediately following Completion at the location at which Completion takes place. Therefore, JV Completion would occur simultaneously with Completion, and JV Completion would not occur without Completion and vice versa.

As Shui On Development has a strong track record as a developer in the PRC and has previously managed the clearance and was involved in the pre-development work of TPQ116, TPD has requested Shui On Development form a joint-venture with them to develop TPQ116. The JV Agreement was entered into between the parties in relation to Portspin, whereby Shui On Development can continue to act as the developer of TPQ116, and Taipingqiao 116 can act as the investor in TPQ116 for the development of a residential complex (including a clubhouse) and car parking spaces. Under the JV Agreement, as a minority shareholder of Portspin, Shui On Development will retain considerable control over the budget and development of the project. After the JV Completion, Taipingqiao 116 shall have a right to sell shares in Portspin with a value of US$90 million to Shui On Development, which would have the effect of increasing Shui On Development's shareholding in Portspin to approximately 29.2%, and Shui On Development shall, upon Taipingqiao 116's exercise of such option, have a purchase option to acquire further shares in Portspin with a value of US$90 million, which would have the effect of further increasing Shui On Development's shareholding in Portspin to approximately 39.5%.

The main purpose of this circular is to provide you with, among other things, (i) further information regarding the Swap Agreement and the JV Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; (iv) the independent valuation reports on the Target Companies; and (v) additional information as required under the Listing Rules.

THE SWAP AGREEMENT

Date	30 September 2013
Parties	(i) Shui On Development (ii) Trophy Property (iii) Taipingqiao 116 (iv) Wuhan Tiandi (v) Elegant Partners (vi) CCCD (vii) Golden Swan
Assets to be Acquired	The Investor shall transfer to Shui On Development the Group Company Shares (and any related shareholders' loans and any receivables owed to the Investor or its affiliates by the Group Companies and any of their respective subsidiaries)
Assets to be Disposed of	Shui On Development shall transfer to Taipingqiao 116 the Portspin Shares (and any related shareholders' loans and any receivables owed to Shui On Development or its affiliates by Portspin or its subsidiaries)
Shortfall	If the TPD Total Portfolio Value, minus RMB19.6 million, is less than the Adjusted TPQ116 Cleared Site Value, Shui On Development will be entitled to recover the difference in value (the "**Shortfall Amount**") as adjusted by the methodology set forth below based on the management accounts of Portspin as at the Completion Date (collectively, the "**Total Amount**"): The Total Amount shall be the Shortfall Amount as adjusted by adding the non-relocation cost of TPQ116 incurred from 1 August 2013 to the Completion Date, all assets of Portspin (excluding property, plant and equipment and properties under development) as at the Completion Date, minus liabilities of Portspin (excluding amounts due to Shui On Development and its affiliates to the extent assigned to Taipingqiao 116, and amounts due to the Investor and their affiliates) as at the Completion Date, and as adjusted by the change of onshore minority shareholder interest of Portspin as at the Completion Date compared to 31 July 2013.

Concurrently with Completion, the Total Amount shall be applied as capital contribution by Shui On Development to Portspin as provided for in the JV Agreement. For details, please refer to the section headed "The JV Agreement — Capital Contribution" below.

If the TPD Total Portfolio Value, minus RMB19.6 million, is greater than the Adjusted TPQ116 Cleared Site Value, the Investor shall be entitled to recover the difference in value (the "**Initial Surplus**"), as adjusted pursuant to the methodology set forth below (collectively, the "**Surplus Amount**"):

The Surplus Amount shall be the Initial Surplus, minus non-relocation costs of TPQ116 from 1 August 2013 to the Completion Date, all assets of Portspin (excluding property plant and equipment and properties under development) as at the Completion Date, adding all liabilities of Portspin (excluding amounts due to Shui On Development and its affiliates to the extent assigned to Taipingqiao 116, and amounts due to the Investor and their respective affiliates) as at the Completion Date, and as adjusted by the onshore minority shareholder interest of Portspin as at the Completion Date compared to 31 July 2013. The Surplus Amount shall be paid by Shui On Development to the Investor within 20 business days after the issuance of the post-completion audits of Portspin to be performed within 90 days of the Completion Date.

Effectiveness

The Swap Agreement shall not come into effect until:

(i) the relevant shareholders of the Company have passed a resolution or issued a written consent to approve the Swap Agreement, the JV Agreement and the transactions contemplated thereby in accordance with the Listing Rules and the articles of association of Shui On Development; and

(ii) Shui On Development has obtained all necessary approvals to enter into the transactions contemplated by the Swap Agreement from its lenders, its parent company and their applicable affiliates.

If conditions in (i) and (ii) above have not been met by the date which is 90 days following the date of the Swap Agreement, the Swap Agreement automatically terminates.

Obligations with respect to TPQ116	Shui On Development shall promptly give written notice to the Investor after TPQ116 has qualified as the TPQ116 Cleared Site (the "**Clearance Notice**"). If the Clearance Notice is not validly issued on or before 31 October 2014, and the Investor has not waived conditions (i) and (ii) of the conditions precedent set out below, then either party may terminate the Swap Agreement.
	For a period of 15 business days after the receipt of the Clearance Notice, the Investor has the right to inspect TPQ116 to verify and confirm that TPQ116 has qualified as TPQ116 Cleared Site, and, if so confirmed, prior to the expiration of such 15 business day period, the Investor shall either give Shui On Development written notice (the "**Acceptance Notice**") of its acceptance or its rejection together with a detailed explanation (the "**Rejection Notice**").
	If the Investor issues a Rejection Notice, and the parties fail to reach agreement during a period of 15 business days thereafter or the date on which the Acceptance Notice is issued by the Investor (or if the Investor does not deliver an Acceptance Notice or Rejection Notice within the 15-business day period mentioned in the preceding paragraph, the expiration of such period) (the "**Acceptance Date**") has not occurred by 31 October 2014 and the Investor has not waived conditions (i) and (ii) of the conditions precedent set out below, the Swap Agreement shall terminate on the expiration of the 15-business day period, or if earlier, on 31 October 2014.
Conditions Precedent	The obligation of Shui On Development and the Investor to effectuate the Restructuring is subject to the satisfaction or waiver of each of the following conditions precedent, amongst others, (i) TPQ116 qualifying as the TPQ116 Cleared Site; (ii) delivery by Shui On Development to the Investor of valid land title certificate in respect of TPQ116 and a land grant contract amendment or a "red head" or "red letterhead" document from the applicable government entity that resets the construction commencement date as to the site at TPQ116 and the construction completion date subject to certain conditions;

(iii) there having been no material breach of the Swap Agreement or the transaction documents contemplated thereby (including but not limited to the warranties given by Shui On Development) by Shui On Development, subject to applicable notice and cure periods; and

(iv) there having been no material breach of the Swap Agreement or the transaction documents contemplated thereby (including but not limited to the warranties given by the Investor) by the Investor, subject to applicable notice and cure periods.

The Investor solely has the right to waive any of the conditions precedent set out in clauses (i), (ii) and (iii) above by giving a non-revocable written notice of such waiver to Shui On Development.

Shui On Development solely has the right to waive the condition precedent set out in clause (iv) above by giving a non-revocable written notice of such waiver to the Investor.

Restructuring

The parties to the Swap Agreement shall use their best efforts to carry out the following steps, amongst others, to effect and complete the Restructuring:

(i) the parties shall use their best efforts to obtain all necessary shareholder and board approvals, authorisations and resolutions in compliance with applicable laws and their respective constitutional documents;

(ii) Shui On Development shall use its best efforts to obtain and deliver to the Investor the TPQ116 Cleared Site and give the Clearance Notice to the Investor by 31 December 2013 (provided that failure to obtain and deliver by such date shall not be a breach of the Swap Agreement);

(iii) the Investor shall inspect the TPQ116 Cleared Site and, if TPQ116 satisfies the requirements to become the TPQ116 Cleared Site, the Investor shall promptly issue the Acceptance Notice; and

(iv) Shui On Development shall use its best efforts to obtain and deliver to the Investor the land title certificate in relation to TPQ116 issued by the relevant government entity after relocation of former residents or occupants of TPQ116 is completed by the date which is six months after the Acceptance Date (the "**Long Stop Date**").

Completion

Completion shall take place ten business days after the conditions precedent are satisfied or waived as permitted under the Swap Agreement (or such other time and date as agreed between the parties in writing).

Long Stop Date

The parties shall use their respective best efforts to complete the Restructuring before the Long Stop Date. If Completion has not occurred by the Long Stop Date then either party may terminate the Swap Agreement.

Forced Completion

Investor can elect to complete the Restructuring by waiver of conditions precedent (i) and (ii) above even if the site at TPQ116 is not yet cleared. Shui On Development shall then have further 12 months from the Completion Date to complete clearing of TPQ116 at its own expense.

If clearing of TPQ116 is not completed within 12 months after the Completion Date, then under the terms of the Project Management Agreement which appoints Shui On Development as the project manager of TPQ116, the Project Company has the right to terminate the Project Management Agreement.

Interim Transfer Restrictions

During the period between the date of the Swap Agreement to the Completion Date (or the termination of the Swap Agreement), Shui On Development may not encumber or transfer its shares or equity interest in Portspin (or its subsidiaries) without the Investor's prior written consent, and the Investor may not encumber or transfer its shares in Portspin or the Group Companies (or their subsidiaries) without the prior written consent of Shui On Development, except a transfer to affiliates or Shui On Development retains control of the relevant Group Company after such transfer or Shui On Development ceases to have any ownership in such Group Company after such transfer, subject to certain conditions.

	If Shui On Development proposes to transfer its shares in any Group Company to third parties on customary commercial terms at arm's length and fair price, Shui On Development shall have a drag-along right to require the Investor to participate in the proposed transfer on the same terms and conditions on pro-rata basis. If Shui On Development proposes to transfer its shares in any Group Company to third parties (excluding a sale in which Shui On Development retains control), the Investor shall have a tag-along right to participate in the proposed transfer on the same terms and conditions as Shui On Development on a pro-rata basis.
Post-Completion Audit and Adjustment	Within 90 days after the Completion Date, a post-completion audit on Portspin shall be completed (the "**Post-Completion Audit**"). The Post-Completion Audit would be used for the further adjustment of Total Amount and the number of shares in Portspin to be issued to Shui On Development under the JV Agreement after JV Completion, as described in the section "The JV Agreement — Share Adjustment" below.
Termination	The parties may be entitled to terminate the Swap Agreement upon certain events and conditions, including the non-fulfillment (or waiver) of the conditions precedent to Completion, the occurrence of an Unwind Event, the issuance of a Rejection Notice, or a material breach of representations and warranties provided by the parties under the Swap Agreement. If the Swap Agreement is terminated, the Swap Agreement shall have no further effect, provided that the termination shall not affect any accrued rights or liabilities of any party, and the parties shall each revert to the position (legally, financially and otherwise) that they would have been in had the Swap Agreement and the transaction documents contemplated thereby never been entered by the parties.

Basis of Shortfall Amount

The shortfall or surplus amount payable by Shui On Development to Investor or by Investor to Shui On Development for the Acquisition and Disposal under the Swap Agreement is the difference between the TPD Total Portfolio Value and the Adjusted TPQ116 Cleared Site Value, as adjusted by RMB19.6 million (representing the Loan Guarantee Fee).

The TPD Total Portfolio Value, being RMB4,348,993,452, was determined based on the valuation of each Group Property as at 31 July 2013 (multiplied by TPD's effective interest in each Group Property), as adjusted by taking into account other assets, liabilities, onshore minority shareholders' interests and amount of shareholders' loan owed to TPD of the Group Companies and Portspin, percentage of TPD's interest in the Group Companies and Portspin and mutually agreed income tax provision relating to the Group Companies and Portspin.

With respect to the valuation of each Group Property as at 31 July 2013, the value of completed properties, properties under development and cleared sites ready for development was determined by the valuation of the Appraiser, and the value for the sites under relocation and future relocation was determined according to book cost, except that those for Wuhan Tiandi and Chongqing Tiandi was determined by the valuation of the Appraiser, since the land costs for such projects had been fixed as agreed with the relevant government authorities.

The Adjusted TPQ116 Cleared Site Value, being RMB5,272,914,080, was determined by an independent valuation by the Appraiser of the TPQ116 Cleared Site as at 31 July 2013 of RMB5,261,000,000, as adjusted by taking into account the non-relocation cost with respect to TPQ116 up to 31 July 2013, onshore minority shareholder interest of Portspin, and relevant estimated deed tax and mutually agreed income tax provision relating to Portspin.

Since the Adjusted TPQ116 Cleared Site Value plus RMB19.6 million (representing the Loan Guarantee Fee) is higher than the TPD Total Portfolio Value, pursuant to the terms of the Swap Agreement, there is a Shortfall Amount, which is equivalent to RMB943,520,628, being RMB5,272,914,080 plus RMB19,600,000 and minus RMB4,348,993,452. The Shortfall Amount will be adjusted at Completion according to the methodology as set out in the section headed "The Swap Agreement — Shortfall" above. On the basis of information available to the Company as at the Latest Practicable Date, as further described in the section headed "The JV Agreement — Effects on the shareholding in Portspin under the JV Agreement" below, the Company estimates that after adjustment to the Shortfall Amount, the Total Amount would be approximately RMB1,008,199,628.

Amendments to Shareholders' Agreements

On 30 September 2013, amendment agreements were entered into between Shui On Development and the Investor, amongst others, to amend and supplement certain provisions of the existing shareholders' agreement in relation to each of Portspin and the Group Companies pursuant to and in accordance with the Swap Agreement.

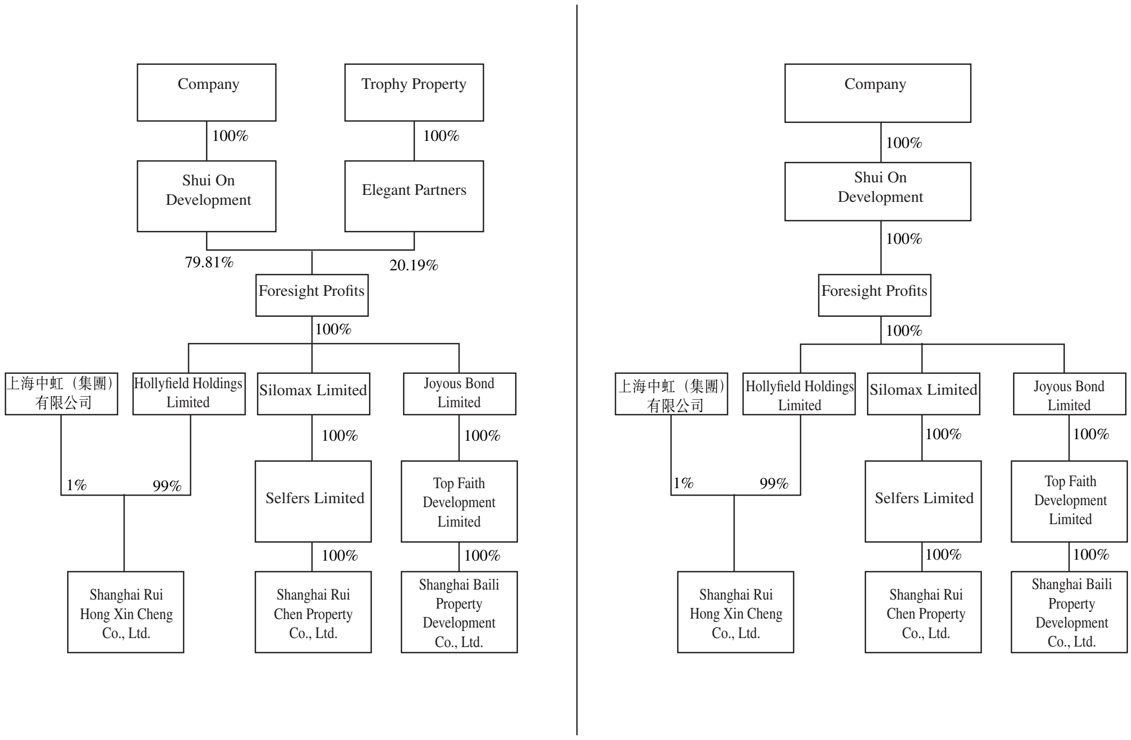
EFFECT OF THE RESTRUCTURING UNDER THE SWAP AGREEMENT

The shareholding structure of the Target Companies before and after Completion are as follows:

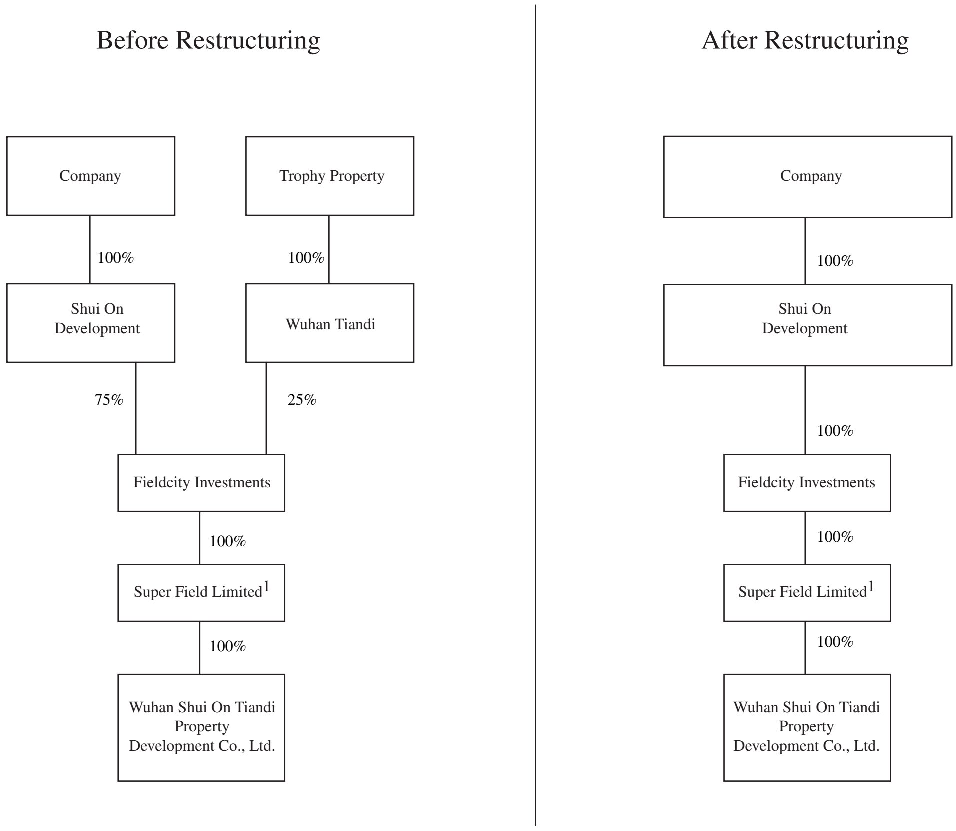
Foresight Profits

Before Restructuring

After Restructuring



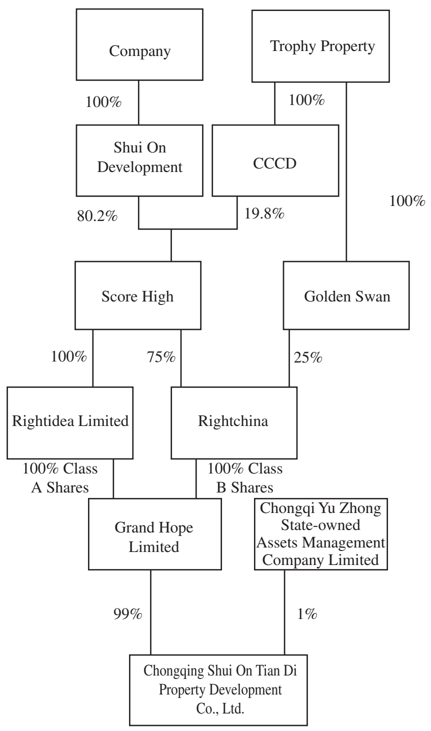
Fieldcity Investments



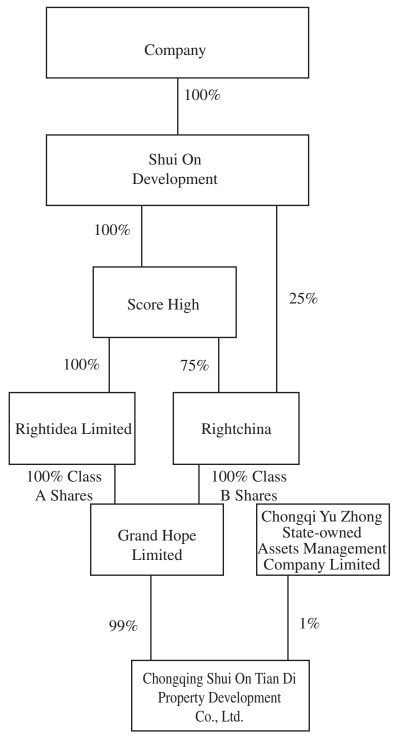
1 In addition to Wuhan Shui On Tiandi Property Development Co., Ltd., Super Field Limited also holds 100% of the equity interest in Wuhan Shuion Shangqi Real Estate Management Co., Ltd. (武漢瑞安商祺房產管理有限公司).

Score High and Rightchina

Before Restructuring

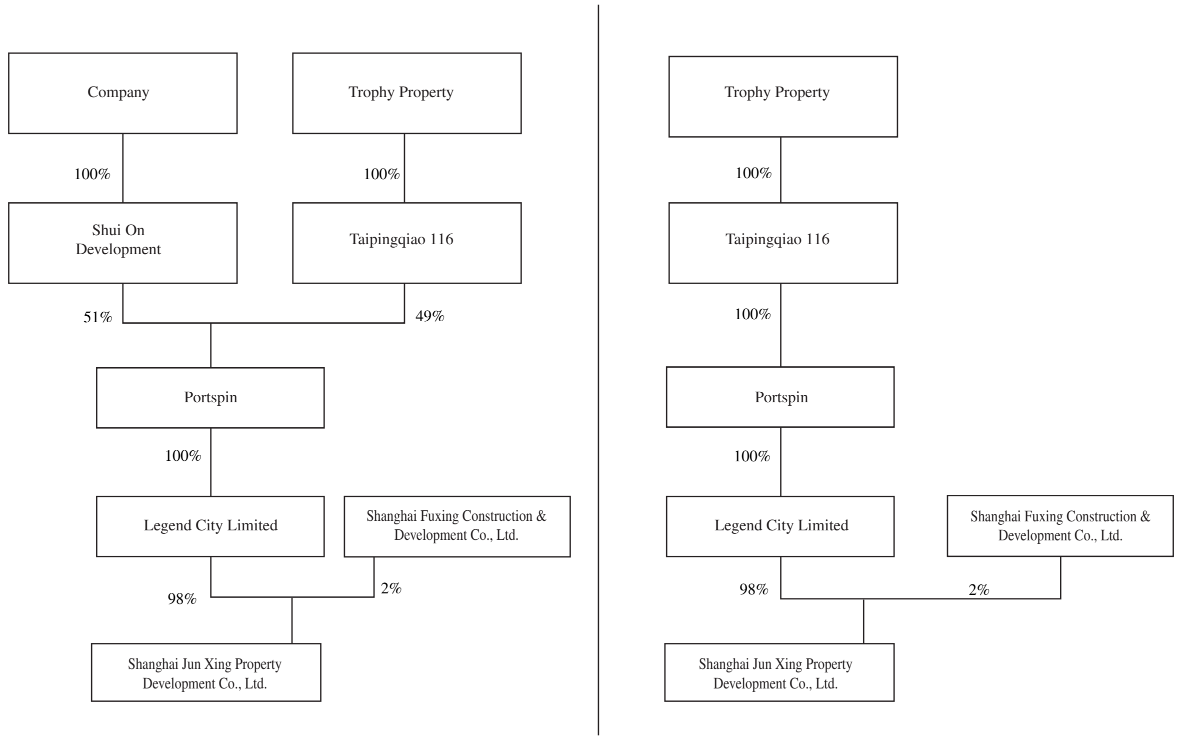


After Restructuring



Portspin

Before Restructuring — After Restructuring[1]



1 Prior to the issuance of shares in Portspin to Shui On Development pursuant to the terms of the JV Agreement

As at the date of this circular, (i) the Company holds 51% interest in Portspin, 75% interest in Fieldcity Investments, 79.81% interest in Foresight Profits and 80.2% interest in Score High (which in turns holds 75% interest in Rightchina); (ii) TPD holds 49% interest in Portspin, 25% interest in Fieldcity Investments, 20.19% interest in Foresights Profits, 19.8% interest in Score High and 25% interest in Rightchina. Upon Completion, the Company will hold 100% of each of Fieldcity Investments, Foresight Profits, Score High and Rightchina, and each of Fieldcity Investments, Foresight Profits, Score High and Rightchina will become wholly-owned subsidiaries of the Company. Immediately upon Completion and prior to JV Completion, TPD will hold 100% of Portspin and the Company will cease to hold any interest in Portspin, and Portspin will cease to be a subsidiary of the Company.

THE JV AGREEMENT

Date	30 September 2013
Parties	(i) Shui On Development (ii) Taipingqiao 116 (iii) Portspin
Effectiveness	The JV Agreement shall not come into effect until: (i) the relevant shareholders of the Company have passed a resolution or issued a written consent to approve the Swap Agreement, the JV Agreement and the transactions contemplated thereby in accordance with the Listing Rules and the articles of association of Shui On Development; and (ii) Shui On Development has obtained all necessary approvals to enter into the transactions contemplated by the Swap Agreement from its lenders, its parent company and their applicable affiliates. If conditions in (i) and (ii) above have not been met by the date which is 90 days following the date of the JV Agreement, the JV Agreement automatically terminates.
Capital Contribution	Immediately upon Completion but immediately prior to JV Completion, Taipingqiao 116 shall own 100% of the shares in Portspin. Upon JV Completion, subject to any adjustment to be made (see section headed "Share Adjustment" below), Shui On Development will be deemed to contribute the greater of (the greater being the "**Contribution Value**"): (i) the Total Amount; and (ii) 15% of the final Adjusted TPQ116 Cleared Site Value (the "**Final Adjusted TPQ116 Cleared Site Value**") (as calculated by methodology set forth below). The Final Adjusted TPQ116 Cleared Site Value shall be the Adjusted TPQ116 Cleared Site Value, plus non-relocation cost of TPQ116 from 1 August 2013 to the Completion Date, plus assets of Portspin (excluding property, plant and equipment and properties under development) as at Completion Date, minus all liabilities of Portspin (excluding amount due to Shui On Development and its affiliates to the extent assigned to Taipingqiao 116 and amount due to Taipingqiao 116 and affiliates) as at the Completion Date, and as adjusted by the change in onshore minority interest of Portspin as at the Completion Date compared to 31 July 2013.

Taipingqiao 116 will be deemed to contribute an amount equal to the Final Adjusted TPQ116 Cleared Site Value less the Contribution Value.

Shares Issuance

Upon JV Completion, Taipingqiao 116 shall cause Portspin to issue to Shui On Development new shares calculated as follows:

$$NS = \frac{CV}{AV} * (NS+ES)$$

NS = new shares to be issued to Shui On Development
CV = Contribution Value
AV = Final Adjusted TPQ116 Cleared Site Value
ES = total existing shares immediately prior to JV Completion

In addition to the shares in Portspin, Taipingqiao 116 shall cause Portspin to transfer to Shui On Development the pro rata share by value of the shareholder's loans owed by Portspin to Taipingqiao 116 immediately before JV Completion.

If the Contribution Value is greater than the Total Amount, Shui On Development shall pay the difference to Taipingqiao 116 upon JV Completion.

Share Adjustment

Within five business days after the Total Amount is further adjusted based on the Post-Completion Audit (the "**Final Total Amount**") according to the same methodology as set out in the section headed "The Swap Agreement — Shortfall" above (the "**Adjustment Date**"), the Final Adjusted TPQ116 Cleared Site Value shall be recalculated based on the Post-Completion Audit according to the same methodology as set out in the sub-section headed "Capital Contribution" above. Shui On Development and Taipingqiao 116 shall then readjust their respective holding of shares in Portspin and shareholder's loans and make corresponding payment to take account of any difference between (i) the amount so recalculated and the Final Adjusted TPQ116 Cleared Site Value; and (ii) the Final Total Amount and the Total Amount.

After the above adjustments, Shui On Development shall be deemed to have contributed the greater of (a) the Final Total Amount, and (b) 15% of the Final Adjusted TPQ116 Cleared Site Value (as finally adjusted), and shall receive in return the number of shares that the Contribution Value would yield pursuant to the formula set out in the sub-section "Shares Issuance" above (which shall not be less than 15% of the total outstanding shares in Portspin in any event).

JV Completion	The obligations of Shui On Development and Taipingqiao 116 to consummate the JV Completion are subject to the occurrence of Completion. JV Completion shall take place immediately following Completion at the location at which Completion takes place.
Board of Directors	The maximum number of directors of Portspin shall be five. Each shareholder shall have the right to nominate directors to the board based on the proportion of shares held in Portspin from time to time, with each shareholder having the right to nominate one director for each 20% interest in Portspin that it owns, provided that (i) for so long as Shui On Development owns any shares in Portspin, it shall be entitled to appoint not less than one director; and (ii) where Shui On Development owns 50% or more of the shares in Portspin, it shall be entitled to appoint not less than three directors. Upon the date of the JV Completion, directors shall be selected by each shareholder to reflect the relative shareholding of the shareholders. The board of directors of each subsidiary of Portspin will reflect as closely as is practicable (and subject to applicable laws) the attributable proportion of shares or equity interests of each of the shareholders in Portspin.
Board Meetings	No board meeting of Portspin shall be quorate unless at least three directors are present at such meeting or otherwise attending by telephone, at least one of whom must be a director nominated by Taipingqiao 116 and at least one of whom must be a director nominated by Shui On Development.
Shareholders Meetings	Both shareholders must be present to constitute a quorum for shareholders' meetings.
Transfer Restrictions	Shui On Development and Taipingqiao 116 may not transfer its shares in any JV Group Companies except as otherwise provided in the JV Agreement, other than a transfer to its affiliates, subject to the terms of the JV Agreement.
Contribution to Development Cost	If the JV Group Companies are able to procure third party debt financing for the development of TPQ116 sufficient to finance at least 50% (but not all) of its development cost, Shui On Development shall have the right to provide or procure to provide financing for the remaining development cost by way of subscription of shares in Portspin.

If the JV Group Companies are unable to procure third party debt financing for 50% or more of the development cost, then Shui On Development shall have the right to provide or procure to provide financing for the remaining development cost by way of subscription for shares in Portspin and loan to the JV Group Companies subject to the terms of the JV Agreement.

If despite Shui On Development's best efforts, the parties are unable to obtain third party debt financing for 50% or more of the development cost and Shui On Development notifies Taipingqiao 116 that it does not wish to finance the funding gap within 90 days after the funding gap is identified (a "**Funding Deadlock**"), Taipingqiao 116 shall have the right to deliver a forced sale notice in accordance with the section headed "Forced Sale" below. If Shui On Development subscribes for shares as aforesaid, (i) the shareholding percentages of Shui On Development and Taipingqiao 116 shall be adjusted accordingly, and (ii) the corresponding proportion of shareholder's loans related to such shares shall be transferred to Shui On Development, free of encumbrances.

The subscription price for shares in Portspin subscribed by Shui On Development pursuant to this section shall be based on the fair market value of Portspin as at the date of the funding notice ("**Funding Notice Date**"), representing the valuation of the land and properties of Portspin and other members of the JV Group Companies as agreed by the parties under the terms of the JV Agreement and adjusted by the audited balance sheet of Portspin as at the Funding Notice Date.

Developer Remuneration

Concurrently with the JV Agreement, the Project Management Agreement will be executed pursuant to which Shui On Development (or its applicable affiliate) will be retained as the project manager for the development of TPQ116 from the date of the JV Agreement. Shui On Development (or its affiliate) will also be entitled to a sales agency fee of 0.5% of the sales proceeds from the ultimate sale of the units. Pursuant to an agreed budget, the Project Company will (in addition to the 0.5% fee described above) pay reasonable commissions to both internal and external sales agents and personnel.

Post-completion Sale Option	During a two-week period commencing on the Adjustment Date, Taipingqiao 116 shall have the right to sell shares in Portspin with a value of US$90 million to Shui On Development, subject to the relevant valuation of land and properties of the JV Group Companies being satisfactory to the parties (the "**Sale Option**"). If Taipingqiao 116 exercises the Sale Option, (i) the transfer price payable by Shui On Development will be US$81 million (payable within six months after the sale option notice or within three months after the date of the relevant valuation, whichever is later); and (ii) Taipingqiao 116 shall transfer the shares in Portspin equal to US$90 million divided by the relevant valuation amount multiplied by the number of issued shares of Portspin together with the corresponding shareholder's loan to Shui On Development.
Post-completion Purchase Option	In the event that Taipingqiao 116 exercises the Sale Option, during a period of 20 business days after the date of the relevant valuation, Shui On Development shall have the right to buy additional shares in Portspin equivalent to the shares subject to the Sale Option (i.e., shares with US$90 million of value at the relevant valuation) (the "**Purchase Option**"). The transfer price will be US$81 million, payable within six months after the date of the exercise of its purchase right, and Taipingqiao 116 shall transfer the relevant shares in Portspin together with the corresponding shareholder's loan to Shui On Development.
Forced Sale	At any time after JV Completion, (i) either party, in the event of a Deadlock and the Deadlock cannot be resolved within 90 days; and (ii) Taipingqiao 116, in the event of a Funding Deadlock or termination of the Project Management Agreement, shall have the right to provide written notice to the other party requiring the other party to purchase its shares in Portspin at a price to be determined with reference to the valuation of the fair market value of Portspin and other members of the JV Group Companies as agreed by the parties under the terms of the JV Agreement.
Reserved Matters	Unanimous consent of the board of Portspin is required to approve the following reserved matters, amongst others: (i) any change of business or articles of association of any JV Group Company; (ii) any material change to the design and construction parameters of TPQ116; and (iii) the budget, business plan, development budget and yearly budget for the development of TPQ116.

Effects on the shareholding in Portspin under the JV Agreement

Based on information available to the Company as at the Latest Practicable Date and the Company's estimation of the non-relocation costs of TPQ116 from 1 August 2013 to 31 October 2014 of RMB64,679,000, and assuming that no further liabilities are incurred by Portspin as at the Completion Date and no other adjustment to the Shortfall Amount is required to be made pursuant to the methodology described in the section headed "The Swap Agreement — Shortfall" above, the Company estimates that the Total Amount would be approximately RMB1,008,199,628. It represents the sum of the Shortfall Amount of RMB943,520,628 and the adjustment amount of RMB64,679,000. The Adjusted TPQ116 Cleared Site Value is estimated to be adjusted by the same amount, and the Final Adjusted TPQ116 Cleared Site Value would be approximately RMB5,337,593,080. Hence the Company's deemed capital contribution of the Total Amount to Portspin pursuant to the terms of the JV Agreement would be equivalent to approximately 18.9% (being RMB1,008,199,628 divided by RMB5,337,593,080) of the total issued share capital of Portspin.

Upon the exercise of the Sale Option, Taipingqiao 116 shall sell shares in Portspin with a value of US$90 million to Shui On Development at the transfer price of US$81 million. Upon the exercise of the Purchase Option, Taipingqiao 116 shall sell further shares in Portspin with a value of US$90 million to Shui On Development at the transfer price of US$81 million. The above share value of US$90 million and transfer price of US$81 million, which effectively provides Shui On Development with a 10% discount on the transfer price based on the share value, were determined based on the commercial decisions of Taipingqiao 116 and Shui On Development after arm's length negotiations, considering that the Sale Option is only exercisable at Taipingqiao 116's discretion and the Purchase Option would not be exercisable unless Taipingqiao 116 exercises the Sale Option, the short exercisable period of the Sale Option and the Purchase Option, and the fact that Shui On Development would only be acquiring a minority interest in Portspin upon the exercise of the Sale Option and the Purchase Option. The value of the shares in Portspin to be transferred under the Sale Option and the Purchase Option, which determines the number of shares to be transferred, shall be based on the valuation of the land and properties of the JV Group Companies performed by an independent property valuer.

In the event the Sale Option is exercised by Taipingqiao 116, Shui On Development will acquire shares in Portspin from Taipingqiao 116 of a total value of US$90 million (equivalent to approximately RMB551,322,000, based on the US$ to RMB exchange rate of 1:6.1258). Assuming that the relevant valuation of TPQ116 would be the same as the Adjusted TPQ116 Cleared Site Value, Shui On Development will acquire a further 10.3% interest (being RMB551,322,000 divided by RMB5,337,593,080), and Shui On Development's interest in Portspin would increase to approximately 29.2%. In the event the Purchase Option is exercised by Shui On Development, Shui On Development will acquire further shares in Portspin from Taipingqiao 116 of a total value of US$90 million. Assuming that the relevant valuation of TPQ116 would be the same as the Adjusted TPQ116 Cleared Site Value, Shui On Development's interest in Portspin would further increase by approximately 10.3% to approximately 39.5%.

According to the Company's estimates, the construction loan likely to be obtained by Portspin and the JV Group Companies shall be sufficient to fund most of the development costs of TPQ116, with the remainder will be supported by pre-sales proceeds. Therefore, it is considered unlikely that there will be any funding shortfall which would require Shui On Development to contribute further funding to support the project. The Company will make a further announcement and comply with shareholders' approval requirements in the event the Sale Option and/or the Purchase Option is exercised as and when required under the Listing Rules.

INFORMATION ON THE GROUP AND THE INVESTOR

The Group is one of the leading property developers in the PRC. The Group engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

Each of Trophy Property, Taipingqiao 116, Wuhan Tiandi, Elegant Partners, CCCD and Golden Swan are investment holding companies which are directly or indirectly wholly-owned by TPD. Trophy Property, a Cayman Islands exempt company, is the general partner to TPD, and directly holds the interest in Taipingqiao 116 on behalf of TPD.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, TPD is a Cayman Islands exempted limited partnership, whose investment objective and policy is to achieve a medium term capital appreciation through predominantly co-investments in opportunistic property developments with developers in the PRC, Hong Kong, Macau and Taiwan. Their investments are principally in high-end projects in key locations in city centres, and are commercial, retail, residential or mixed-used developments. TPD is comprised of a number of limited partners (ranging from large institutional investors to high net worth individuals).

Each of Trophy Property, Taipingqiao 116, Wuhan Tiandi, Elegant Partners, CCCD and Golden Swan holds, directly or indirectly, more than 10% interest in one or more of the Target Companies, which are indirectly non-wholly owned subsidiaries of the Company. Hence, the Investor is a connected person of the Company under the Listing Rules. Please refer to page 18 of this circular for details of the Investor's interest in the Target Companies.

INFORMATION ON THE TARGET COMPANIES

The principal assets held by the Group Companies are their interests in the Group Properties (excluding TPQ116). The principal asset held by Portspin is TPQ116.

Principal businesses of the Target Companies

The description of the projects held by the Target Companies is as follows:

Target Company	Location of project held	Project description	Total GFA of project (planned)	Valuation of project determined by the Appraiser as at 31 July 2013 *(Note 1)*
Portspin	Plot 116 of Luwan District (merged with Huangpu District), Shanghai Municipality, the PRC	Residential property development (including car parking spaces)	Approximately 0.09 million square metres	RMB5,261,000,000
Fieldcity Investments	Hankou District, Wuhan City, the PRC	Wuhan Tiandi - a large-scale mixed-use development comprising office, retail, food & beverage, entertainment and residential properties	Approximately 1.8 million square metres	RMB7,418,500,000
Foresight Profits	Hongkou District, Shanghai Municipality, the PRC	Rui Hong Xing Cheng, (also known as Rainbow City) — intended to be developed into a community whose enhancements include office buildings, retail podiums, hotels, entertainment, cultural and residential properties.	Approximately 1.8 million square metres	RMB23,645,800,000 *(Note 2)*
Score High and Rightchina	Yuzhong District, Chongqing City, the PRC	Chongqing Tiandi - an urban redevelopment project including a man-made lake, office, exhibition and conference facilities, hotel, retail and entertainment outlets and residential properties.	Approximately 3.6 million square metres	RMB10,403,900,000

Note 1: The valuation of sites under relocation and for future relocation was determined on the basis that the sites are vacant and cleared.

Note 2: The valuation amount includes Lot 6 (non-retail part) of Rui Hong Xing Cheng, in which TPD has no effective interest, as the effective interest was transferred to the Group as disclosed in the announcement of the Company dated 1 April 2011.

Financial information of the Target Companies

Based on the audited accounts of the Target Companies prepared in accordance with International Financial Reporting Standards, the audited net asset value and profit or loss of the Target Companies for the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2013 were as follows:

For the financial year ended 31 December 2011:

	Audited net asset *(approx. RMB million)*	**Audited profit before taxation and extraordinary items** *(approx. RMB million)*	**Audited profit after taxation and extraordinary items** *(approx. RMB million)*
Portspin	29	0	0
Fieldcity Investments	1,396	1,293	774
Foresight Profits	1,583	799	389
Score High	2,059	481	379
Rightchina	83	244	182

For the financial year ended 31 December 2012:

	Audited net asset *(approx. RMB million)*	**Audited profit/(loss) before taxation and extraordinary items** *(approx. RMB million)*	**Audited profit/(loss) after taxation and extraordinary items** *(approx. RMB million)*
Portspin	42	(2)	(2)
Fieldcity Investments	1,969	975	573
Foresight Profits	2,564	63	21
Score High	2,502	679	441
Rightchina	330	330	245

For the seven months ended 31 July 2013:

	Audited net asset *(approx. RMB million)*	**Audited profit/(loss) before taxation and extraordinary items** *(approx. RMB million)*	**Audited profit/(loss) after taxation and extraordinary items** *(approx. RMB million)*
Portspin	66	6	6
Fieldcity Investments	2,126	237	157
Foresight Profits	2,573	10	7
Score High	2,729	582	227
Rightchina	226	11	(104)

Original purchase cost of Investor's interest in the Group Companies

Pursuant to an agreement dated 19 May 2008, TPD acquired a 25% interest in Foresight Profits from the Group for a total consideration of RMB1,125 million, as described in the announcement of the Company dated 19 May 2008.

Pursuant to an agreement dated 21 August 2008, TPD acquired from the Group a 25% interest in Rightchina for a total consideration of RMB1,021 million, as described in the announcement of the Company dated 21 August 2008.

Pursuant to two agreements dated 29 June 2007, TPD acquired from the Group a 25% interest in Fieldcity Investments for a total consideration RMB1,245 million and a 49% interest in Portspin for a total consideration of RMB363,915,691, as described in the announcement of the Company dated 29 June 2007.

Pursuant to an agreement dated 1 September 2006, TPD acquired a 9.9% interest in Score High from the Group for a total consideration of RMB503,381,555, as described in the prospectus of the Company dated 20 September 2006. To the best of the Company's understanding, TPD acquired a further 9.9% interest in Score High in 2007 from Ocean Equity Holdings Limited, a third party independent from the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SWAP AGREEMENT AND THE JV AGREEMENT

Background for entering into the Swap Agreement and the JV Agreement

The Company entered into the Swap Agreement as part of its strategy in restructuring its assets and resources. TPD, to which Trophy Property is the general partner and the company which holds the interests in the Group Companies, has a tenure of seven years, commencing in April 2008, with up to two one-year extensions (which have been approved by TPD's Advisory Board, taking the tenure to April 2017). TPD has fully invested its capital and has lost its funding capability, while the Group Properties are in continuous need for funding, therefore creating a funding gap. Dilution of TPD's interest in the Group Properties was the only way to resolve the funding gap before the Swap Agreement was entered into. However, the dilution process is problematic and painfully slow.

According to the master-plan of the Group, the development cycle of its property projects would span across a period of ten years or more. There is a discrepancy between the tenure of TPD and the development cycle of the Group's property projects according to its master-plan. TPD is unlikely to receive any cash distribution in the short-term and is unlikely to be able to exit these projects within its tenure. Trophy Property, the general partner of TPD, seemingly did not conclude a viable exit plan before investing in the Group Properties.

A large portion of the GFA of the projects held by the Group Companies, namely Rui Hong Xin Cheng, Wuhan Tiandi and Chongqing Tiandi, are yet to commence development. Therefore, sales from these projects are not expected to commence before the end of TPD's tenure. On the other hand, the site of TPQ116 is expected to be cleared by the end of 2013 and development can commence shortly thereafter. As a result, it is expected that revenue can be generated from TPQ116 in the relatively short-term compared to the Group Properties (excluding TPQ116). Therefore, based on arm's length negotiations between the parties after taking into account the above commercial considerations, the Swap Agreement was entered into in respect of the disposal of Shui On Development's 51% interest in Portspin to TPD and the acquisition by Shui On Development of TPD's minority interest in the Group Companies.

Benefits from 100% control in the Group Companies

The entering into of the Swap Agreement would be a mutually beneficial transaction for both the Company and TPD as it allows the Company to continue holding the Group Properties (excluding TPQ116), which would take a longer time to develop and realize a profit than the tenure of TPD, whilst at the same time allowing TPD to exit from its investments in the Group Companies in line with its own terms and tenure.

The Swap Agreement allows the Company to gain 100% control in the Group Companies, thereby strengthening its control and management over the properties held by the Group Companies and providing the Company with greater flexibility in its future financing and strategic partnership in respect of the Group Companies. The Swap Agreement allows the Company to develop, finance and manage these properties according to its own plans (without restrictions which may arise if the minority shareholder of the Group Companies were an investment fund with a limited fund life), from which the Company can generate returns in the short to medium term through the disposals of completed projects and the leasing up of commercial properties, thereby potentially increasing value to the Company and its Shareholders. TPD was taking the lead in the development of TPQ116 and some other plots in Chongqing Tiandi; however TPD's inability to contribute value to the Company's projects cast doubt on its development capabilities.

After Completion, the Company can enter into joint-venture arrangements in respect of the Group Companies with other partners whose economic and strategic long-term interest align with those of the Group, i.e. partners who can share development risks with the Group and have the ability to hold long-term interests with respect to properties.

Benefits of the Joint Venture in respect of TPQ116

Shui On Development has a strong track record as a developer in the PRC and is considered a major player in the Shanghai real estate market. Furthermore, Shui On Development has previously managed the clearance of TPQ116 and has been involved in pre-development works of the site. Therefore, TPD has requested that Shui On Development form a joint-venture with them to develop TPQ116, in order to ensure its success, agreeing in exchange to offer Shui On Development control over the project even as a minority shareholder. On this basis, the parties entered into the JV Agreement in relation to Portspin, whereby Shui On Development can continue to act as the developer of TPQ116 and TPD can act as the investor in TPQ116 for the development of a residential complex (including a clubhouse) and car parking spaces.

Under the JV Agreement, Shui On Development's approval is required on all major decisions in the development of TPQ116, including the development and business plan, budget and design. According to the Company's estimates, the construction loan likely to be obtained by Portspin and the JV Group Companies shall be sufficient to fund most of the development costs of TPQ116, with the remainder to be supported by pre-sales proceeds. Therefore, it is considered unlikely that there will be any funding shortfall which would require Shui On Development to contribute further funding to support the project. There are also the Sale Option and the Purchase Option granted under the JV Agreement which, if exercised, could increase the Company's interest in Portspin to nearly 40%.

Entering into the Swap Agreement and the JV Agreement as part of the Group's business strategy

The entering into of the Swap Agreement and the JV Agreement would be a mutually beneficial transaction for both the Company and TPD. It allows the Company to continue holding and to obtain full control of the Group Properties (excluding TPQ116), which would require a significant amount of funds for their future development (which cannot be provided by TPD as a result of its lack of additional funding capacity and limited tenure), and take a longer time to develop and realize a profit than the tenure of TPD, whilst acquiring a minority interest in TPQ116 of potentially close to 40% (against the original shareholding of 51% before entering into the Swap Agreement), yet at the same time retaining considerable control in its development and business plans. On the other hand, TPD can exit from its investments in the Group Companies in line with its own terms and tenure. Therefore, the entering into of the Swap Agreement and the JV Agreement is in line with Group's master-plan and business strategy of developing high-quality residential properties, commercial properties and mix-used properties in prime areas of major PRC cities, including Shanghai, Wuhan and Chongqing, and striving to achieve strong sales and rental performance from its projects.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Swap Agreement and the JV Agreement have been negotiated on an arm's length basis, on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole and would recommend the Independent Shareholders to vote in favour of the relevant resolutions if a physical Shareholders' meeting was to be held.

Mr. Vincent H. S. LO, an executive Director and chairman of the Board, voluntarily abstained from voting on the Board resolutions to approve the Swap Agreement and the JV Agreement in order to pursue a higher level of corporate governance for the Company. None of the Directors has any material interest in the transactions contemplated under the Swap Agreement and the JV Agreement, and none of them was required to abstain from voting on the resolutions passed by the Board to approve the Swap Agreement and the JV Agreement.

FINANCIAL EFFECTS OF THE SWAP AGREEMENT AND THE JV AGREEMENT

Prior to the completion of the Acquisition, Group Companies were majority-owned subsidiaries of the Company. After completion of the Acquisition, the Group Companies would become wholly-owned subsidiaries of the Company and thus their assets, liabilities and financial results would continue to be consolidated into those of the Group.

After the completion of Disposal, Portspin will cease to be a subsidiary of the Company and thus its assets, liabilities and financial results would no longer be consolidated into the Group.

The Group expects to accrue a before tax gain of approximately RMB130 million from the Disposal, which is calculated based on the carrying value of TPD's interest and shareholder's loan in Portspin and the Group Companies in their respective audited financial statements for the seven months ended 31 July 2013, the carrying value of the Company's interest and shareholder's loan in Portspin in its audited financial statements for the seven months ended 31 July 2013, and the Company's interest in Portspin after JV Completion (assuming the Company will hold an 18.9% interest in Portspin and based on the valuation of TPQ116 Cleared Site as of 31 July 2013 determined by the Appraiser), assuming the Completion and JV Completion had occurred on 31 July 2013.

The actual gain or loss to be recognized in the Company's income statement may differ from the above-mentioned amount of gain primarily because the Company's interest in Portspin may be subject to changes pursuant to the terms of the JV Agreement upon JV Completion.

Under the Swap Agreement, as a condition precedent to the Restructuring, Shui On Development has the obligation to deliver TPQ116 Cleared Site to the Investor, which means that TPQ116 shall be Vacant and: (i) Portspin and its subsidiaries shall have no liabilities (other than permitted liabilities); (ii) the shares in and assets of Portspin and its subsidiaries (including TPQ116) shall be free of all encumbrances. Therefore, for the purposes of the preparation of the unaudited pro forma information of the Group as set out in Appendix IV to this circular, it is assumed that at Completion, Portspin would not have any liabilities and would not hold any asset other than the TPQ116 Cleared Site. Based on the information available to the Directors as at the Latest Practicable Date, the estimated additional relocation cost and finance cost to be borne by the Group in obtaining TPQ116 Cleared Site is approximately RMB1,299 million, which may be subject to changes as a result of the progress of relocation and changes in finance cost.

As illustrated in the unaudited pro forma financial information as set out in Appendix IV in this circular, had the Completion under Swap Agreement occurred on 30 June 2013, the total assets of the Group would decrease from approximately RMB97,263 million to RMB94,415 million on a pro forma basis, and the total liabilities of the Group would decrease from approximately RMB56,243 million to RMB54,715 million on a pro forma basis. The net gearing ratio of the Group (calculated on the basis of the excess of the sum of convertible bonds, notes, bank and other borrowings of the Group net of bank deposits and cash, over the total equity of the Group) would increase from approximately 59% to 60% on a pro forma basis.

As at 30 June 2013, the unaudited total equity of the Group (which includes non-controlling interest) amounted to RMB41,020 million. Had the Completion under the Swap Agreement and the JV Completion under the JV Agreement occurred on 30 June 2013, the total equity of the Group (which includes non-controlling interest) would have decreased to RMB39,700 million (equivalent to the difference between the unaudited pro forma total assets of the Group of RMB94,415 million and the unaudited pro forma total liabilities of the Group of RMB54,715 million as at 30 June 2013), primarily due to the decrease of the Group's interest in Portspin from 51% to approximately 18.9% under the Swap Agreement and the JV Agreement, as a result of which Portspin will cease to be a subsidiary of the Company and the net assets of Portspin would no longer be consolidated into the financial statements of the Group. However, the unaudited equity attributable to the equity holders of the Company (which excludes non-controlling interest) would increase by approximately RMB130 million (being the estimate gain on Disposal as a result of the Swap Agreement and the JV Agreement and the resulting change of the Company's shareholding in Portspin from 51% to approximately 18.9%). Therefore, the transactions under the Swap Agreement and the JV Agreement will have a positive impact on the earnings of the Group and the unaudited equity attributable to the equity holders of the Company.

In the event of the exercise of Sale Option and Purchase Option under the JV Agreement, since the acquisition of the interest in Portspin would be at the total consideration of US$162 million and based on the relevant valuation of TPQ116, the Board considers that the acquisition would be at a fair value and there will be no material effect on the Group's overall earnings, assets and liabilities. In the preparation of the unaudited pro forma information of the Group, reference has been made to the valuation of the Sale Option and the Purchase Option as determined by Asset Appraisal Ltd., an independent valuer, as further described in Appendix IV to this circular. The Directors are of the view that the valuation method and major assumptions of the valuation are fair and reasonable.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2013, the PRC Government enacted economic reforms and structural adjustments, which emphasize sustainable quality growth by using market-driven measures to foster urbanization and domestic consumption. These policies have had an effect on the economic growth momentum in the PRC, and it is expected that the GDP growth will slow down to around 7%. Whilst government administrative policies in the real estate industry are expected to remain in place in various cities across the PRC, the risk of more stringent austerity measures in the real estate industry is alleviated by the slower economic growth, and the PRC real estate market is beginning to show signs of a clearer path for future development.

One of the highlights in the remainder of the year for the Group is Phase 1 construction of THE HUB in Shanghai, scheduled for completion by the end of 2013. Office tenants are expected to move in during the first and second quarters next year, and the entire project is on track for completion by the end of 2014. Enhancing integration with the Hongqiao transportation hub, THE HUB will offer offsite airport check-in and transportation services to and from the airport and train station — giving travellers the opportunity to have meetings, shop, dine and relax at THE HUB while waiting for their train and flights, which is a first in the PRC.

Despite slowing economic growth momentum, the PRC's economic rebalancing growth strategy is favorable to the Group's mixed-use property development model. The drive to boost household consumption and accelerate the development of the service sector can mitigate economic risks in an uncertain global economic environment. Furthermore, the Group's mixed-use development model provides risk diversification in a frequently changing property policy environment. The new urbanization program of the PRC, a key strategic initiative under the new leadership, will expedite the development of urban and inter-city transportation network and help enhance the value of the Group's Tiandi model and Transport Hub commercial properties.

The Board believes that the revenue and income to the Group will be improved in the future as the Group increases its equity interest in the Group Companies which hold quality project resources. In the long term, the Directors consider that the PRC real estate market will continue to develop and grow, and the acquisition of quality projects by the Group, together with its solid financial and capital positions, will lay a sound foundation for its long-term sustainable development.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the Acquisition and the Disposal under the Swap Agreement exceed 25% but are all less than 75%. Each of Trophy Property, Taipingqiao 116, Wuhan Tiandi, Elegant Partners, CCCD and Golden Swan holds, directly or indirectly, more than 10% interest in one or more of the Target Companies, which are indirectly non-wholly owned subsidiaries of the Company. Hence, each of Trophy Property, Taipingqiao 116, Wuhan Tiandi, Elegant Partners, CCCD and Golden Swan is a connected person of the Company. Accordingly, the Swap Agreement constitutes (i) a major transaction for the Company subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions under the JV Agreement exceed 5% but are all less than 25%. Since Taipingqiao 116 is a connected person of the Company, the JV Agreement constitutes a discloseable and connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited, Chester International Cayman Limited, Lanvic Limited and Boswell Limited, a closely allied group of Shareholders, each being a controlled corporation of Shui On Company Limited, holds 1,198,103,792 shares, 1,907,173,267 shares, 29,847,937 shares, 183,503,493 shares, 573,333,333 shares and 679,889,162 shares in the Company, respectively, representing in aggregate 4,571,850,984 shares in the Company and approximately 57.13% in the issued share capital of the Company at the Latest Practicable Date.

Since none of the Shareholders is required to abstain from voting on the Swap Agreement and the JV Agreement, written approval of Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited, Chester International Cayman Limited, Lanvic Limited and Boswell Limited, has been obtained for the purpose of approving the Swap Agreement and the JV Agreement in lieu of an approval from the Shareholders at a Shareholders' meeting pursuant to Rule 14.44 and Rule 14A.43 of the Listing Rules. The Stock Exchange has granted the Company a waiver from the shareholders' meeting requirement under Rule 14A.43 for the Swap Agreement and the JV Agreement.

RECOMMENDATION

Platinum Securities Company Limited has been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Swap Agreement, the JV Agreement and the transactions contemplated thereby. The Independent Financial Adviser considers that transactions under the Swap Agreement and the JV Agreement are in line with the business strategy of the Group, and the terms of the transactions under the Swap Agreement and the JV Agreement were on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser would advise the Independent Board Committee to recommend that Independent Shareholders vote in favour of the resolutions to approve the Swap Agreement, the JV Agreement and the transactions contemplated thereby if a physical Shareholders' meeting was to be held. The text of the letter of advice from the Independent Financial Adviser is set out on pages 37 to 55 of this circular.

The Company has established an Independent Board Committee comprising of all the independent non-executive Directors, namely Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW. The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser and its knowledge of these transactions from its oversight role on the Board, considers that the terms of the transactions under the Swap Agreement and the JV Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. and would recommend the Independent Shareholders to vote in favour of the relevant resolutions if a physical Shareholders' meeting was to be held.

ADDITIONAL INFORMATION

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

By Order of the Board of
Shui On Land Limited
Freddy C. K. LEE
Chief Executive Officer

瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 272)

28 October 2013

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION — SWAP AGREEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION — JV AGREEMENT

We refer to the circular dated 28 October 2013 issued by the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Swap Agreement, JV Agreement and the transactions contemplated thereby and to advise the Independent Shareholders on the terms of the Swap Agreement and the JV Agreement.

The Independent Financial Adviser, Platinum Securities Company Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 34 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its opinion in respect of the Swap Agreement, the JV Agreement and the transactions contemplated thereby as set out on pages 37 to 55 of the Circular.

* *For identification purposes only*

After taking into consideration the advice from the Independent Financial Adviser and our knowledge of these transactions from our oversight role on the Board, we concur with the views of the Independent Financial Adviser and consider that the terms of the transactions under the Swap Agreement and the JV Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders to vote in favour of the resolutions to approve the Swap Agreement, the JV Agreement and the transactions contemplated thereby if a physical Shareholders' meeting was to be held.

Yours faithfully,
for and on behalf of the
Independent Board Committee
Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW
Independent Non-executive Directors

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

PLATINUM Securities Company Limited

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Hong Kong
Telephone (852) 2841 7000
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Website www.platinum-asia.com

28 October 2013

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION — SWAP AGREEMENT

DISCLOSEABLE AND CONNCETED TRANSACTION — JV AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the connected transaction contemplated under the Swap Agreement and the JV Agreement (the "**Transactions**"). Details of the Transactions are contained in the letter from the Board as set out in the circular of the Company dated 28 October 2013 (the "**Circular**"). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions were entered into in the ordinary and usual course of business of the Company, the terms of the Transactions were on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and to give independent advice to the Independent Board Committee.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: (i) the independent valuation reports of the Target Companies dated 28 October 2013 (the "**Valuation Reports**") prepared by Knight Frank Petty Limited (the "**Independent Valuer**"); (ii) the Swap Agreement; (iii) the JV Agreement; (iv) the unaudited interim report of the Company for the six months ended 30 June 2013 (the "**2013 Interim Report**"); (v) the audited financial statements of the Group Companies and Portspin as at 31 July 2013; and (vi) the management account of Portspin as at 30 November 2012.

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transactions.

We are independent from, and are not associated with the Company or any other party to the Transactions, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Transactions. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transactions or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, and Mr. David J. SHAW, has been established to advise the Independent Shareholders as whether the Transactions were entered into in the ordinary and usual course of business of the Company, the terms of the Transactions were on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Transactions

Reference is made to the announcement of the Company dated 30 September 2013 in relation to the Transactions. On 30 September 2013, Shui On Development (a wholly-owned subsidiary of the Company) and the Investor entered into the Swap Agreement, pursuant to which, amongst other things, (i) the Investor has agreed to transfer the Group Company Shares to Shui On Development; and (ii) Shui On Development has agreed to transfer the Portspin Shares to Taipingqiao 116.

As a result of the Swap Agreement, the Investor shall effectively transfer to Shui On Development its minority interest in three projects, namely Rui Hong Xin Cheng (Rainbow City) in Shanghai, Wuhan Tiandi and Chongqing Tiandi (which are currently joint venture projects between the Investor and Shui On Development, with Shui On Development as the majority shareholder). In return, Shui On Development shall transfer to the Investor its 51% majority interest in the TPQ116 project.

On the basis of information available to the Company as at the Latest Practicable Date, the shortfall amount payable by the Investor to Shui On Development under the Swap Agreement would be approximately RMB1,008,199,628. On 30 September 2013, Shui On Development, Taipingqiao 116 and Portspin entered into the JV Agreement in relation to Portspin, pursuant to which Shui On Development and Taipingqiao 116 shall, upon Completion under the Swap Agreement, form a joint venture in respect of Portspin. Under the JV Agreement, the shortfall amount under the Swap Agreement will be deemed contribution to Portspin by Shui On Development, upon which Shui On Development shall acquire approximately 18.9% interest in Portspin, with the remaining interest to be held by Taipingqiao 116. The JV Completion is conditional upon Completion under the Swap Agreement and will occur immediately following Completion at the location at which Completion takes place. Therefore, JV Completion would occur simultaneously with Completion, and JV Completion would not occur without Completion and vice versa.

1.1 *Information on the Group*

The Group is one of the leading property developers in the PRC. The Group engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

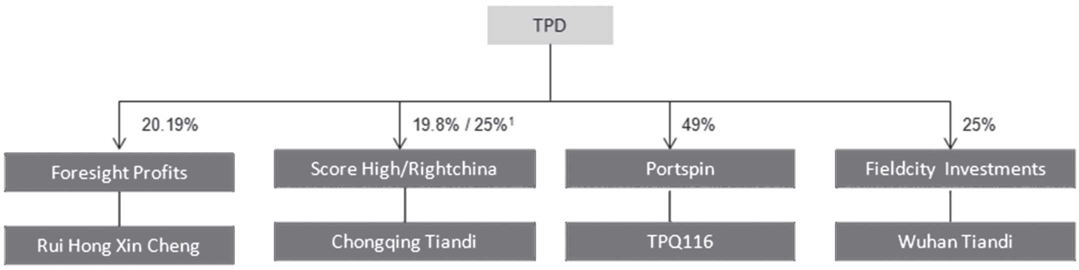
The Group's overall strategy is to run a very unique business model, the Xintiandi model, across all of their projects located in prime areas of high-growth cities in China including Shanghai, Wuhan, Chongqing, Foshan and Dalian.

1.2 *Information on the Investor*

Each of Trophy Property, Taipingqiao 116, Wuhan Tiandi, Elegant Partners, CCCD and Golden Swan are investment holding companies which are directly or indirectly wholly-owned by TPD. Trophy Property, a Cayman Islands exempt company, is the general partner to TPD, and directly holds the interest in Taipingqiao 116 on behalf of TPD.

TPD is a Cayman Islands exempt company, whose investment objective and policy is to achieve a medium term capital appreciation through predominantly co-investments in opportunistic property developments with developers in the PRC, Hong Kong, Macau and Taiwan. TPD has a tenure of seven years, commencing in April 2008, with up to two one-year extensions (which have been approved by TPD's Advisory Board, taking the tenure to April 2017). Their investments are principally in high-end projects in key locations in city centers including commercial, retail, residential or mixed-used developments. TPD is comprised of a number of limited partners.

The graph below shows the simplified structure of TPD.



Note: 1. TPD holds 19.8% interest in Score High and 39.45% in RightChina via its ownership in Score high and Golden Swan.

From the graph above, TPD, through Group Companies and Portspin, invests in the Group Properties. Since TPD is facing the end of its tenure in 1 to 3 years, it is looking for an exit of its investment.

1.3 ***Information on the principal assets held by Group Companies and Portspin***

1.3.1 *TPQ116*

TPQ116 is part of the Group's project named Taipingqiao, which is located in the Huangpu District. The Taipingqiao project has been transformed into a world-class commercial area and home to the flagship stores of a host of luxury brands.

The project is a large scale city-core redevelopment, with an emphasis on the preservation and restoration of historic buildings and the establishment of an integrated community. It blends the chic architecture of "Old Shanghai" with modern features and amenities. The project consists of four main zones: historic restoration zone (Shanghai Xintiandi), corporate headquarters zone (Corporate Avenue and Shui On Plaza), up-market residential zone (Lakeville), and the retail, hotel and theatre zone (Langham Xintiandi Hotel).

TPQ116 belongs to the residential zone, with total GFA of 90,000 square meters and is currently under relocation. As of 30 June 2013, approximately 92% of the households had signed relocation agreements. The site is expected to be cleared in second half of 2013 and development will then be commenced.

1.3.2 *Wuhan Tiandi*

Wuhan Tiandi is located in the city center of Hankou District. It has a prime location on the Yangtze River waterfront, with an unparalleled view of the Yangtze River and scenic Jiangtan Park. Wuhan Tiandi is a large-scale mixed-use redevelopment comprising two major sites with total GFA of approximately 1.8 million square meters. Site A includes office towers, retail, food and beverage, and entertainment facilities, together with some residential blocks. Site B is mainly composed of residential and office buildings, together with a retail center. Through preserving local historical architecture while injecting new commercial value, the project has become a landmark in Wuhan.

Residential developments in Wuhan Tiandi are located in Site A with a total GFA of 204,000 square meters where all the residential units placed on the market since 2008 have been sold and delivered. In addition, basement construction of the shopping centre at Site A has commenced, including the retail podium and a portion of office and hotel works with a total GFA of 149,000 square meters, and is expected to complete in 2014.

On the other hand, Site B of Wuhan Tiandi has been under development since 2011. According to the plan, a total GFA of 543,000 square meters are planned for residential use. The remaining parcel of GFA of 129,000 square meters is earmarked as retail and office space. In Site B, Lot B9 of Wuhan Tiandi was completed in late 2012 and Lot B11 is planned for completion in second half of 2013. Besides, for the remaining areas in Site B, the Group plans to develop as commercial area and the construction has yet to commence.

1.3.3 *Rui Hong Xin Cheng*

Rui Hong Xin Cheng, also known as Rainbow City, is located in Hongkou District, which is adjacent to the North Bund and the North Sichuan Road business district. Rui Hong Xin Cheng is a large-scale city-core redevelopment project in Shanghai with total GFA of approximately 1.8 million square meters. According to the plan, the development will become a community whose enhancements include office buildings, retail podiums, hotels, entertainment, cultural and residential properties. Upon completion it will be a fashionable urban living center in Northeast Shanghai.

Rui Hong Xin Cheng is divided into different lots and phases. Phase 1 to 4 had been developed, sold, and delivered. Phase 5 is under construction and the first stage of pre-sale was held in December 2012. The second batch was offered in March 2013 and there will be further launches of the remaining residential of Phase 5 in second half of 2013.

Apart from that, Lot 2, 3, 9 and 10 which encompass a total planned GFA of 569,000 square meters are under relocation process and will be developed in future. The four sites will be developed as residential apartments, offices, shopping centers, hotels and entertainment area. As of 30 June 2013, approximately 76%, 96%, 83%, and 77% respectively of residents had signed relocation agreements. Further relocation work for the remaining GFA of 500,000 square meters for Lots 1, 7, 167A and 167B has yet to commence.

1.3.4 *Chongqing Tiandi*

Chongqing Tiandi is located in Yuzhong District, the traditional central business district of Chongqing. Chongqing Tiandi is also an urban redevelopment project with total GFA of approximately 3.6 million square meters and its plan includes man-made lake with pavilions and a promenade along the waterfront, a commercial core comprising Grade A office buildings, exhibition and conference facilities, luxury-standard hotels, retail and entertainment outlets and residential properties. Residential clusters on the hillside were designed to replicate Chongqing's traditional hill-town characteristics and to offer scenic views of the lake and river.

Chongqing Tiandi is divided into different lots and phases. Phase 1 to 3 of residential development were completed and delivered before the end of 2012. Phase 4 was partially launched for pre-sale in second half of 2012 with delivery made in the first half of 2013.

Remaining areas of Phase 4 and Phase 5, with a total GFA of 1,078,000 square meters, are currently under development. In addition, the remaining parcel of GFA of 974,000 square meters is earmarked as residential and has yet to commence.

2. **Reasons for and benefits of the Transactions**

We note that the reasons for and benefits of the Transactions, as explained by the management of the Company, are mainly as follows:

2.1 ***Reasons for and benefits of the Swap Agreement***

As discussed with the management of the Company, among the existing property portfolio of the Group, we noted that TPD only has investment interest in the Group Properties. TPQ116, being part of the Taipingqiao project, is a small scale development with residential properties only. On the other hand, Rui Hong Xin Cheng, Wuhan Tiandi and Chongqing Tiandi, are all large scale development projects with mixture of residential, commercial and retail properties. As such, by using the equity interest of small scale development project of TPQ116 in exchange for the remaining minority interests of large scale development projects of Rui Hong Xin Cheng, Wuhan Tiandi and Chongqing Tiandi, the Group can continue to roll out its business strategy to develop large-scale mixed-use real estate projects in the core cities and maintain long-term ownership of such projects in the PRC.

We also noted that there is a discrepancy between the tenure of TPD which will expire in 1 to 3 years and the development cycle of the Group's property projects which will span across a period of ten years or more according to its master-plan. As mentioned in the section 1.3.2, 1.3.3 and 1.3.4 above, a large portion of GFA of Rui Hong Xin Cheng, Wuhan Tiandi and Chongqing Tiandi are yet to start development. As of 30 June 2013, approximately 62.7%, 36.2% and 35.0% respectively of total GFA were identified as properties for future development. Therefore, sales from Group Properties (excluding TPQ116) are not expected to happen before the end of TPD's tenure. On the other hand, relocation of TPQ116 is expected to be cleared in 2013 and the development can be commenced afterwards, therefore, cash flows can be generated from TPQ116 in the relative short-term compared with the Group Properties (excluding TPQ116). As a result, mutual benefits could be achieved for both

TPD and the Group by entering into the Swap Agreement as it allows the Group to continue holding the Group Properties (excluding TPQ116), which would take a longer time to develop and realise a profit than the tenure of the TPD, whilst at the same time allowing TPD to exit from its investments in the Group Companies in line with its own terms and tenure.

In addition, the Swap Agreement provides the Group with an opportunity to gain 100% control in the Group Companies. With its full control of the Group Companies, the Group can: i) have greater flexibility in its future financing and potential strategic partnership with any third party whose business strategy aligns with the Group's business strategy in respect of the Group Companies; and ii) maximise the benefits of the Company and its Shareholders.

Given i) the Swap Agreement enables the Group to continue to roll out its business strategy to develop large-scale mixed-use real estate projects in core cities and maintain long-term ownership of such projects in the PRC; ii) the Swap Agreement provides a mutually beneficial result for both TPD and the Group by solving the discrepancy between their investment tenure; and iii) the Swap Agreement allows the Group to gain 100% control in the Group Companies, we are of the view that although the Swap Agreement is not entered into in the usual and ordinary course of business of the Group, it is in line with the business strategy of the Group and is in the interests of the Company and the Shareholders as a whole.

2.2 ***Reasons for and benefits of the JV Agreement***

As discussed with the management of the Company, we noted that Shui On Development, through the JV Agreement, will have a continuing role and interest in the development of TPQ116 since Shui On Development has a strong track record as a developer in the PRC and is considered as a major player in the Shanghai real estate market. Furthermore, Shui On Development has previously managed the clearance of TPQ116 and has been involved in pre-development works of the site.

In addition, we also noted that Shui On Development will re-invest its interest in Portspin of approximately 18.9% based on the Total Amount, through its deemed capital contribution, and may increase its interest in TPQ116 upon exercise of the Sale Option and the Purchase Option by Taipingqiao 116 and itself, respectively, which would increase the Group's interest in Portspin to nearly 40%. Given that the re-investment, on the one hand, enables the Group to share the profits and cash inflow generated from sale of residential units in TPQ116 in the future and, on the other hand, delivers the positive message to the Investor that the Group is not exiting any of its investment in Shanghai, we are of the view that the re-investment in Portspin is in the interest of the Company and the Shareholders as a whole.

Furthermore, Shui On Development and TPD have already established a long term relationship and have developed mutual trust and understanding along the way.

Since the JV Agreement was negotiated at arm's length and under the JV Agreement, the Group can continue to retain considerable control in the construction and development plan of TPQ116, the overall design and quality standard of TPQ116 may be ensured to be in line with other projects of the Group. As such, although the entering into of the JV Agreement is not in the usual and ordinary course of business of the Group, it is in line with the business strategy of the Company and is in the interests of the Company and the Shareholders as a whole.

3. **Principal terms of the Transactions**

3.1 ***The Swap Agreement***

3.1.1 *Key terms of the Swap Agreement*

For key terms of the Swap Agreement, please refer to page 8 to 13 in the letter from the Board in the Circular for details.

3.1.2 *Basis of determining the Shortfall Amount*

For a detailed description on the basis of the Shortfall Amount, please refer to page 13 and 14 in the letter from the Board in the Circular.

As discussed with the management of the Company, we understand that the Shortfall Amount is calculated by the following formula:

The Shortfall Amount = Adjusted TPQ116 Cleared Site Value (RMB5,273 million) + Loan Guarantee Fee (RMB19.6 million) - TPD Total Portfolio Value (RMB4,349 million)

As discussed with the management of the Company, we understand that by entering into of the Swap Agreement, Shui On Development and the Investor intend to swap the Group Company Shares and the Portspin Shares at their respective fair value as at 31 July 2013 on a dollar to dollar basis. The principal asset of the Portspin Shares upon Completion is the TPQ116 Cleared Site. On the other hand, the principal assets of the Group Company Shares are the Group Properties excluding the land and properties owned by Portspin. Since there is also Loan Guarantee Fee which is owed by Elegant Partners to Shui On Development, therefore the Shortfall Amount is set to reflect the difference in value as of 31 July 2013 between the Acquisition, the Disposal and the Loan Guarantee Fee. As such, the difference in value under the Swap Agreement and the Loan Guarantee Fee can be recognised. Based on the above, we are of the view that the formula to determine the Shortfall Amount is fair and reasonable.

To assess the components forming the formula in determining the Shortfall Amount, we have reviewed and discussed with the management of the Company the calculation basis of the Adjusted TPQ 116 Cleared Site Value, the Loan Guarantee Fee and the TPD Total Portfolio Value respectively.

3.1.2a Adjusted TPQ116 Cleared Site Value

The Adjusted TPQ116 Cleared Site Value is determined by (i) the valuation of TPQ116 Cleared Site as of 31 July 2013; and (ii) certain adjustments based on Portspin's audited financial statements.

3.1.2ai Valuation of TPQ116 Cleared Site

We understand that the value of TPQ116 Cleared Site is determined based on independent valuation report prepared by the Independent Valuer as of 31 July 2013. We have reviewed and understand that the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties with adjustments made to account for any difference.

After discussions with the Independent Valuer, we consider that since the market-based valuation approach is a commonly adopted and well recognised methodology in valuing properties similar to TPQ116, we are of the view that such valuation basis is fair and reasonable.

In addition, we have also discussed with the Independent Valuer regarding the adjustments made with reference sales evidence of comparable properties. We understand that the Independent Valuer has selected the comparable properties in the same district with location nearby TPQ116. Independent Valuer has also considered the property specifics of the comparable properties, such as the height of building, direction the building is facing and the type of view from the building, when making its valuation. We consider such factors are key factors that have direct correlation to the market price of a particular property and as such we consider that the Independent Valuer is prudent to make adjustments based on these factors.

Furthermore, based on our discussions with the Independent Valuer, we understand that the Independent Valuer has assumed that the property will be completed in accordance with the development proposals provided to the Independent Valuer and the relevant approvals for the proposals have been obtained. Moreover, the Independent Valuer has also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the property. Because the TPQ116 at the time of the valuation was still a property occupied by dilapidated buildings due to be demolished, we consider that the assumptions and considerations made by the Independent Valuer are fair and reasonable.

Based on the above, we are of the view that the valuation of the TPQ116 Cleared Site is fair and reasonable.

3.1.2aii Certain adjustments based on Portspin's audited financial statements

In relation to adjustments made in deriving the Adjusted TPQ 116 Cleared Site Value, we noted that the addition of the non-relocation cost with respect to TPQ116 up to 30

November 2012 was capped as mutually agreed between the Group and TPD, whereas the addition of the non-relocation cost with respect to TPQ116 from 1 December 2012 up to 31 July 2013 and the deduction of the onshore minority shareholder interest of Portspin were extracted from the audited financial statement of Portspin as at 31 July 2013. We also noted that the addition of the estimated deed tax payable, representing the tax liability to be settled before TPQ116 is qualified as a TPQ116 Cleared Site and the deduction of the income tax provision to Portspin, representing the potential tax liability of valuation gain of TPQ116 should it be disposed of, were agreed and determined based on the respective tax rates of 3% and 25% as required by the PRC tax law.

By considering the above adjustments, we are of the view that the Adjusted TPQ116 Cleared Site Value has taken into account of all factors to reflect the net asset value of Portspin as of 31 July 2013.

We have reviewed the management account of Portspin as at 30 November 2012, audited financial statement of Portspin as at 31 July 2013 and have discussed with the management of the Company. We are satisfied that the above adjustments have been properly calculated.

As such, we consider the adjustments made in deriving the Adjusted TPQ 116 Cleared Site Value are reasonable.

In conclusion, we are of the view that the basis of determination of the Adjusted TPQ116 Cleared Site Value is fair and reasonable.

3.1.2b Loan Guarantee Fee

The Loan Guarantee Fee is another key component in determining the Shortfall Amount. We understand that this figure represented the loan guarantee fee owed by Elegant Partners to Shui On Development (as the Company's assignee) pursuant to letter entitled "Re: Guarantee Fee in relation to the Standard Chartered Bank Syndicated Loan" dated 1 June 2010 and entered into by Elegant Partners, Shui On Development and the Company.

We have reviewed the Standard Charted Bank Syndicated Loan document and are satisfied with the calculation of the Loan Guarantee Fee.

As such, we consider the basis of calculating the Loan Guarantee Fee is fair and reasonable.

3.1.2c TPD Total Portfolio Value

The TPD Total Portfolio Value was determined based on the valuation of each Group Property as at 31 July 2013 (multiplied by TPD's effective interest in each Group Property), as adjusted by taking into account all other assets, total liabilities, onshore minority shareholders' interests and amount of shareholders' loan owed to TPD of the Group Companies and Portspin, percentage of TPD's interest in the Group Companies and Portspin and mutually agreed income tax provision relating to the Group Companies and Portspin.

3.1.2ci Valuation of the Group Properties

We understand that the valuation of the Group Properties, being TPQ116, Wuhan Tiandi, Chongqing Tiandi and Rui Hong Xin Cheng (except sites under relocation and for future relocation where the land costs for such projects had not been fixed), which forms the basis in deriving the TPD Total Portfolio Value, is determined based on independent valuation of the Group Properties as at 31 July 2013. As such, we have reviewed the valuation reports of the Group Properties, discussed with the Independent Valuer and the management of the Company.

We understand from the Independent Valuer that the Group Properties are categorised into three types namely: i) properties held for investment purpose; ii) properties held for sale; and iii) properties under development. They have considered adopting the market-based valuation approach which is commonly adopted and well recognised methodology in valuing properties that are similar to the Group Properties.

The market value of the property interest is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and wherein the parties had each acted knowledgeably, prudently and without compulsion.

In relation to properties held for investment purpose which mainly includes but not limited to office buildings, hotels, serviced apartments and retail properties etc, we understand that the Independent Valuer adopted the market approach by making reference to comparable market transactions and also the income approach on the basis of capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary income potential of the property. In terms of the income approach, we understand that the major assumptions made were based on the rental income of existing tenancies, together with the expected rental income with reference to the market rate of nearby comparable properties. In terms of the market approach, we understand that the major assumptions made were based on sales evidence of comparable properties depending on the types of properties as available in the market. As such, we consider that the valuation approach being adopted and the major assumptions made in valuing properties held for investment purpose are reasonable.

In relation to properties held for sale which are residential properties, we understand that the Independent Valuer adopted direct comparison approach with reference to market comparable transactions. We understand that the major assumptions made were based on sales evidence of comparable residential properties of similar size, character and location, and analysed and weighed against the advantages and disadvantages of each residential property in arriving at a fair value. As such, we consider that the valuation approach being adopted and the major assumption made in valuing properties held for sale are reasonable.

In relation to properties under development which mainly includes but not limited to office buildings, hotel, serviced apartments, residential and retail properties etc, we understand that the Independent Valuer adopted the residual method under the market-based valuation approach by making reference to comparable properties transactions as available in the market and certain adjustments based on the professional judgment of the Independent Valuer through careful consideration of factors such as respective locations, and accessibilities in valuing the properties under development. The Independent Valuer has also taken into account the cost of development including but not limited to construction costs, finance costs, professional fees and developer's profit which duly reflects the risk associated with the development of the properties. We understand that the major assumptions made were based on the comparable properties transaction depending on the types of properties as available in the market. As such, we consider that, the valuation approach and the major assumptions made in valuing the properties under development are reasonable.

In relation to sites under relocation and for future relocation except for Wuhan Tiandi and Chongqing Tiandi where the land costs for such projects had been fixed as agreed with the relevant government authorities, the value were determined according to book cost. We understand from the Independent Valuer that they had not considered the relocation cost when valuing the properties under development. Given the relocation cost of such projects is uncertain, we consider that such projects to be determined according to book cost is reasonable.

Based on the above, we are of the view that the valuation of the Group Properties is fair and reasonable.

3.1.2cii Certain adjustments

Apart from the valuation of the Group Properties as discussed above, TPD Total Portfolio Value is also comprised of (i) the addition of all other assets (including cash and bank balance, account receivables and equipment) and the deduction of the total liabilities (including account payables, bank borrowing, and amount of loans between inter-companies) of each Group Company and Portspin which were balance sheet adjustments as extracted from the audited financial statements of Group Companies and Portspin as at 31 July 2013; (ii) the deduction of the onshore minority shareholders' interests and amount of shareholders' loan owed to TPD of the Group Companies and Portspin; (iii) multiply by the respective percentage of TPD's interest in the Group Companies and Portspin; and (iv) the deduction of mutually agreed income tax provision relating to the Group Companies and Portspin, representing the potential tax liability of valuation gain of properties of the Group Companies and Portspin should they being disposed of, were agreed and determined based on the respective tax rate of 25% as required by the PRC tax law. By making the above adjustments, the TPD Total Portfolio Value has taken into account of all assets and liabilities attributed to the Group Companies and Portspin.

We have reviewed the respective audited financial statements of the Group Companies and Portspin as at 31 July 2013 and have discussed with the management of the Company. We are satisfied that the above adjustments have been properly calculated.

As such, we consider the adjustments, being the balance sheet adjustments and tax liability, made in deriving the TPD Total Portfolio Value are reasonable.

In conclusion, we are of the view that the basis of determination of the TPD Total Portfolio Value is fair and reasonable.

Given:

i) the formula to determine the Shortfall Amount is fair and reasonable;

ii) the basis of determination of the Adjusted TPQ116 Cleared Site Value is fair and reasonable;

iii) the basis of calculating the Loan Guarantee Fee is fair and reasonable; and

iv) the basis of determination of the TPD Total Portfolio Value is fair and reasonable,

we are of the view that the formula in determining the Shortfall Amount and the calculation of the Shortfall Amount are fair and reasonable.

3.1.3 *Basis of determining the Total Amount*

We discussed with the management of the Company and noted that the Total Amount shall be the Shortfall Amount with certain balance sheet adjustments by adding the non-relocation cost of TPQ116 incurred from 1 August 2013 to the Completion Date, estimated to be approximately RMB 64,679,000, all assets of Portspin (excluding property, plant and equipment, properties under development) as at the Completion Date, minus liabilities of Portspin (excluding amounts due to Shui On Development and its affiliates to the extent assigned to Taipingqiao 116, and amounts due to the Investor and their affiliates) as at the Completion Date, and as adjusted by the change of onshore minority shareholder interest of Portspin as at the Completion Date compared to 31 July 2013, which are additional adjustments reflecting the latest position of non-relocation cost of TPQ116 incurred and onshore minority shareholder interest of Portspin as at Completion Date. We consider that the Total Amount is the balance sheet adjustments of Shortfall Amount, which is determined as of 31 July 2013, to reflect the value under the same basis as of the Completion Date. As such, we consider the basis of determining the Total Amount is fair and reasonable.

Given i) the formula in determining the Shortfall Amount and the calculation of the Shortfall amount is fair and reasonable; and ii) the basis of determining the Total Amount is fair and reasonable, we are of the view that the terms of the Swap Agreement was on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

3.2 ***The JV Agreement***

3.2.1 *Key terms of the JV Agreement*

For key terms of the JV Agreement, please refer to page 19 to 23 in the Letter from the Board in the Circular for details.

3.2.2 *Basis of determining the capital contribution by Shui On Development to Portspin (the "**Capital Contribution**").*

We have discussed with the management of the Company and understood that the Capital Contribution which is used for determining the deemed equity interest in Portspin by the Group, subject to any adjustment (the "Share Adjustment") to be made (refer to section "The JV Agreement — Share Adjustment" in the Circular).

The Capital Contribution is calculated by the following formula:

$$\text{Capital Contribution} = \frac{\text{Contribution Value}}{\text{Final Adjusted TPQ116 Cleared Site Value}} \times \text{Enlarged share capital of Portspin}$$

The purpose of calculating the Capital Contribution is to ensure that the Group can recover the Shortfall Amount and in exchange for corresponding equity interest in equal value in the JV Group Companies. As such, we consider that the above mentioned formula, which in essence reflects the ratio between the Shortfall Amount and the net asset value of Portspin as at the Completion Date, is fair and reasonable.

3.2.2a Contribution Value

In relation to the Contribution Value, being the greater of (i) the Total Amount (which is determined based on the Shortfall Amount and as described in section 3.1.3 above); and (ii) 15% of the Final Adjusted TPQ116 Cleared Site Value).

3.2.2ai Final Adjusted TPQ116 Cleared Site Value

We have discussed with the management of the Company and understood that the Final Adjusted TPQ116 Cleared Site Value shall be the Adjusted TPQ116 Cleared Site Value, plus non-relocation cost of TPQ116 from 1 August 2013 to the Completion Date, plus assets of Portspin (excluding property, plant and equipment and properties under development) as at Completion Date, minus all liabilities of Portspin (excluding amount due to Shui On Development and its affiliates to the extent assigned to Taipingqiao 116 and amount due to Taipingqiao 116 and affiliates) as at the Completion Date, and as adjusted by the change in onshore minority interest of Portspin as at the Completion Date compared to 31 July 2013. We considered that the Final Adjusted TPQ116 Cleared Site Value is the balance sheet adjustment to recognise the difference on balance sheet of Portspin between the Completion Date and 31 July 2013, and this represents the net asset value of Portspin as at the Completion Date. As such, we are of the view that the basis of the Final Adjusted TPQ116 Cleared Site Value is fair and reasonable.

Since the Capital Contribution is mainly considered by the Contribution Value, being the greater of (i) the Total Amount; and ii) 15% of the Final Adjusted TPQ116 Cleared Site Value, it allows the Group to recover its shortfall difference as at the Completion Date by obtaining interest of Portspin under the JV Agreement if the Contribution Value being the Total Amount. On the other hand, if the shortfall difference is less than 15% of the Final Adjusted TPQ116 Cleared Site Value as at the Completion Date, the Contribution Value shall become 15% of the Final Adjusted TPQ116 Cleared Site Value, but the Group can still entitle to 15% equity interest in Portspin. As such we are of the view that the basis of determining the Contribution Value is fair and reasonable.

Given i) the formula in determining the Capital Contribution is fair and reasonable; ii) the basis of determining the Contribution Value is fair and reasonable; and iii) the basis of determining the Final Adjusted TPQ116 Cleared Site Value is fair and reasonable, we consider the calculation of the Capital Contribution is fair and reasonable.

3.2.2b Share Adjustment

We understand that the Final Adjusted TPQ116 Cleared Site Value shall be recalculated based on the Post-Completion Audit according to the same methodology as set out in the sub-section headed "Capital Contribution" in the Circular. Shui On Development and Taipingqiao 116 shall then readjust their respective holding of shares in Portspin and shareholder's loans and make corresponding payment to take account of any difference between (i) the amount so recalculated and the Final Adjusted TPQ116 Cleared Site Value; and (ii) the Final Total Amount and the Total Amount.

After the above adjustments, Shui On Development shall be deemed to have contributed the greater of (a) the Final Total Amount, and (b) 15% of the Final Adjusted TPQ116 Cleared Site Value (as finally adjusted), and shall receive in return the number of shares that the Contribution Value would yield pursuant to the formula set out in the sub-section "Shares Issuance" in the Circular (which shall not be less than 15% of the total outstanding shares in Portspin in any event).

We consider that the purpose of the Share Adjustment is to reflect the difference of Contribution Value between the Completion Date and the Post-Completion Audit. As such, we are of the view that the Share Adjustment is fair and reasonable.

3.2.3 *Post-completion Sale/Purchase Option*

We discussed with the management of the Company and noted that under the Sale Option, Taipingqiao 116 shall have the right to sell shares in Portspin with a value of US$90 million to Shui On Development, subject to the relevant valuation of land and properties of the JV Group Companies being satisfactory to the parties upon the Sale Option being exercised, at the transfer price of US$81 million. In the event that the Sale Option is exercised, Shui On Development shall have the right, under the Purchase Option, to acquire additional shares in Portspin under similar mechanism as the Sale Option.

Regarding the Sale Option, we understand the rationale to grant the Sale Option is that, there is a real possibility that certain investors of TPD may request redemption from TPD and exit from TPD prior to the completion of TPQ116. The amount of US$90 million in value of shares in Portspin is determined by TPD's internal assessment of the likelihood of the potential redemption amount required by its investors for such exit. We consider that it is commercially reasonable to take into consideration of such potential redemption and the basis of determining the redemption value based on potential real demand is also reasonable.

As discussed with the management of the Company, we understand that upon the exercise of the Sale Option, an independent valuer will be engaged and conduct a valuation of land and properties of the JV Group Companies being satisfactory to the parties. The exact number of shares in Portspin that are corresponding to the share value of US$90 million will then be determined based on the valuation of the independent valuer. We consider that since Portspin is the project company of TPQ116, hence a real estate development company, using an independent valuation to determine the fair value of the shares in Portspin is fair and reasonable.

In addition, the exercise price of the Sale Option in the amount of US$81 million is determined based on a 10% discount to the value of shares in Portspin under the Sale Option. We understand that this 10% discount was determined based on the commercial decisions of Taipingqiao 116 and Shui On Development after arm's length negotiations, considering that the Sale Option is only exercisable at Taipingqiao 116's discretion, the short exercisable period of the Sale Option and Shui On Development would only be acquiring a minority interest in Portspin upon the exercise of the Sale Option. We consider these factors are commercially reasonable and thus the 10% discount is a fair outcome of the negotiations between Taipingqiao 116 and Shui On Development.

Regarding the Purchase Option, we understand that the rationale to obtain such Purchase Option is for the Company to obtain a reciprocal commercial treatment in light of granting the Sale Option. We view this reciprocal treatment which is a right that is exercisable by the Company at its own discretion is commercially fair and reasonable. Since the amount of the value of shares in Portspin under the Purchase Option and the exercise price of the Purchase Option are the same as the respective ones under the Sale Option, we also consider these figures are equally reasonable.

In sum, we are of the view that the terms of the Sale Option and the Purchase Option are fair and reasonable.

In addition, the Sale Option and the Purchase Option, if both are exercised, will allow the Group to further increase its interest in Portspin up to nearly 40%. This provides an opportunity for the Group to share the profits and cash inflow generated from sale of residential units in TPQ116 in future. As such, we consider that the Sale Option and the Purchase Option are in the interests of the Company and the Shareholders as a whole.

Given i) the basis of determining the Capital Contribution and the Share Adjustment are fair and reasonable; ii) the terms of the Sale Option and the Purchase Option are fair and reasonable, iii) the Sale Option and the Purchase Option are in the interests of the Company and the Shareholders as a whole, we are of the view that the terms of the JV Agreement was on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

4. **Financial Impacts of the Transactions**

4.1 ***Effect on net asset value***

As disclosed in the 2013 Interim Report, the Group had unaudited net asset value of the Company (which includes non-controlling interest) of approximately RMB 41,020 million as at 30 June 2013. Prior to the completion of the Acquisition, the Group Companies were majority-owned subsidiaries of the Company which had been consolidated in the financial statements of the Group. Upon Completion, the Group Companies became wholly-owned subsidiaries of the Company and thus its assets, liabilities and financial results would continue to be consolidated into those of the Group.

On the other hand, prior to the completion of the Disposal, Portspin, which the Group held 51% interest, was a subsidiary of the Group and had been consolidated in the financial statements of the Group. Immediately upon Completion and prior to JV Completion, TPD will hold 100% of Portspin and the Group will cease to hold any interest in Portspin even though the Group would subsequently re-invest its interest in Portspin of approximately 18.9% through Capital Contribution upon JV Completion. As a result, the Group will not be able to consolidate the assets, liabilities and financial results of Portspin into the financial statements of the Group. Nevertheless, the unaudited pro-forma net asset value attributable to the equity holders of the Company would increase by approximately RMB 130 million (being the estimate gain on Disposal) as a result of the Swap Agreement and the JV Agreement.

Had the Completion under the Swap Agreement and the JV Completion under the JV Agreement occurred on 30 June 2013, the total equity of the Group (which includes non-controlling interest) would have decreased to RMB39,700 million (equivalent to the difference between the unaudited pro forma total assets of the Group of RMB94,415 million and the unaudited pro forma total liabilities of the Group of RMB54,715 million as at 30 June 2013), However, the unaudited equity attributable to the equity holders of the Company would increase by approximately RMB130 million (being the estimate gain on Disposal as a result of the Swap Agreement and the JV Agreement and the resulting change of the Company's shareholding in Portspin from 51% to approximately 18.9%). In essence the net asset value of the Group would have decreased slightly by approximately 3% as a result. We consider that since such slight drop in the net asset value of the Group is caused purely due to the fact of accounting treatment of consolidation of subsidiaries, while under the Swap Agreement, Shui On Development and the Investor intend to swap the Group Company Shares and the Portspin Shares at their respective fair value as at 31 July 2013, based on respective valuation reports prepared by the Independent Valuer, on a dollar to dollar basis, as such, we consider that the Transactions will not have a material adverse impact on the net asset value of the Group.

4.2 ***Effect on earnings***

The Group expects to accrue a before tax gain of approximately RMB 130 million from the Disposal, which is calculated based on the carrying value of TPD's interest and shareholder's loan in Portspin and the Group Companies in their respective audited financial statements for the seven months ended 31 July 2013, the carrying value of the Company's interest and shareholder's loan in Portspin in its audited financial statements for the seven months ended 31 July 2013, and the Company's interest in Portspin after JV Completion (assuming the Company will hold an 18.9% interest in Portspin and based on the valuation of TPQ116 Cleared Site as of 31 July 2013 determined by the Appraiser), assuming the Completion and JV Completion had occurred on 31 July 2013. As such, we consider that the Transactions will have a positive impact on the earnings of the Group.

4.3 ***Effect on cash/working capital/net gearing ratio***

As disclosed in the 2013 Interim Report, the Group had unaudited current assets of approximately RMB 36,766 million including bank deposits, bank balances and cash of approximately RMB 9,311 million and unaudited current liabilities of approximately RMB 22,835 million as at 30 June 2013. As discussed with the management of the Company, the Group is required to bear approximately RMB 1,299 million in obtaining TPQ116 Cleared Site, which may be subject to changes as a result of the progress of relocation and changes in finance cost.

Under the JV Agreement, in the event that the Sale Option and the Purchase Option is exercised by Taipingqiao 116 and Shui On Development, the Group would be required to pay US$162 million (approximately RMB 991 million) for acquiring shares in Portspin. The total potential cash outflow will increase to approximately RMB 2,290 million which is expected to decrease the Group's net current assets.

As disclosed in the 2013 Interim Report, the Group had a net gearing ratio of approximately 59%, being the excess of the sum of convertible bonds, notes, bank and other borrowings net of bank balances and cash over the total equity, had the Completion under Swap Agreement been completed on 30 June 2013, the pro-forma net gearing ratio would increase slightly to approximately 60%.

Nevertheless, given i) the Group had a strong cash position and working capital, being the net of the current assets and the current liabilities; ii) the pro-form net gearing ratio of the Group increased slightly by approximately 1% which demonstrates that the Group still has a strong capability to borrow money if required; and iii) the potential cash outflow of approximately RMB991 million is used for increasing the equity interest in Portspin in which the Group is able to share the cash inflow generated from pre-sale of residential units of TPQ116, we consider that the Transactions will not have a material adverse impact on the cash position, the working capital and the net gearing ratio of the Group.

In light of:

i. the Transactions will not have a material adverse impact on the net asset value of the Group;

ii. the Transactions will have a positive impact on the earnings of the Group; and

iii. the Transactions will not have a material adverse impact on the cash position, the working capital and the net gearing ratio of the Group,

we are of the view that the Transactions will not have a material adverse financial effect on the Group and is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, having taken into account the following in arriving at our opinion:

(i) although the entering into of the Swap Agreement is not in the usual and ordinary course of business of the Group, the entering into the Swap Agreement is squarely in line with the business strategy of the Group and is in the interests of the Company and the Shareholders as a whole;

(ii) although the entering into of the JV agreement is not in the usual and ordinary course of business of the Group, it is in line with the business strategy of the Group and is in the interests of the Company and the Shareholders as a whole;

(iii) the re-investment in Portspin under the JV Agreement is in the interests of the Company and the Shareholders as a whole;

(iv) the terms of the Swap Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole;

(v) the terms of the JV Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and

(vi) the Transactions will not have a material adverse financial effect on the Group and is in the interests of the Company and the Shareholders as a whole.

Having considered the above, we are of the view that the Transactions are in line with the business strategy of the Group, the terms of the Transactions are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited

Lenny Li
Director

Karen Chan
Assistant Director

Financial Information of the Group for the three years ended 31 December 2012 and the six months ended 30 June 2013

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2013 is disclosed in the 2013 interim report of the Company published on 24 September 2013, from pages 38 to 67, and the audited consolidated financial statements of the Group (i) for the year ended 31 December 2012 is disclosed in the 2012 annual report of the Company published on 19 April 2013, from pages 129 to 206; (ii) for the year ended 31 December 2011 is disclosed in the 2011 annual report of the Company published on 18 April 2012, from pages 127 to 198; and (iii) for the year ended 31 December 2010 is disclosed in the 2010 annual report of the Company published on 12 April 2011, from pages 112 to 180, all of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.shuionland.com).

Statement of Indebtedness

As at the close of business on 31 August 2013, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had borrowings amounting to approximately RMB40,583 million, details of which are as follows:

(i) convertible bonds with carrying value of RMB2,373 million (the corresponding principal amount is RMB2,640 million) which was unsecured;

(ii) notes with carrying value of RMB13,112 million (the corresponding principal amount is approximately RMB13,100 million) which was unsecured;

(iii) bank and other borrowings with carrying value of approximately RMB21,705 million (the corresponding principal amount is approximately RMB21,948 million), of which RMB1,872 million (the corresponding principal amount is approximately RMB1,891 million) was unsecured, and RMB19,833 million (the corresponding principal amount is approximately RMB20,057 million) was secured by fixed charges on certain of the Group's assets;

(iv) amount due to non-controlling shareholders of subsidiaries of RMB586 million which was unsecured; and

(v) loan from non-controlling shareholders of subsidiaries with principal amount of RMB2,807 million which was unsecured.

In addition, as at 31 August 2013, the Group had contingent liabilities in respect of a guarantee provided by the Group to a joint venture for an amount not exceeding RMB345 million.

Save as aforementioned, at the close of business on 31 August 2013, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Working Capital

The Directors are of the opinion that, after taking into account the internal resources available to the Group, presently available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

Set out below is the audited financial report of Fieldcity Investments for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

28 October 2013

The Directors
Shui On Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Fieldcity Investments Limited ("Fieldcity Investments") and its subsidiaries (hereinafter collectively referred to as the "Fieldcity Investments Group") for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013 (the "Relevant Periods") for inclusion in the circular of Shui On Land Limited ("SOL") dated 28 October 2013 (the "Circular") issued in connection with the Swap Agreement and the JV Agreement, as defined in the Circular.

Fieldcity Investments was incorporated in the British Virgin Islands ("BVI") with limited liability on 30 March 2005. The principal activity of Fieldcity Investments is investment holding.

At the date of this report, Fieldcity Investments has the following subsidiaries:

			Attributable equity interest of Fieldcity Investments					
Name of subsidiary	**Place and date of incorporation/ establishment**	**Issued and fully paid share capital/ registered capital**	**At 31 December 2010**	**2011**	**2012**	**At 31 July 2013**	**As at date of this report**	**Principal activities**
Direct subsidiary:								
Super Field Limited	Hong Kong 25 February 2005	1 ordinary share of HK$1	100%	100%	100%	100%	100%	Investment holding
Indirect subsidiaries:								
武汉瑞安天地房地产发展有限公司 (Wuhan Shui On Tiandi Property Development Co., Ltd.)	People's Republic of China ("PRC") 2 August 2005	Registered and paid up capital US$273,600,000	100%	100%	100%	100%	100%	Property development and property investment
武汉瑞安商祺房产管理有限公司 (Wuhan Shuion Shangqi Real Estate Management Company Limited)	PRC 24 July 2012	Registered and paid up capital US$14,400,000	—	—	100%	100%	100%	Property investment

Note: All companies established in the PRC are wholly foreign owned enterprises.

The financial year end date of all companies comprising the Fieldcity Investments Group is 31 December.

The audited consolidated financial statements of Fieldcity Investments for each of the three years ended 31 December 2012 were prepared in accordance with International Financial Reporting Standards (the "Fieldcity Investments Financial Statements") and were audited by us.

The statutory financial statements of Super Field Limited for each of the three years ended 31 December 2012 were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us.

The statutory financial statements of Wuhan Shui On Tiandi Property Development Co., Ltd. for each of the three years ended 31 December 2012 and Wuhan Shuion Shanghai Company Limited for the period from 24 July 2012 (date of establishment) to 31 December 2012 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by 大信会计师事务所 (Wnyige Certified Public Accountants LLP), certified public accountants registered in the PRC.

For the purpose of this report, the Directors of Fieldcity Investments have prepared consolidated financial statements of the Fieldcity Investments Group for the seven months ended 31 July 2013 in accordance with International Financial Reporting Standards (the "31 July 2013 Financial Statements"). We have undertaken an independent audit of the 31 July 2013 Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Fieldcity Investments Financial Statements and 31 July 2013 Financial Statements (collectively referred to as "Underlying Financial Statements"). We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA. No adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the Directors of Fieldcity Investments who approved their issue. The Directors of SOL are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon give, for the purpose of this report, a true and fair view of the state of affairs of the Fieldcity Investments Group as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013 and of its results and cash flows for each of the Relevant Periods.

The comparative consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Fieldcity Investments Group for the seven months ended 31 July 2012 together with the notes thereon have been extracted from the Fieldcity Investments Group's unaudited consolidated financial information for the same period (the "31 July 2012 Financial Information") which was prepared by the Directors of Fieldcity Investments solely for the purpose of this report. We have reviewed the 31 July 2012 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 31 July 2012 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 July 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 July 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Seven months ended 31 July	
	Notes	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
					(unaudited)	
Turnover	5	1,445	2,406	1,410	233	401
Cost of sales		(1,066)	(1,370)	(769)	(115)	(212)
Gross profit		379	1,036	641	118	189
Other income	6	6	11	30	12	29
Selling and marketing expenses		(57)	(108)	(81)	(26)	(33)
General and administrative expenses		(11)	(34)	(74)	(23)	(27)
Operating profit	7	317	905	516	81	158
Increase in fair value of investment properties		73	304	500	376	45
Finance costs, inclusive of exchange differences	8	51	84	(41)	(39)	34
Profit before taxation		441	1,293	975	418	237
Taxation	9	(168)	(519)	(402)	(152)	(80)
Profit and total comprehensive income for the year/period		273	774	573	266	157

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2010	2011	2012	At 31 July 2013
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Non-current assets					
Investment properties	12	2,371	2,821	3,651	3,874
Property, plant and equipment	13	2	41	44	45
Accounts receivable	17	—	15	14	13
Pledged bank deposits	15	—	7	124	133
		2,373	2,884	3,833	4,065
Current assets					
Properties under development for sale	14	1,959	2,027	1,975	2,193
Properties held for sale	16	53	134	210	6
Accounts receivable, deposits and prepayments	17	63	271	205	174
Amounts due from fellow subsidiaries	18	—	206	601	555
Amount due from a related company	18	—	2	—	—
Tax recoverables		—	—	—	91
Restricted bank deposits	15	—	—	—	325
Bank balances and cash	15	203	279	350	1,031
		2,278	2,919	3,341	4,375
Current liabilities					
Accounts payable, deposits received and accrued charges	19	388	712	678	1,436
Amount due to immediate holding company	18	1,696	1,691	1,959	1,976
Amounts due to fellow subsidiaries	18	67	25	53	36
Amount due to a non-controlling shareholder	18	161	206	239	235
Amount due to a related company	18	20	—	19	17
Tax liabilities		65	343	280	240
Bank borrowings - due within one year	20	—	—	—	104
		2,397	2,977	3,228	4,044
Net current (liabilities) assets		(119)	(58)	113	331
Total assets less current liabilities		2,254	2,826	3,946	4,396

		At 31 December			At 31 July
	Notes	**2010**	**2011**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Capital and reserve					
Share capital	21	—	—	—	—
Retaining earnings		622	1,396	1,969	2,126
Total equity		622	1,396	1,969	2,126
Non-current liabilities					
Bank borrowings - due after one year	20	930	650	1,250	1,526
Loan from a non-controlling shareholder	22	650	618	430	422
Deferred tax liabilities	23	52	162	297	322
		1,632	1,430	1,977	2,270
Total equity and non-current liabilities		2,254	2,826	3,946	4,396

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Retained earnings	Total
	RMB'million	*RMB'million* *(note)*	*RMB'million*	*RMB'million*
At 1 January 2010	—	11	338	349
Profit and total comprehensive income for the year	—	—	273	273
Transfer to capital reserve	—	19	(19)	—
At 31 December 2010	—	30	592	622
Profit and total comprehensive income for the year	—	—	774	774
Transfer to capital reserve	—	51	(51)	—
At 31 December 2011	—	81	1,315	1,396
Profit and total comprehensive income for the year	—	—	573	573
Transfer to capital reserve	—	24	(24)	—
At 31 December 2012	—	105	1,864	1,969
Profit and total comprehensive income for the period	—	—	157	157
At 31 July 2013	—	105	2,021	2,126
Unaudited				
At 1 January 2012	—	81	1,315	1,396
Profit and total comprehensive income for the period	—	—	266	266
At 31 July 2012	—	81	1,581	1,662

Note: Capital reserve represented the PRC statutory reserves. Pursuant to the relevant PRC regulations and the Articles of Association of the PRC subsidiaries of Fieldcity Investments, each of the PRC subsidiaries is required to transfer not less than 10% of its post-tax profit to statutory reserves (i.e. capital reserve) as reserve funds until the aggregated amount has reached 50% of their registered capital. These reserves should only be used for making up losses, capitalisation into capital, and expansion of production and operations.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Operating activities					
Profit before taxation	441	1,293	975	418	237
Adjustments for:					
Depreciation of property, plant and equipment	1	1	1	1	1
Net foreign exchange (gain) loss	(20)	(32)	(1)	2	(8)
Finance costs	30	42	45	27	26
Interest income	(3)	(9)	(26)	(11)	(28)
Increase in fair value of investment properties	(73)	(304)	(500)	(376)	(45)
Operating cash flows before movements in working capital	376	991	494	61	183
Decrease (increase) in accounts receivable, deposits and prepayments	10	(223)	67	79	32
Increase in properties under development for sale	(768)	(1,448)	(710)	(213)	(114)
Decrease in properties held for sale	1,054	1,350	747	105	204
(Decrease) increase in deposits received and accrued charges	(609)	306	(19)	375	751
(Increase) decrease in amount due from fellow subsidiary	—	(40)	66	27	(17)
(Decrease) increase in amount due to a related company	(15)	(22)	21	19	(2)
Increase in restricted banks deposits	—	—	—	(237)	(325)
Cash generated from operations	48	914	666	216	712
Tax paid	(71)	(131)	(330)	(244)	(186)
Net cash (used in) from operating activities	(23)	783	336	(28)	526

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Investing activities					
Interest received	3	4	6	3	4
Purchase of property, plant and equipment	—	(1)	(5)	(3)	(2)
Proceeds from disposal of property, plant and equipment	—	—	1	—	—
Advance to fellow subsidiaries	—	(163)	(413)	(31)	—
Repayment from fellow subsidiaries	—	—	—	—	70
Additions to investment properties	(142)	(167)	(345)	(209)	(171)
Placement of pledged bank deposits	—	(7)	(117)	(98)	(9)
Net cash used in investing activities	(139)	(334)	(873)	(338)	(108)
Financing activities					
Advance from immediate holding company	99	—	268	238	17
Repayment to immediate holding company	—	(5)	—	—	—
Advance from fellow subsidiaries	39	—	—	—	—
Repayment to fellow subsidiaries	—	(40)	—	—	—
Advance from a non-controlling shareholder	17	45	—	—	—
Repayment to a non-controlling shareholder	—	—	(154)	(169)	(4)
New bank borrowings raised	480	—	600	335	580
Repayment of bank borrowings	(370)	(280)	—	—	(200)
Interest paid	(93)	(93)	(106)	(98)	(130)
Net cash from (used in) financing activities	172	(373)	608	306	263

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Net increase (decrease) in cash and cash equivalents	10	76	71	(60)	681
Cash and cash equivalents at the beginning of the year/period	193	203	279	279	350
Cash and cash equivalents at the end of the year/period	203	279	350	219	1,031
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	203	279	350	219	1,031

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Fieldcity Investments was incorporated in the BVI with limited liability on 30 March 2005. The principal activity of Fieldcity Investments is investment holding.

Its parent company is Shui On Development (Holding) Limited, a limited liability company incorporated in the Cayman Islands. The Directors of Fieldcity Investments consider that its ultimate holding company is SOL, a limited liability company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") until 15 March 2012. Since 16 March 2012, Shui On Company Limited ("SOCL"), a private limited liability company incorporated in the BVI, has obtained the control over SOL and become the ultimate holding company of Fieldcity Investments. Its ultimate controlling party in Mr. Vincent H.S. Lo.

The address of the registered office of Fieldcity Investments is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI and the principal place of business is 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of Fieldcity Investments.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013, the Fieldcity Investments Group has adopted all International Financial Reporting Standards ("IFRSs") which are effective for the Fieldcity Investments Group's accounting period beginning on 1 January 2013 and consistently applied throughout the Relevant Periods.

At the date of this report, the Fieldcity Investments Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
IFRS 9	Financial Instruments[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

The Directors of Fieldcity Investments anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Fieldcity Investments Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with the accounting policies set out below which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The significant accounting polices adopted are set out as follows:

Basis of consolidation

The Financial Information incorporates the financial statements of Fieldcity Investments and entities controlled by Fieldcity Investments (its subsidiaries). Control is achieved when Fieldcity Investments:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Fieldcity Investments reassesses whether or not it controls an investee if facts and circumstances indicate that there are change to one or more of the three elements of control listed above.

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

All intra-group transactions, balances, incomes and expenses are eliminated in full on consolidation.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Construction costs incurred for investment properties under construction or development are capitalised as part of the carrying amount of the investment properties under construction or development.

Subsequent to initial recognition, investment properties, including completed investment properties and certain investment properties under construction or development, are measured at their fair value at the end of each reporting period using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

In circumstances where the fair value of an investment property under construction or development is not reliably determinable, such investment properties under construction or development are measured at cost less impairment, if any, until when its fair value becomes reliably determinable upon finalisation of the development plan, land and relocation cost and construction costs.

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

Property, plant and equipment

Property, plant and equipment, other than hotel under development, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year/period in which the item is derecognised.

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period.

Properties under development for sales are transferred to properties held for sale when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the properties held for sale. Net realised value is determined based on prevailing market conditions.

Impairment

At the end of the reporting period, the Fieldcity Investments Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Fieldcity Investments Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

Financial assets

The Fieldcity Investments Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, amounts due from fellow subsidiaries and a related company, pledged bank deposits, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

If, in a subsequent period, the amount of impairment loss of loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had no impairment loss been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Fieldcity Investments Group's financial liabilities (including accounts payable, amounts due to immediate holding company, fellow subsidiaries, a non-controlling shareholder and a related company, loan from a non-controlling shareholder and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Fieldcity Investments Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fieldcity Investments Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fieldcity Investments Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Fieldcity Investments Group derecognises financial liabilities when, and only when, the Fieldcity Investments Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

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

The Fieldcity Investments Group as lessor

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

The Fieldcity Investments Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fieldcity Investments Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Revenue recognition

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

Revenue from properties developed for sale in the ordinary business is recognised upon delivery of properties to the purchasers pursuant to the sales and purchase agreements.

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

Rental related income are recognised in profit or loss when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Fieldcity Investments Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Fieldcity Investments Group's accounting policies, which are described in note 3, the Directors of Fieldcity Investments are required to make judgements, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of Fieldcity Investments have made in the process of applying the Fieldcity Investments Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors of Fieldcity Investments have reviewed the Fieldcity Investments Group's investment property portfolios and concluded that certain of the Fieldcity Investments Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Fieldcity Investments Group's deferred taxation on investment properties, the Directors of Fieldcity Investments have determined that the presumption that the carrying amounts of such investment properties measured using the fair value model are recovered entirely through sale is rebutted. As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the Fieldcity Investments Group has recognised deferred taxes liabilities of RMB12 million, RMB88 million, RMB213 million and RMB225 million, respectively, in respect of the revaluation of investment properties.

Key sources of estimation uncertainty

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

Investment properties

The fair values of completed investment properties and certain investment properties under construction or development that are measured using the fair value model are determined based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the Directors of Fieldcity Investments have exercised their judgement and are satisfied that the assumptions used in the valuation reflect of market condition. The basis of valuation is disclosed in note 12. Changes to these assumptions would result in changes in the fair values of the Fieldcity Investments Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income. At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the carrying amounts of investment properties that are measured at fair value are RMB648 million, RMB959 million, RMB2,041 million and RMB2,193 million, respectively.

Land appreciation tax

The Fieldcity Investments Group is subject to land appreciation tax ("Land Appreciation Tax") in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Fieldcity Investments Group has not finalised its Land Appreciation Tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the Land Appreciation Tax and its related income tax provisions. The Fieldcity Investments Group recognised the Land Appreciation Tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax provisions in the periods in which such tax is finalised with local tax authorities. During the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013 and 31 July 2012, the Fieldcity Investments Group has recognised Land Appreciation Tax of RMB71 million, RMB240 million, RMB182 million, RMB35 million and RMB48 million (unaudited), respectively.

5. TURNOVER AND SEGMENTAL INFORMATION

An analysis of the Fieldcity Investments Group's turnover for the Relevant Periods is as follows:

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Property development:					
Property sales	1,411	2,359	1,353	202	370
Property investment:					
Rental income received from investment properties	21	32	40	21	26
Rental related income	13	15	17	10	5
	34	47	57	31	31
	1,445	2,406	1,410	233	401

For management purposes, the Fieldcity Investments Group is organised based on its business activities, which are broadly categorised into property development and property investment.

Principal activities of the two major reportable and operating segments are as follows:

Property development	-	development and sale of properties, mainly residential properties
Property investment	-	offices and retail shops letting, property management and hotel under development

For the year ended 31 December 2010

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Fieldcity Investments Group	1,411	34	1,445
RESULTS			
Segment results of the Fieldcity Investments Group	292	95	387
Interest income			3
Finance costs, inclusive of exchange differences			51
Profit before taxation			441
Taxation			(168)
Profit for the year			273
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of completed investment properties	—	5	5
Development costs for investment properties under construction or development	—	152	152
Development costs for properties under development for sale	831	—	831
Depreciation of property, plant and equipment	1	—	1
Increase in fair value of investment properties	—	73	73

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	2,063	2,385	4,448
Unallocated corporate assets			203
Consolidated total assets			4,651
LIABILITIES			
Segment liabilities	371	17	388
Amount due to immediate holding company			1,696
Amounts due to fellow subsidiaries			67
Amount due to a non-controlling shareholder			161
Amount due to a related company			20
Loan from a non-controlling shareholder			650
Unallocated corporate liabilities			1,047
Consolidated total liabilities			4,029

For the year ended 31 December 2011

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Fieldcity Investments Group	2,359	47	2,406
RESULTS			
Segment results of the Fieldcity Investments Group	865	335	1,200
Interest income			9
Finance costs, inclusive of exchange differences			84
Profit before taxation			1,293
Taxation			(519)
Profit for the year			774
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of completed investment properties and property, plant and equipment	1	7	8
Development costs for investment properties under construction or development	—	178	178
Development costs for properties under development for sale	1,499	—	1,499
Depreciation of property, plant and equipment	1	—	1
Increase in fair value of investment properties	—	304	304

	Reportable segment		
	Property development	Property investment	Consolidated
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	2,430	2,879	5,309
Amounts due from fellow subsidiaries			206
Amount due from a related company			2
Unallocated corporate assets			286
Consolidated total assets			5,803
LIABILITIES			
Segment liabilities	677	35	712
Amount due to immediate holding company			1,691
Amounts due to fellow subsidiaries			25
Amount due to a non-controlling shareholder			206
Loan from a non-controlling shareholder			618
Unallocated corporate liabilities			1,155
Consolidated total liabilities			4,407

For the year ended 31 December 2012

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Fieldcity Investments Group	1,353	57	1,410
RESULTS			
Segment results of the Fieldcity Investments Group	453	537	990
Interest income			26
Finance costs, inclusive of exchange differences			(41)
Profit before taxation			975
Taxation			(402)
Profit for the year			573
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	2	3	5
Development costs for investment properties under construction or development	—	330	330
Development costs for properties under development for sale	771	—	771
Depreciation of property, plant and equipment	1	—	1
Increase in fair value of investment properties	—	500	500

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	2,386	3,713	6,099
Amounts due from fellow subsidiaries			601
Unallocated corporate assets			474
Consolidated total assets			7,174
LIABILITIES			
Segment liabilities	658	20	678
Amount due to immediate holding company			1,959
Amounts due to fellow subsidiaries			53
Amount due to a non-controlling shareholder			239
Amount due to a related company			19
Loan from a non-controlling shareholder			430
Unallocated corporate liabilities			1,827
Consolidated total liabilities			5,205

For the seven months ended 31 July 2013

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Fieldcity Investments Group	370	31	401
RESULTS			
Segment results of the Fieldcity Investments Group	107	68	175
Interest income			28
Finance costs, inclusive of exchange differences			34
Profit before taxation			237
Taxation			(80)
Profit for the period			157
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	—	2	2
Development costs for investment properties under construction or development	—	178	178
Development costs for properties under development for sale	218	—	218
Depreciation of property, plant and equipment	1	—	1
Increase in fair value of investment properties	—	45	45

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	2,368	3,937	6,305
Amounts due from fellow subsidiaries			555
Unallocated corporate assets			1,580
Consolidated total assets			8,440
LIABILITIES			
Segment liabilities	1,409	27	1,436
Amount due to immediate holding company			1,976
Amounts due to fellow subsidiaries			36
Amount due to a non-controlling shareholder			235
Amount due to a related company			17
Loan from a non-controlling shareholder			422
Unallocated corporate liabilities			2,192
Consolidated total liabilities			6,314

For the seven months ended 31 July 2012 (unaudited)

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Fieldcity Investments Group	202	31	233
RESULTS			
Segment results of the Fieldcity Investments Group	48	398	446
Interest income			11
Finance costs, inclusive of exchange differences			(39)
Profit before taxation			418
Taxation			(152)
Profit for the period			266

Segment revenue represents the turnover of the Fieldcity Investments Group.

Segment results represents the profit earned by each segment without allocation of interest income from banks, finance costs and exchange differences. This is the measure reported to the chief operating decision makers who are the Directors of Fieldcity Investments for the purpose of resource allocation and performance assessment.

For the purpose of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than amounts due from fellow subsidiaries and a related company, pledged bank deposits, restricted bank deposits, and bank balances and cash and tax recoverables; and

— all liabilities are allocated to reportable segments other than amounts due to immediate holding company, fellow subsidiaries, a non-controlling shareholder and a related company, loan from a non-controlling shareholder, bank borrowings, tax liabilities and deferred tax liabilities.

No major customer contributed over 10% of total turnover of the Fieldcity Investments Group during the years ended 31 December 2010, 31 December 2012 and the seven months ended 31 July 2013 and 31 July 2012, while a customer contributed RMB963 million to the total turnover of the Fieldcity Investments Group in respect of the property development segment during the year ended 31 December 2011.

All Fieldcity Investments Group's turnover and contribution to operating profit is attributable to customers in the PRC based on the location of operation. Accordingly, no analysis of geographical segment is presented.

No geographical segment information of the Fieldcity Investments Group's non-current assets is shown as all assets are located in the PRC based on the geographical location of the assets. The Fieldcity Investments Group's non-current assets, excluding accounts receivable and pledged bank deposits, are amounted to RMB2,373 million, RMB2,862 million, RMB3,695 million and RMB3,919 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively.

6. OTHER INCOME

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Interest income from banks	3	4	6	3	4
Interest income on amounts due from fellow subsidiaries	—	5	20	8	24
Sundry income	3	2	4	1	1
	6	11	30	12	29

7. OPERATING PROFIT

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Operating profit has been arrived at after charging (crediting):					
Auditor's remuneration	—	—	—	—	—
Depreciation of property, plant and equipment	1	1	1	1	1
Employee benefit expenses					
Directors' emoluments	—	—	—	—	—
Other staff costs					
Salaries, bonuses and allowances	19	24	29	19	17
Retirement benefits costs	2	2	2	1	1
Total employee benefit expenses	21	26	31	20	18
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	(14)	(17)	(22)	(14)	(13)
	7	9	9	6	5
Minimum lease charges under operating leases	—	—	17	10	10
Cost of properties sold recognised as an expense	1,054	1,350	747	105	204
Direct operating expenses incurred for investment properties that generated rental income during the year/period	12	16	19	9	7

Auditor's remuneration for the two years ended 31 December 2010 and 31 December 2011 is borne by a fellow subsidiary. The amount for the remaining year/period of the Relevant Periods was less than RMB1 million.

8. FINANCE COSTS, INCLUSIVE OF EXCHANGE DIFFERENCES

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (*unaudited*)	*RMB'million*
Interest on bank borrowings					
- wholly repayable within five years	23	5	24	2	40
- not wholly repayable within five years	27	43	48	26	24
Interest on loan from a non-controlling shareholder wholly repayable within five years	43	45	34	19	17
Interest on amount due to immediate holding company	73	78	95	51	49
Total interest costs	166	171	201	98	130
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	(136)	(129)	(156)	(71)	(104)
Interest expense charged to consolidated statement of profit or loss and other comprehensive income	30	42	45	27	26
Net exchange gain on bank borrowings and other financing activities	(81)	(126)	(4)	12	(60)
	(51)	(84)	41	39	(34)

9. TAXATION

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
PRC Enterprise Income Tax					
- Current provision	65	169	85	5	20
Deferred taxation (note 23)					
- Provision for the year/period	32	110	135	99	25
PRC Land Appreciation Tax					
- Provision for the year/period	71	240	182	48	35
	168	519	402	152	80

No provision for Hong Kong Profits Tax has been made as the income of the Fieldcity Investments Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 25% on the assessable profits of the companies in the Fieldcity Investments Group during each of the Relevant Periods.

The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by a PRC entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1 January 2008 at the rate of 5%. As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, deferred tax was provided for in full in respect of any temporary differences attributable to such profits.

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowings costs and the relevant property development expenditures.

The taxation for the Relevant Periods can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (*unaudited*)	*RMB'million*
Profit before taxation	441	1,293	975	418	237
PRC Enterprise income tax at 25%	110	323	244	105	59
PRC Land Appreciation Tax	71	240	182	48	35
Tax effect of PRC land appreciation tax	(18)	(60)	(46)	(12)	(9)
Deferred tax provided for withholding tax on income derived in the PRC	8	23	11	—	—
Tax effect of expenses not deductible for tax purposes	17	25	19	13	8
Tax effect of income not taxable for tax purposes	(20)	(32)	(8)	(2)	(13)
Taxation for the year/period	168	519	402	152	80

10. DIRECTORS', CHIEF EXECUTIVE'S AND THE FIVE HIGHEST PAID EMPLOYEES REMUNERATION

(a) Directors' and chief executive's emoluments

No remuneration were paid or payable to any Directors and chief executive of Fieldcity Investments. However, certain Directors of Fieldcity Investments received remuneration from SOL in respect of their services to SOL and its subsidiaries ("SOL Group"), including the Fieldcity Investments Group. The amounts paid by the SOL have not been allocated between their services to the Fieldcity Investments Group, and their services to SOL Group excluding the Fieldcity Investments Group as the allocation of services of these Directors to the various group companies in SOL Group is not feasible.

Certain Directors of Fieldcity Investments were granted options to subscribe for shares of SOL under the share option schemes adopted by SOL. Their entitlement to the options relates to their services to a number of companies within the SOL Group, including the Fieldcity Investments Group. Details of the option schemes and the Directors' entitlement to these options were disclosed in the annual report of SOL. The value of the share options has not been allocated to the Fieldcity Investments Group as the allocation is not feasible.

(b) **Employees' emoluments**

The emoluments of the five highest paid individuals of the Fieldcity Investments Group were as follows:

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Salaries and other benefits	6	7	7	5	3
Performance related incentive payments (note)	1	1	2	2	1
Total	7	8	9	7	4

Note: The performance related incentive payments are discretionary based on the Fieldcity Investments Group's financial results and employees' performance as may be decided by the management of the respective subsidiaries.

Their emoluments were within the following bands:

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee*	*Number of employee*
				(unaudited)	
Nil to HK$1,000,000	1	1	1	2	4
HK$1,000,001 to HK$1,500,000	1	1	—	1	—
HK$1,500,001 to HK$2,000,000	1	1	1	—	1
HK$2,000,001 to HK$2,500,000	1	—	2	1	—
HK$2,500,001 to HK$3,000,000	1	2	—	1	—
HK$3,000,001 to HK$3,500,000	—	—	—	—	—
HK$3,500,001 to HK$4,000,000	—	—	—	—	—
HK$4,000,001 to HK$4,500,000	—	—	1	—	—

No emolument was paid to the Directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Fieldcity Investments Group or as compensation for loss of office during the Relevant Periods. No Directors waived any of their emoluments for the Relevant Periods.

11. EARNINGS PER SHARE

No calculation of earnings per share for the Relevant Periods is presented as the information is considered not meaningful for the purpose of this report.

12. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under construction or development at fair value**	**Investment properties under construction or development at cost**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2010	570	—	1,724	2,294
Additions	5	—	152	157
Transfer to properties under development for sale (note 14)	—	—	(153)	(153)
Increase in fair value recognised in profit or loss	73	—	—	73
At 31 December 2010	648	—	1,723	2,371
At 31 December 2010				
Stated at fair value	648	—	—	648
Stated at cost	—	—	1,723	1,723
At 1 January 2011	648	—	1,723	2,371
Additions	7	—	178	185
Increase in fair value recognised in profit or loss	304	—	—	304
Transfer to property, plant and equipment (note 13)	—	—	(39)	(39)
At 31 December 2011	959	—	1,862	2,821
At 31 December 2011				
Stated at fair value	959	—	—	959
Stated at cost	—	—	1,862	1,862

	Completed investment properties	Investment properties under construction or development at fair value	Investment properties under construction or development at cost	Total
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2012	959	—	1,862	2,821
Additions	—	61	269	330
Increase in fair value recognised in profit or loss	192	308	—	500
Transfers	—	521	(521)	—
At 31 December 2012	1,151	890	1,610	3,651
At 31 December 2012				
Stated at fair value	1,151	890	—	2,041
Stated at cost	—	—	1,610	1,610
At 1 January 2013	1,151	890	1,610	3,651
Additions	—	107	71	178
Increase in fair value recognised in profit or loss	42	3	—	45
At 31 July 2013	1,193	1,000	1,681	3,874
At 31 July 2013				
Stated at fair value	1,193	1,000	—	2,193
Stated at cost	—	—	1,681	1,681

The investment properties are all situated in the PRC and held under medium-term leases. All the completed investment properties are rented out under operating leases.

The fair values of the Fieldcity Investments Group's investment properties at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013 and at dates of transfer upon completion of development of investment properties under construction or development and at the dates of transfer to property, plant and equipment have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, independent qualified professional valuers not connected to the Fieldcity Investments Group whose address is 4/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

During the year ended 31 December 2010, investment properties under construction or development with a carrying amount of RMB153 million are transferred to properties under development for sale upon the finalisation of development plan, when upon the Fieldcity Investments Group has determined that the properties would be developed with a view to sale.

For completed investment properties, the valuations have been arrived at using direct comparison method and capitalisation of net income method, where appropriate. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The major inputs used in the fair value measurement of investment properties are set out below:

Investment properties held by the Fieldcity Investments Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2010					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rate.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB81 million/ increase by RMB108 million.
			Daily market rent, taking into account of time, location and individual factors such as frontage and size, between the comparables and the property, of RMB2.7 per square metres ("sqm") per day on letteble area basis.	The higher the average daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB27 million.
As at 31 December 2011					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rate.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 6.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB133 million/ increase by RMB184 million.
			Daily market rent, taking into account of time, location and individual factors such as frontage and size between the comparables and the property, of RMB3.2 per sqm per day on letteble area basis.	The higher the average daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase by RMB42 million/ decrease by RMB41 million.

Investment properties held by the Fieldcity Investments Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
As at 31 December 2012					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rate.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 6.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB151 million/ increase by RMB208 million.
			Daily market rent, taking into account of time, location and individual factors such as frontage and size between the comparables and the property, of average RMB4.0 per sqm per day on letteble area basis.	The higher the average daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB48 million.
Investment properties under development or construction - Property 2	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account of time, location and individual factors such as frontage and size, between the comparables and the property, of RMB2,316 million and RMB200 million for commercial portion and car park portion respectively.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB18 million.
			Level adjustment on individual floor of retail portion of the property range from 50% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB39 million/ increase by RMB31 million.
			Developer's profit, taking into account of the comparables land transactions and progress of the property, of 16%.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease/increase by RMB19 million.

Investment properties held by the Fieldcity Investments Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
As at 31 July 2013					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are (1) Capitalisation rate; and (2) Daily market rate.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 6.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB157 million/ increase by RMB216 million.
			Daily market rent, taking into account of time, location and individual factors such as frontage and size, between the comparables and the property, of RMB4.2 per sqm per day on letteble area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB50 million.
Investment properties under development or construction - Property 2	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account of time, location and individual factors such as frontage and size, between the comparables and the property, of RMB2,364 million and RMB200 million for commercial portion and car park portion respectively.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB19 million.
			Level adjustment on individual floor of retail portion of the property range from 50% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease/increase by RMB36 million.
			Developer's profit, taking into account of the comparables land transactions and progress of the property, of 15%	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease/increase by RMB20 million.

The changes in fair value of investment properties recognised in profit or loss during the Relevant Period represent the unrealised gain relating to completed investment properties and certain investment properties under development or construction that are measured at fair value.

Fair value measurements and valuation processes

In estimating the fair value of the Fieldcity Investments Group's investment properties, the management of Fieldcity Investments uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of Fieldcity Investments engages third party qualified valuers to perform the valuation of the Fieldcity Investments Group's investment properties. At the end of each reporting period, the management of Fieldcity Investments works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of Fieldcity Investments will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of Fieldcity Investments will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of Fieldcity Investments.

Information about the valuation techniques and inputs in determining the fair value of the Fieldcity Investments Group's investment properties are disclosed above.

13. PROPERTY, PLANT AND EQUIPMENT

	Hotel under development *RMB'million*	Furniture, fixtures, equipment and motor vehicles *RMB'million*	Total *RMB'million*
AT COST			
At 1 January 2010	—	6	6
Disposals	—	(1)	(1)
At 31 December 2010	—	5	5
Additions	—	1	1
Disposals	—	(1)	(1)
Transfer from investment properties	39	—	39
At 31 December 2011	39	5	44
Additions	3	2	5
Disposals	—	(3)	(3)
At 31 December 2012	42	4	46
Additions	2	—	2
At 31 July 2013	44	4	48
ACCUMULATED DEPRECIATION			
At 1 January 2010	—	3	3
Provided for the year	—	1	1
Eliminated on disposals	—	(1)	(1)
At 31 December 2010	—	3	3
Provided for the year	—	1	1
Eliminated on disposals	—	(1)	(1)
At 31 December 2011	—	3	3
Provided for the year	—	1	1
Eliminated on disposals	—	(2)	(2)
At 31 December 2012	—	2	2
Provided for the period	—	1	1
At 31 July 2013	—	3	3
CARRYING VALUES			
At 31 December 2010	—	2	2
At 31 December 2011	39	2	41
At 31 December 2012	42	2	44
At 31 July 2013	44	1	45

The hotel under development is situated in the PRC and held under medium term lease.

Furniture, fixtures, equipment and motor vehicles are depreciated using the straight-line method after taking into account of their estimated residual values over their estimated useful lives of 3 to 5 years.

14. PROPERTIES UNDER DEVELOPMENT FOR SALE

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At beginning of the year/period	2,064	1,959	2,027	1,975
Additions	831	1,499	771	218
Transfer from investment properties (note 12)	153	—	—	—
Transfer to properties held for sale	(1,089)	(1,431)	(823)	—
At end of the year/period	1,959	2,027	1,975	2,193

The properties under development are all situated in the PRC and held under long term leases.

Included in the properties under development for sale as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013 is carrying value of RMB1,272 million, RMB1,582 million, RMB1,543 million and RMB1,647 million, respectively, which represents the carrying value of the properties expected to be completed after twelve months from the end of each reporting period.

15. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Fieldcity Investments Group. Deposits amounting to nil, RMB7 million, RMB124 million and RMB133 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

Bank balances carry interest at market rates which range from 0.4% to 1.7%, 0.5% to 1.21%, 0.4% to 1.4% and 0.35% to 1.35% per annum for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 and seven months ended 31 July 2013, respectively. Pledged bank deposits carry interest at fixed rates which range from 0.5% to 1.5%, 0.4% to 1.49% and 0.35% per annum for the years ended 31 December 2011 and 31 December 2012 and seven months ended 31 July 2013, respectively. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Restricted bank deposits of RMB325 million as at 31 July 2013 represent deposits placed by the Fieldcity Investments Group with banks which can only be applied to designated property development projects of the Fieldcity Investments Group.

Restricted bank deposits as at 31 July 2013 carry interest at market rate of 0.385% per annum.

16. PROPERTIES HELD FOR SALE

The Fieldcity Investments Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at cost.

17. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Non-current accounts receivable comprise:				
Rental receivables in respect of rent-fee period	—	15	14	13
Current accounts receivable comprise:				
Accounts receivables	2	227	169	91
Rental receivables in respect of rent-free period	12	5	6	6
Other deposits, prepayments and receivables	49	39	30	77
	63	271	205	174

Accounts receivables comprise:

(i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sale and purchase agreements; and

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants.

The following is an ageing analysis (based on the repayment terms set out in the sales and purchase agreements or debit notes to the tenants) of accounts receivables (net of allowance of bad and doubtful debs, if any) at the end of each reporting period:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Net yet due	2	227	169	91

The accounts receivables are aged within 0 to 30 days and no accounts receivable which are past due but not impaired at the end of each reporting period.

In determining the recoverability of accounts receivable, the Fieldcity Investments Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of each reporting period. Allowance for bad and doubtful debts are generally not required for rental receivable as the Fieldcity Investments Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

18. AMOUNTS DUE FROM/TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A NON-CONTROLLING SHAREHOLDER/A RELATED COMPANY

The amounts due from fellow subsidiaries are unsecured, carry fixed interest at rates ranging from nil, 6.435% to 7.216% per annum, 6.435% to 8.32% per annum and 6.6% to 8.32% per annum for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively, and repayable within twelve months from the end of the reporting period. The amount due to immediate holding company is unsecured, carries interest at rate of 110% of People's Bank of China ("PBOC") Prescribed Interest Rate and repayable on demand throughout the Relevant Periods.

Except the amounts due from fellow subsidiaries and amount due to immediate holding company, the remaining amounts are unsecured, interest free and repayable on demand. The related company is an associate of SOCL.

19. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Construction cost payables	158	496	300	247
Deed tax, business tax and other tax payables	78	74	59	49
Deposits received and receipt in advance from property sales	85	31	202	1,007
Deposits received and receipt in advance in respect of rental of investment properties	16	21	20	26
Retention payables (note)	38	57	65	74
Other payables and accrued charges	13	33	32	33
	388	712	678	1,436

Note: Retention payables are expected to be settled upon the expiry of the retention periods according to the respective contracts.

20. BANK BORROWINGS

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Bank borrowings repayable within a period of				
- Not more than 1 year	—	—	—	104
- More than 1 year, but not exceeding 2 years	280	—	200	44
- More than 2 years, but not exceeding 5 years	140	250	760	1,302
- More than 5 years	510	400	290	180
Total bank borrowings	930	650	1,250	1,630
Less: Amount due within one year shown under current liabilities	—	—	—	(104)
Amount due after one year	930	650	1,250	1,526

The carrying amount of the Fieldcity Investments Group's bank borrowings are analysed as follows:

Denominated in	Interest rate per annum:	At 31 December 2010	At 31 December 2011	At 31 December 2012	At 31 July 2013
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
RMB	100% to 110% of PBOC Prescribed Interest Rate	930	650	1,250	1,630

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the weighted average effective interest rate on the bank loan was 5.7%, 7.1%, 6.9% and 6.7%, respectively, per annum.

The bank borrowings at the end of the reporting period were secured by the pledge of assets as set out in note 25.

21. SHARE CAPITAL

	Number of share	Share capital
		US$
Authorised:		
Ordinary shares of US$1 each	50,000	50,000
Issued and fully paid:		
Ordinary shares of US$1 each	100	100

	RMB'million
Shown in the consolidated statements of financial position as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013	—

22. LOAN FROM A NON-CONTROLLING SHAREHOLDER

The carrying amounts of the loan from a non-controlling shareholder are analysed as follows:

Denominated in	Interest rate per annum	At 31 December 2010	2011	2012	At 31 July 2013
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
US$	110% of PBOC Prescribed Interest Rate	650	618	430	422

The loan is unsecured and will not be demanded for repayment, until Fieldcity Investments is in a position to repay the loan, which is to be mutually agreed between both parties. The Directors of Fieldcity Investments are in the opinion that the loan is not repayable in the next twelve months from the end of the reporting period.

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the weighted average effective interest rate on the loan from a non-controlling shareholder was 6.2%, 7.3%, 6.8% and 6.8% as, respectively, per annum.

23. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the Relevant Periods are as follows:

	Accelerated tax depreciation	Revaluation of investment properties	Recognition of sales and related cost of sales	Withholding tax on income derived in the PRC	Others	Total
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2010	3	(20)	—	6	31	20
Charge (credit) to profit or loss	4	18	3	8	(1)	32
Reclassification	(14)	14	—	—	—	—
At 31 December 2010	(7)	12	3	14	30	52
Charge (credit) to profit or loss	18	76	(8)	23	1	110
At 31 December 2011	11	88	(5)	37	31	162
Charge (credit) to profit or loss	4	125	(4)	11	(1)	135
At 31 December 2012	15	213	(9)	48	30	297
Charge to profit or loss	1	12	11	—	1	25
At 31 July 2013	16	225	2	48	31	322

24. RETIREMENT BENEFIT SCHEMES

According to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are required to contribute a specified percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Fieldcity Investments Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

25. PLEDGE OF ASSETS

The following assets were pledged to banks as securities to obtain certain banking facilities at the end of each reporting period:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Investment properties	648	959	1,692	3,603
Properties under development for sale	615	—	—	364
Bank deposits	—	7	124	133
	1,263	966	1,816	4,100

26. LEASE ARRANGEMENTS

As lessor

During the years ended 31 December 2010, 31 December 2011, 31 December 2012 and for the seven months ended 31 July 2013 and 31 July 2012, property rental income in respect of the investment properties earned are RMB9 million, RMB16 million, RMB21 million, RMB19 million and RMB12 million (unaudited), respectively, after netting of outgoings of RMB12 million, RMB16 million, RMB19 million, RMB7 million and RMB9 million (unaudited), respectively. The investment properties held have committed tenants for the next one to six years at fixed rentals.

As at the end of each reporting period, the Fieldcity Investments Group had contracted with tenants for the following minimum lease payments which fall due as follows:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Within one year	26	16	47	50
In the second to fifth years inclusive	82	44	79	85
Over five years	19	21	16	22
	127	81	142	157

As lessee

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

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Within one year	—	—	18	13
In the second to fifth years inclusive	—	—	23	18
	—	—	41	31

Operating lease payments represent rentals payable by the Fieldcity Investments Group for its office premise and showroom. Leases are negotiated for an average term of two to four years.

27. CAPITAL AND OTHER COMMITMENTS

At the end of each reporting period, the Fieldcity Investments Group had the following commitments:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Contracted but not provided for:				
Development costs for investment properties under construction or development	482	1,280	1,571	1,461
Development costs for properties under development for sale	824	631	654	632
	1,306	1,911	2,225	2,093

28. RELATED PARTY TRANSACTIONS

Apart from the related party balances as stated in notes 18 and 22, the Fieldcity Investments Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Related company					
Project construction costs	73	134	233	97	14
Sales commission income	—	5	—	—	—
Immediate holding company					
Interest expenses	73	78	95	51	49
Fellow subsidiaries					
Project management fee	20	29	32	17	15
Building management fee and consultancy service	—	4	7	3	3
Agency fee	7	—	—	—	—
Sales and leasing commission fee	30	56	31	5	8
Interest income	—	5	20	8	24
A non-controlling shareholder					
Interest expenses	43	45	34	19	17
Senior management					
Property sales	3	—	—	—	—

The key management personnel represents the Directors of Fieldcity Investments whose remuneration are set out in note 10.

Note: The related company is an associate of SOCL.

29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Fieldcity Investments Group consists of debt, which includes amount due to immediate holding company, bank borrowings and loan from a non-controlling shareholder, and the equity attributable to equity holders of Fieldcity Investments, comprising issued share capital and retained earnings.

The Directors of Fieldcity Investments review the capital structure on a yearly basis. As part of this review, the Directors of Fieldcity Investments consider the cost of capital and the risks associated with the capital, and will balance its overall capital structure through new share issues and debt financing when the need arises.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Financial assets				
Loans and receivables (including bank balances and cash)	229	742	1,266	2,157
Financial liabilities				
Amortised cost	3,733	3,776	4,347	4,670

b. Financial risk management objectives and policies

The Fieldcity Investments Group's major financial instruments include accounts receivable, amounts due from fellow subsidiaries and a related company, pledged bank deposits, restricted bank deposits, bank balances and cash, accounts payable, amounts due to immediate holding company, fellow subsidiaries, a non-controlling shareholder and a related company, loan from a non-controlling shareholder and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of Fieldcity Investments manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Fieldcity Investments Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors of Fieldcity Investments review and agree policies for managing each of these risks and they are summarised below.

Currency risk

The Fieldcity Investments Group has certain bank balances and debt obligations that are denominated in foreign currency. As a result, the Fieldcity Investments Group is exposed to fluctuations in foreign exchange rates. The management of Fieldcity Investments closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Fieldcity Investments Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Hong Kong dollar ("HK$")				
Assets	—	1	1	1
Liabilities	4	4	5	5
United States dollar ("US$")				
Assets	1	—	—	—
Liabilities	2,775	2,649	2,707	2,476

Sensitivity analysis

The Fieldcity Investments Group is mainly exposed to the currency of US$.

The following table details the Fieldcity Investments Group's sensitivity to a 5% increase and decrease in RMB against the US$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items assuming the balances at the end of each reporting period outstanding for the whole year/period and adjusts their translation at the year/period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where RMB strengthen 5% against the US$. For a 5% weakening of RMB against the US$, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Year ended 31 December			Seven months ended 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
US$				
Profit or loss	132	126	129	118

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the year/period.

Interest rate risk

The Fieldcity Investments Group is exposed to fair value interest rate risk in relation to its amounts due from fellow subsidiaries and pledged bank deposits which are carried at fixed interest rate. The Fieldcity Investments Group is also exposure to cash flow interest rate risk in relation to bank borrowings, amount due to immediate holding company, loan from a non-controlling shareholder, restricted bank deposits and bank balances which are carried at variable interest rates. It is the Fieldcity Investments Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The management of Fieldcity Investments consider the Fieldcity Investments Group's exposure to cash flow interest rate risk of the restricted bank deposits and bank balances is minimal, no sensitivity analysis is presented for each of the reporting period.

Fieldcity Investments Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Fieldcity Investments Group's cash flow interest rate risk is mainly concentrated on the fluctuation of PBOC prescribed interest rate arising from the Fieldcity Investments Group's RMB borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. For variable-rate bank borrowings, amount due to immediate holding company and loan from a non-controlling shareholder, the analysis is prepared assuming the amount of liability outstanding at the end of each reporting period was outstanding for the whole year/period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Fieldcity Investments Group's profit for the year would decrease/increase by RMB5 million, RMB6 million, RMB7 million and RMB4 million for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively. This is mainly attributable to the Fieldcity Investments Group's exposure to interest rates on its variable-rate bank borrowings, amount due from immediate holding company and loan from a non-controlling shareholder, after taking into consideration the effect of capitalisation of interest costs.

Credit risk

At the end of each reporting period, the Fieldcity Investments Group's maximum exposure to credit risk which will cause a financial loss to the Fieldcity Investments Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Fieldcity Investments Group's credit risk is primarily attributable to its accounts receivable and amounts due from fellow subsidiaries. The Fieldcity Investments Group has no significant concentration of credit risk, except for the accounts receivable and amounts due from fellow subsidiaries.

The accounts receivable amounting to nil, RMB227 million, RMB91 million and RMB91 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, due from the largest customer which operates in the financial institution sector in the PRC. The Directors of Fieldcity Investments consider that there is no significant credit risk arising from this major customer given its strong financial background and good creditability.

The Directors of Fieldcity Investments review the recoverable amount of amount due from fellow subsidiaries at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of Fieldcity Investments consider that the credit risk arising from the amounts due from fellow subsidiaries is significantly reduced.

The credit risk on liquid funds is limited because the funds were deposited with various creditworthy financial institutions located in Hong Kong and in the PRC.

Liquidity risk

The Fieldcity Investments Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings, advances from immediate holding company and loan from a non-controlling shareholder. The Fieldcity Investments Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the maturities of the Fieldcity Investments Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fieldcity Investments Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest risk tables

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.12.2010
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2010							
Accounts payable, deposits received and accrued charges	—	209	—	—	—	209	209
Bank borrowings at variable rates	5.7	53	323	246	598	1,220	930
Amount due to a related company	—	20	—	—	—	20	20
Amount due to immediate holding company	6.2	1,696	—	—	—	1,696	1,696
Amounts due to fellow subsidiaries	—	67	—	—	—	67	67
Amount due to a non-controlling shareholder	—	161	—	—	—	161	161
Loan from a non-controlling shareholder	6.2	40	690	—	—	730	650
		2,246	1,013	246	598	4,103	3,733

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.12.2011
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2011							
Accounts payable, deposits received and accrued charges	—	586	—	—	—	586	586
Bank borrowings at variable rates	7.1	46	46	360	450	902	650
Amount due to immediate holding company	7.3	1,691	—	—	—	1,691	1,691
Amounts due to fellow subsidiaries	—	25	—	—	—	25	25
Amount due to a non-controlling shareholder	—	206	—	—	—	206	206
Loan from a non-controlling shareholder	7.3	40	658	—	—	698	618
		2,594	704	360	450	4,108	3,776

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.12.2012
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2012							
Accounts payable, deposits received and accrued charges	—	397	—	—	—	397	397
Bank borrowings at variable rates	6.9	86	285	927	358	1,656	1,250
Amount due to a related company	—	19	—	—	—	19	19
Amount due to immediate holding company	6.8	1,959	—	—	—	1,959	1,959
Amounts due to fellow subsidiaries	—	53	—	—	—	53	53
Amount due to a non-controlling shareholder	—	239	—	—	—	239	239
Loan from a non-controlling shareholder	6.8	29	459	—	—	488	430
		2,782	744	927	358	4,811	4,347

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.7.2013
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 July 2013							
Accounts payable, deposits received and accrued charges	—	354	—	—	—	354	354
Bank borrowings at variable rates	6.7	211	145	1,458	194	2,008	1,630
Amount due to a related company	—	17	—	—	—	17	17
Amount due to immediate holding company	6.8	1,976	—	—	—	1,976	1,976
Amounts due to fellow subsidiaries	—	36	—	—	—	36	36
Amount due to a non-controlling shareholder	—	235	—	—	—	235	235
Loan from a non-controlling shareholder	6.8	29	451	—	—	480	422
		2,858	596	1,458	194	5,106	4,670

The amounts included above for variable interest rate financial liabilities are subject to changes if changes in variable interest rate differs to those estimates of interest rates determined at the end of each reporting period.

c. **Fair value**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Fieldcity Investments Group, Fieldcity Investments or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2013.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Set out below is the audited financial report of Foresight Profits for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013.

Deloitte.
德勤

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Hong Kong

28 October 2013

The Directors
Shui On Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Foresight Profits Limited ("Foresight Profits") and its subsidiaries (hereinafter collectively referred to as the "Foresight Profits Group") for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013 (the "Relevant Periods") for inclusion in the circular of Shui On Land Limited ("SOL") dated 28 October 2013 (the "Circular") in connection with the Swap Agreement and the JV Agreement, as defined in the Circular.

Foresight Profits was incorporated in the British Virgin Islands ("BVI") with limited liability on 8 February 2001. The principal activity of Foresight Profits is investment holding.

At the date of this report, Foresight Profits has the following subsidiaries:

			Attributable equity interest of Foresight Profits					
	Place and date of incorporation/ establishment	**Issued and fully paid share capital/ registered capital**	**At 31 December**			**At 31 July**	**At date of this**	**Principal**
Name of subsidiary			**2010**	**2011**	**2012**	**2013**	**report**	**activities**
Direct subsidiaries:								
Hollyfield Holdings Limited	Mauritius 19 April 2001	2 ordinary shares of United States Dollars ("US$") 1	100%	100%	100%	100%	100%	Investment holding
Joyous Bond Limited	BVI 18 April 2008	1 ordinary share of US$1	100%	100%	100%	100%	100%	Investment holding
Selfers Limited	BVI 29 November 1995	1 ordinary share of US$1	100%	100%	100%	100%	100%	Investment holding
Indirect subsidiaries:								
Silomax Limited	BVI 25 March 1996	1 ordinary share of US$1	100%	100%	100%	100%	100%	Investment holding

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest of Foresight Profits: At 31 December 2010	2011	2012	At 31 July 2013	At date of this report	Principal activities
上海瑞城房地产有限公司 (Shanghai Rui Chen Property Co., Ltd.)	People's Republic of China ("PRC") 6 May 1996	Registered and paid up capital RMB189,000,000	100%	100%	100%	100%	100%	Property development and property investment
上海瑞虹新城有限公司 (Shanghai Rui Hong Xin Cheng Co., Ltd.)	PRC 2 July 2001	Registered and paid up capital RMB5,700,000,000	99%	99%	99%	99%	99%	Property development and property investment
Top Faith Development Limited	Hong Kong 18 April 2008	1 ordinary share of HK$1	100%	100%	100%	100%	100%	Investment holding
上海百丽房地产开发有限公司 (Shanghai Baili Property Development Co., Ltd.)	PRC 29 August 2002	Registered and paid up capital RMB100,000,000	100%	100%	100%	100%	100%	Property development and property investment
上海瑞展教育信息咨询有限公司 (Shanghai Rui Zhan Education Information Consultant Co., Ltd.)	PRC 20 April 2010	Registered and paid up capital RMB1,000,000	100%	100%	100%	100%	100%	Provision of education information and consultancy services

Notes: 上海瑞虹新城有限公司 is an equity joint venture while 上海瑞城房地产有限公司, 上海百丽房地产开发有限公司 and 上海瑞展教育信息咨询有限公司 are wholly foreign owned enterprises.

The financial year end date of all the companies comprising the Foresight Profits Group is 31 December.

The audited consolidated financial statements of Foresight Profits for each of the three years ended 31 December 2012 were prepared in accordance with International Financial Reporting Standards (the "Foresight Profits Financial Statements") and were audited by us.

No audited financial statements have been prepared for Foresight Profits and the above companies incorporated in BVI and Mauritius since the date of their incorporation as there is no statutory audit requirements in their jurisdictions of incorporation for audited financial statements to be prepared and presented.

The statutory financial statements of Top Faith Development Limited for each of the three years ended 31 December 2012 were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us.

The statutory financial statements of Shanghai Rui Hong Xin Cheng Co., Ltd., Shanghai Rui Chen Property Co., Ltd. and Shanghai Baili Property Development Co., Ltd. for each of the three years ended 31 December 2012 and the statutory financial statements of Shanghai Rui Zhan Education Information Consultant Co., Ltd. for the period from 20 April 2010 (date of establishment) to 31 December 2010, and each of the two years ended 31 December 2012, were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by 上海复兴明方会计师事务所 (Shanghai Fuxingmingfang Certified Public Accountants), certified public accountants registered in the PRC.

For the purpose of this report, the Directors of Foresight Profits have prepared consolidated financial statements of the Foresight Profits Group for the seven months ended 31 July 2013 in accordance with International Financial Reporting Standards (the "31 July 2013 Financial Statement"). We have undertaken an independent audit of the 31 July 2013 Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Foresight Profits Financial Statements and 31 July 2013 Financial Statements (collectively referred to as "Underlying Financial Statements"). We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA. No adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the Directors of Foresight Profits who approved their issue. The Directors of SOL are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements together with the notes thereon, to form an opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon give, for the purpose of this report, a true and fair view of the state of affairs of the Foresight Profits Group as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, and of its results and cash flows for each of the Relevant Periods.

The comparative consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Foresight Profits Group for the seven months ended 31 July 2012 together with the notes thereon have been extracted from the Foresight Profits Group's unaudited consolidated financial information for the same period (the "31 July 2012 Financial Information") which was prepared by the Directors of Foresight Profits solely for the purpose of this report. We have reviewed the 31 July 2012 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 31 July 2012 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 July 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 July 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December**			**Seven months ended 31 July**	
		2010	**2011**	**2012**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
					(unaudited)	
Turnover	5	900	2,180	331	294	43
Cost of sales		(509)	(1,365)	(228)	(198)	(20)
Gross profit		391	815	103	96	23
Other income	6	5	8	3	2	9
Selling and marketing expenses		(20)	(39)	(15)	(3)	(28)
General and administrative expenses		(42)	(73)	(35)	(15)	(25)
Operating profit	7	334	711	56	80	(21)
Increase in fair value of investment properties		67	72	50	13	47
Finance costs, inclusive of exchange differences	8	(10)	16	(43)	(31)	(16)
Profit before taxation		391	799	63	62	10
Taxation	9	(213)	(410)	(42)	(37)	(3)
Profit and total comprehensive income for the year/period		178	389	21	25	7
Attributable to:						
Shareholders of Foresight Profits		175	385	20	25	7
Non-controlling interests		3	4	1	—	—
		178	389	21	25	7

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 July
		2010	**2011**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Non-current assets					
Investment properties	12	1,463	3,510	4,021	4,190
Property, plant and equipment	13	56	60	92	83
Accounts receivable	17	17	10	15	16
Pledged bank deposits	15	24	113	20	946
		1,560	3,693	4,148	5,235
Current assets					
Properties under development for sale	14	4,395	4,064	5,566	6,069
Properties held for sale	16	23	267	57	51
Accounts receivable, deposits and prepayments	17	1,331	1,834	1,706	2,108
Pledged bank deposits	15	—	487	—	—
Bank balances and cash	15	731	381	220	703
		6,480	7,033	7,549	8,931
Current liabilities					
Accounts payable, deposits received and accrued charges	19	1,269	662	273	3,309
Amount due to immediate holding company	18	2,592	3,959	—	—
Amounts due to fellow subsidiaries	18	1,179	1,236	1,615	1,417
Amount due to a non-controlling shareholder	18	6	34	82	109
Amounts due to related companies	18	1	1	6	1
Tax liabilities		123	332	125	7
Bank borrowings - due within one year	20	—	1,566	707	11
		5,170	7,790	2,808	4,854
Net current assets (liabilities)		1,310	(757)	4,741	4,077
Total assets less current liabilities		2,870	2,936	8,889	9,312

	Notes	As at 31 December			As at 31 July
		2010	**2011**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Capital and reserve					
Share capital	21	—	—	—	—
Reserves		1,141	1,526	2,497	2,504
		1,141	1,526	2,497	2,504
Equity attributable to shareholders of Foresight Profits					
Non-controlling interest		38	57	67	69
Total equity		1,179	1,583	2,564	2,573
Non-current liabilities					
Bank borrowings - due after one year	20	1,481	700	1,639	1,497
Amount due to immediate holding company	18	—	—	3,826	4,378
Loan from a non-controlling shareholder	22	128	506	694	694
Deferred tax liabilities	23	82	147	166	170
		1,691	1,353	6,325	6,739
Total equity and non-current liabilities		2,870	2,936	8,889	9,312

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of Foresight Profits							
	Share capital	Share premium	Other reserve	Capital reserve	Retained earnings	Sub-total	Non-controlling interest	Total
	RMB' million	*RMB' million*	*RMB' million* *(Note a)*	*RMB' million* *(Note b)*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
At 1 January 2010	—	—	99	4	863	966	22	988
Capital injection to the subsidiary	—	—	—	—	—	—	13	13
Profit and total comprehensive income for the year	—	—	—	—	175	175	3	178
Transfer to capital reserve	—	—	—	18	(18)	—	—	—
At 31 December 2010	—	—	99	22	1,020	1,141	38	1,179
Capital injection to the subsidiary	—	—	—	—	—	—	15	15
Profit and total comprehensive income for the year	—	—	—	—	385	385	4	389
Transfer to capital reserve	—	—	—	51	(51)	—	—	—
At 31 December 2011	—	—	99	73	1,354	1,526	57	1,583
Issue of shares	—	951	—	—	—	951	—	951
Capital injection to the subsidiary	—	—	—	—	—	—	9	9
Profit and total comprehensive income for the year	—	—	—	—	20	20	1	21
At 31 December 2012	—	951	99	73	1,374	2,497	67	2,564
Capital injection to the subsidiary	—	—	—	—	—	—	2	2
Profit and total comprehensive income for the period	—	—	—	—	7	7	—	7
At 31 July 2013	—	951	99	73	1,381	2,504	69	2,573
Unaudited								
At 1 January 2012	—	—	99	73	1,354	1,526	57	1,583
Issue of shares	—	951	—	—	—	951	—	951
Capital injection to the subsidiary	—	—	—	—	—	—	9	9
Profit and total comprehensive income for the period	—	—	—	—	25	25	—	25
At 31 July 2012	—	951	99	73	1,379	2,502	66	2,568

Notes:

(a) Other reserve of RMB99 million arising from the capitalisation of retained profits as registered capital of a subsidiary established in the PRC in 2006.

(b) Capital reserve represented the PRC statutory reserves. Pursuant to the relevant PRC regulations and the Articles of Association of the PRC subsidiaries of Foresight Profits, each of the PRC subsidiaries is required to transfer not less than 10% of its post-tax profit to statutory reserves (i.e. capital reserve) as reserve funds until the aggregated amount has reached 50% of their registered capital. These reserves should only be used for making up losses, capitalisation into capital, and expansion of production and operations.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Operating activities					
Profit before taxation	391	799	63	62	10
Adjustments for:					
Interest income	(4)	(7)	(3)	(2)	(7)
Depreciation of property, plant and equipment	9	5	11	4	9
Finance costs, inclusive of exchange gain	10	(16)	43	31	16
Increase in fair value of investment properties	(67)	(72)	(50)	(13)	(47)
Operating cash flows before movements in working capital	339	709	64	82	(19)
(Increase) decrease in accounts receivable, deposits and prepayments	(792)	(496)	123	312	(403)
Increase in properties under development for sale	(2,087)	(1,080)	(1,409)	(779)	(323)
Decrease in properties held for sale	493	1,343	194	187	6
Increase (decrease) in accounts payable, deposits received and accrued charges	658	(487)	(54)	(127)	3,045
Decrease in amounts due from fellow subsidiaries	11	—	—	—	—
Increase in amounts due to related companies	—	—	5	—	—
Cash (used in) generated from operations	(1,378)	(11)	(1,077)	(325)	2,306
Tax paid	(194)	(136)	(230)	(228)	(117)
Net cash (used in) from operating activities	(1,572)	(147)	(1,307)	(553)	2,189

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Investing activities					
Interest received	4	7	3	2	7
Acquisition of a subsidiary	(109)	—	—	—	—
Purchase of property, plant and equipment	(4)	(9)	(28)	—	—
Advance to related companies	(21)	—	—	—	(5)
Repayment from (advance to) related companies	31	—	—	—	—
Additions to investment properties	(395)	(1,864)	(413)	(254)	(32)
Placement of pledged bank deposits	—	(576)	(20)	(11)	(926)
Withdrawal of pledged bank deposits	50	—	600	600	—
Net cash (used in) from investing activities	(444)	(2,442)	142	337	(956)
Financing activities					
Issue of share capital	—	—	951	951	—
Capital injection to a subsidiary from a non-controlling interest	13	15	9	9	2
Repayment to immediate holding company	—	—	(365)	(531)	—
Advance from immediate holding company	1,422	1,136	—	—	419
Loan from a non-controlling shareholder	128	378	188	161	—
Advance from a non-controlling shareholder	6	28	48	—	27
Repayment to fellow subsidiaries	—	—	—	—	(198)
Advance from fellow subsidiaries	642	57	379	131	—
New bank borrowings raised	422	834	1,645	1,116	520
Repayment of bank borrowings	(20)	—	(1,573)	(1,573)	(1,352)
Interest paid	(145)	(209)	(278)	(155)	(168)

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (*unaudited*)	*RMB'million*
Net cash from (used in) financing activities	2,468	2,239	1,004	109	(750)
Net increase (decrease) in cash and cash equivalents	452	(350)	(161)	(107)	483
Cash and cash equivalents at the beginning of the year/period	279	731	381	381	220
Cash and cash equivalents at the end of the year/period	731	381	220	274	703
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	731	381	220	274	703

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Foresight Profits was incorporated in the BVI with limited liability on 8 February 2001. The principal activity of Foresight Profits is investment holding.

Its parent company is Shui On Development (Holding) Limited, a limited liability company incorporated in the Cayman Islands. The Directors of Foresight Profits consider that its ultimate holding company is Shui On Land Limited ("SOL"), a limited liability company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") until 15 March 2013. Since 16 March 2012, Shui On Company Limited ("SOCL"), a private limited liability company incorporated in the BVI, has obtained the control over SOL and become the ultimate holding company of Foresight Profits. Its ultimate controlling party is Mr. Vincent H. S. Lo.

The address of the registered office of Foresight Profits is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI and the principal place of business is 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of Foresight Profits.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013, the Foresight Profits Group has adopted all International Financial Reporting Standards ("IFRSs") which are effective for the Foresight Profits Group's accounting period beginning on 1 January 2013 and consistently applied throughout the Relevant Periods.

At the date of this report, the Foresight Profits Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
IFRS 9	Financial Instruments[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

The Directors of Foresight Profits anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Foresight Profits Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with the accounting policies set out below which conform with IFRSs. In addition, the Financial Information applicable and includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The significant accounting polices adopted are set out as follows:

Basis of consolidation

The Financial Information incorporates the financial statements of Foresight Profits and entities controlled by Foresight Profits (its subsidiaries). Control is achieved when Foresight Profits:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Foresight Profits reassesses whether or not it controls an investee if facts and circumstances indicate that there are change to one or more of the three elements of control listed above.

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

All intra-group transactions, balances, incomes and expenses are eliminated in full on consolidation.

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

Allocation of total comprehensive income to non-controlling interest

Total comprehensive income and expense of a subsidiary is attributed to the shareholders of Foresight Profits and to the non-controlling interests even if the results in non-controlling interest having a deficit balance.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Construction costs incurred for investment properties under construction or development are capitalised as part of the carrying amount of the investment properties under construction or development.

Subsequent to initial recognition, investment properties, including completed investment properties and certain investment properties under construction or development, are measured at their fair values at the end of each reporting period using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

In circumstances where the fair value of an investment property under construction or development is not reliably determinable, such investment properties under construction or development are measured at cost less impairment, if any, until when its fair value becomes reliably determinable upon finalization of the development plan, land and relocation cost and construction costs.

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year/period in which the item is derecognised.

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period.

Properties under development for sales are transferred to properties held for sale when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the properties held for sale. Net realised value is determined based on prevailing market conditions.

Impairment

At the end of the reporting period, the Foresight Profits Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Foresight Profits Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

Financial assets

The Foresight Profits Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

If, in a subsequent period, the amount of impairment loss of loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had no impairment loss been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Foresight Profits Group's financial liabilities (including accounts payable, amounts due to immediate holding company, fellow subsidiaries, a non-controlling shareholder and related companies, loan from a non-controlling shareholder and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Foresight Profits Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Foresight Profits Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foresight Profits Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Foresight Profits Group derecognises financial liabilities when, and only when, the Foresight Profits Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

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

The Foresight Profits Group as lessor

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

Leasehold land and buildings

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Foresight Profits Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Revenue recognition

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

Revenue from properties developed for sale in the ordinary business is recognised upon delivery of properties to the purchasers pursuant to the sales agreements.

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

Rental related income are recognised in profit or loss when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Foresight Profits Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Foresight Profits Group's accounting policies, which are described in note 3, the Directors of Foresight Profits are required to make judgements, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of Foresight Profits have made in the process of applying the Foresight Profits Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Foresight Profits Group's investment property portfolios and concluded that certain Foresight Profits Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Foresight Profits Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of such investment properties measured using the fair value model are recovered entirely through sale is rebutted. As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the Foresight Profits Group has recognised deferred taxes liabilities of RMB94 million, RMB112 million, RMB125 million, RMB137 million, respectively, in respect of the revaluation of investment properties.

Key sources of estimation uncertainty

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

Investment properties

The fair values of completed investment properties and certain investment properties under construction or development that are measured using the fair value model are determined based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the Directors of Foresight Profits have exercised their judgement and are satisfied that the assumptions used in the valuation reflect of market condition. The basis of valuation is disclosed in note 12. Changes to these assumptions would result in changes in the fair values of the Foresight Profits Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income. At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the carrying amounts of investment properties that are measured at fair value are RMB846 million, RMB980 million, RMB1,296 million and RMB1,371 million, respectively.

Land appreciation tax

The Foresight Profits Group is subject to land appreciation tax ("Land Appreciation Tax") in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Foresight Profits Group has not finalised its Land Appreciation Tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the Land Appreciation Tax and its related income tax provisions. The Foresight Profits Group recognised the Land Appreciation Tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax provisions in the periods in which such tax is finalised with local tax authorities. During the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013 and 31 July 2012, the Foresight Profits Group has recognised Land Appreciation Tax of RMB126 million, RMB175 million, RMB18 million, nil and RMB18 million (unaudited), respectively.

5. TURNOVER AND SEGMENTAL INFORMATION

An analysis of the Foresight Profits Group's turnover for the Relevant Periods is as follows:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Property development:					
Property sales	855	2,136	274	263	6
Property investment:					
Rental income received from investment properties	36	34	46	25	29
Rental related income	9	10	11	6	8
	45	44	57	31	37
	900	2,180	331	294	43

For management purposes, the Foresight Profits Group is organised based on its business activities, which are broadly categorised into property development and property investment.

Principal activities of the two major reportable and operating segments are as follows:

Property development - development and sale of properties, mainly residential properties
Property investment - offices and retail shops letting and property management.

For the year ended ended 31 December 2010

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Foresight Profits Group	855	45	900
RESULTS			
Segment results of the Foresight Profits Group	301	96	397
Interest income			4
Finance costs, inclusive of exchange differences			(10)
Profit before taxation			391
Taxation			(213)
Profit for the year			178
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	4	—	4
Development costs for investment properties under construction or development	—	429	429
Development costs for properties under development for sale	1,956	—	1,956
Depreciation of property, plant and equipment	9	—	9
Increase in fair value of investment properties	—	67	67

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	5,801	1,484	7,285
Unallocated corporate assets			755
Consolidated total assets			8,040
LIABILITIES			
Segment liabilities	1,258	11	1,269
Amount due to immediate holding company			2,592
Amounts due to fellow subsidiaries			1,179
Amount due to a non-controlling shareholder			6
Amounts due to related companies			1
Loan from a non-controlling shareholder			128
Unallocated corporate liabilities			1,686
Consolidated total liabilities			6,861

For the year ended ended 31 December 2011

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Foresight Profits Group	2,136	44	2,180
RESULTS			
Segment results of the Foresight Profits Group	685	91	776
Interest income			7
Finance costs, inclusive of exchange differences			16
Profit before taxation			799
Taxation			(410)
Profit for the year			389
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of completed investment properties and property, plant and equipment	9	2	11
Development costs for investment properties under construction or development	—	1,973	1,973
Development costs for properties under development for sale	1,256	—	1,256
Depreciation of property, plant and equipment	5	—	5
Increase in fair value of investment properties	—	72	72

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	6,217	3,528	9,745
Unallocated corporate assets			981
Consolidated total assets			10,726
LIABILITIES			
Segment liabilities	649	13	662
Amount due to immediate holding company			3,959
Amounts due to fellow subsidiaries			1,236
Amount due to a non-controlling shareholder			34
Amounts due to related companies			1
Loan from a non-controlling shareholder			506
Unallocated corporate liabilities			2,745
Consolidated total liabilities			9,143

For the year ended ended 31 December 2012

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Foresight Profits Group	274	57	331
RESULTS			
Segment results of the Foresight Profits Group	31	72	103
Interest income			3
Finance costs, inclusive of exchange differences			(43)
Profit before taxation			63
Taxation			(42)
Profit for the year			21
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	28	—	28
Development costs for investment properties under construction or development	—	461	461
Development costs for properties under development for sale	1,502	—	1,502
Depreciation of property, plant and equipment	11	—	11
Increase in fair value of investment properties	—	50	50

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	7,416	4,041	11,457
Unallocated corporate assets			240
Consolidated total assets			11,697
LIABILITIES			
Segment liabilities	256	17	273
Amount due to immediate holding company			3,826
Amounts due to fellow subsidiaries			1,615
Amount due to a non-controlling shareholder			82
Amounts due to related companies			6
Loan from a non-controlling shareholder			694
Unallocated corporate liabilities			2,637
Consolidated total liabilities			9,133

For the seven months ended 31 July 2013

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB'million	*RMB'million*	*RMB'million*
SEGMENT REVENUE			
Turnover of the Foresight Profits Group	6	37	43
RESULTS			
Segment results of the Foresight Profits Group	(51)	70	19
Interest income			7
Finance costs, inclusive of exchange differences			(16)
Profit before taxation			10
Taxation			(3)
Profit for the period			7
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Development costs for investment properties under construction or development	—	122	122
Development costs for properties under development for sale	503	—	503
Depreciation of property, plant and equipment	9	—	9
Increase in fair value of investment properties	—	47	47

	Reportable segment Property development	Reportable segment Property investment	Consolidated
	RMB'million	*RMB'million*	*RMB'million*
FINANCIAL POSITION			
ASSETS			
Segment assets	8,308	4,209	12,517
Unallocated corporate assets			1,649
Consolidated total assets			14,166
LIABILITIES			
Segment liabilities	3,290	19	3,309
Amount due to immediate holding company			4,378
Amounts due to fellow subsidiaries			1,417
Amount due to a non-controlling shareholder			109
Amounts due to related companies			1
Loan from a non-controlling shareholder			694
Unallocated corporate liabilities			1,685
Consolidated total liabilities			11,593
For the seven months ended 31 July 2012 (unaudited)			
SEGMENT REVENUE			
Turnover of the Foresight Profits Group	263	31	294
RESULTS			
Segment results of the Foresight Profits Group	58	33	91
Interest income			2
Finance costs, inclusive of exchange differences			(31)
Profit before taxation			62
Taxation			(37)
Profit for the period			25

Segment revenue represents the turnover of the Foresight Profits Group.

Segment results represents the profit earned or loss incurred by each segment without allocation of interest income, and finance costs and exchange differences. This is the measure reported to the chief operating decision makers who are the Directors of Foresight Profits for the purpose of resource allocation and performance assessment.

For the purpose of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than pledged bank deposits and bank balances and cash; and

— all liabilities are allocated to reportable segments other than amounts due to immediate holding company, fellow subsidiaries, a non-controlling shareholder and related companies, loan from a non-controlling shareholder, bank borrowings, tax liabilities and deferred tax liabilities.

All Foresight Profits Group's turnover and contribution to operating profit is attributable to customers in the PRC based on the location of operations. Accordingly, no analysis of geographical segment is presented.

No geographical segment information of the Foresight Profits Group's non-current assets is shown as all assets are located in the PRC based on the geographical location of assets. Foresight Profits Group's non-current assets, excluding accounts receivable and pledged bank deposits, are amounted to RMB1,519 million, RMB3,570 million, RMB4,113 million and RMB4,273 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectlively.

6. OTHER INCOME

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Interest income from banks	2	7	3	2	7
Interest income due from a related company	2	—	—	—	—
Sundry income	1	1	—	—	2
	5	8	3	2	9

7. OPERATING PROFIT

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Operating profit has been arrived at after charging (crediting):					
Auditor's remuneration	—	—	—	—	—
Depreciation of property, plant and equipment	9	5	11	4	9
Employee benefit expenses					
Directors' emoluments	—	—	—	—	—
Other staff costs					
Salaries, bonuses and allowances	12	18	24	16	16
Retirement benefits costs	2	3	2	1	1
Total employee benefit expenses	14	21	26	17	17
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	(8)	(12)	(16)	(10)	(10)
	6	9	10	7	7
Cost of properties sold recognised as an expense	493	1,343	194	187	6
Direct operating expenses incurred for investment properties that generating rental income during the year/period	10	17	29	9	10

Auditor's remuneration for the two years ended 31 December 2010 and 31 December 2011 were borne by a fellow subsidiary. The amount for the remaining year/period of the Relevant Periods was less than RMB1,000,000.

8. FINANCE COSTS, INCLUSIVE OF EXCHANGE DIFFERENCES

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Interest on bank borrowings					
- wholly repayable within five years	70	92	105	59	58
- not wholly repayable within five years	—	—	13	3	18
Interest on loan from a non-controlling shareholder wholly repayable within five years	6	38	48	27	27
Interest on amount due to immediate holding company	89	231	232	140	133
Interests on amounts due to fellow subsidiaries	46	74	94	52	59
Other finance cost	23	5	18	14	6
Total interest costs	234	440	510	295	301
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	(191)	(410)	(472)	(273)	(273)
Interest expense charged to consolidated statements of profit or loss and other comprehensive income	43	30	38	22	28
Net exchange gain on bank borrowings and other financing activities	(33)	(46)	5	9	(12)
	10	(16)	43	31	16

9. TAXATION

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
PRC Enterprise Income Tax					
- Current provision	60	170	5	6	—
- Overprovision in prior year	—	—	—	—	(1)
Deferred taxation (note 23)					
- Provision for the year/period	27	65	19	13	4
PRC land appreciation tax					
- Provision for the year/period	126	175	18	18	—
	213	410	42	37	3

No provision for Hong Kong Profits Tax has been made as the income of the Foresight Profits Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 25% on the assessable profits of the companies in the Foresight Profits Group during each of the Relevant Periods.

The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by a PRC entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1 January 2008 at the rate of 5%. As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, deferred tax was provided for in full in respect of any temporary differences attributable to such profits.

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowings costs and the relevant property development expenditures.

The taxation for the Relevant Periods can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Profit before taxation	391	799	63	62	10
PRC Enterprise income tax at 25%	98	200	16	16	3
PRC Land Appreciation Tax	126	175	18	18	—
Tax effect of PRC Land Appreciation Tax	(32)	(1)	(5)	(1)	—
Deferred tax provided for withholding tax on income derived in the PRC	9	18	1	—	—
Tax effect of expenses not deductible for tax purposes	15	26	12	5	5
Tax effect of income not taxable for tax purposes	(1)	(11)	(1)	(1)	(4)
Tax effect of tax losses not recognised	5	1	1	—	—
Overprovision in prior year	—	—	—	—	(1)
Other	(7)	2	—	—	—
Tax charge for the year/period	213	410	42	37	3

10. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

No remuneration were paid or payable to any Directors and the chief executive of Foresight Profits. However, certain Directors of Foresight Profits received remuneration from SOL in respect of their services to SOL and its subsidiaries ("SOL Group"), including the Foresight Profits Group. The amounts paid by SOL have not been allocated between their services to the Foresight Profits Group, and their services to SOL Group excluding the Foresight Profits Group as the allocation of services of these Directors to the various group companies in SOL Group is not feasible.

Certain Directors of Foresight Profits were granted options to subscribe for shares of SOL under the share option schemes adopted by SOL. Their entitlement to the options relates to their services to a number of companies within the SOL Group including the Foresight Profits Group. Details of the option scheme and the Directors' entitlement to these options were disclosed in the annual report of SOL. The value of the share options has not been allocated to the Foresight Profits Group as the allocation is not feasible.

(b) Employees' emoluments

The emoluments of the five highest paid individuals of the the Foresight Profits Group were as follows:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Basic salaries and other benefits	3	4	5	3	3
Performance related incentive payments (note)	1	1	2	2	2
Total	4	5	7	5	5

Note: The performance related incentive payments are discretionary based on Foresight Profits Group's financial results and employees' performance as may be decided by the management of the respective subsidiaries.

Their emoluments were within the following bands:

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee (unaudited)*	*Number of employee*
Nil to HK$1,000,000	4	4	2	3	3
HK$1,000,001 to HK$1,500,000	—	—	1	1	1
HK$1,500,001 to HK$2,000,000	1	—	1	—	—
HK$2,000,001 to HK$2,500,000	—	—	—	—	1
HK$2,500,001 to HK$3,000,000	—	1	—	1	—
HK$3,000,001 to HK$3,500,000	—	—	—	—	—
HK$3,500,001 to HK$4,000,000	—	—	1	—	—

No emolument was paid to the Directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Foresight Profits Group or as compensation for loss of office during the Relevant Periods. No Directors and the chief executive waived any of their emoluments for the Relevant Periods.

11. EARNINGS PER SHARE

No calculation of earnings per share for the Relevant Periods is presented as the information is considered not meaningful for the purpose of this report.

12. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction or development at fair value	Investment properties under construction or development at cost	Total
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2010	569	—	398	967
Additions	—	—	362	362
Acquisition of a subsidiary (note 24)	—	—	67	67
Transfers	—	210	(210)	—
Transfer upon completion	25	(25)	—	—
Increase in fair value recognised in profit or loss	44	23	—	67
At 31 December 2010	638	208	617	1,463
At 31 December 2010				
Stated at fair value	638	208	—	846
Stated at cost	—	—	617	617
At 1 January 2011	638	208	617	1,463
Additions	2	60	1,913	1,975
Transfer upon completion	329	(329)	—	—
Increase in fair value recognised in profit or loss	11	61	—	72
At 31 December 2011	980	—	2,530	3,510
At 31 December 2011				
Stated at fair value	980	—	—	980
Stated at cost	—	—	2,530	2,530

	Completed investment properties	Investment properties under construction or development at fair value	Investment properties under construction or development at cost	Total
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2012	980	—	2,530	3,510
Additions	—	—	461	461
Transfers	—	266	(266)	—
Increase in fair value recognised in profit or loss	21	29	—	50
At 31 December 2012	1,001	295	2,725	4,021
At 31 December 2012				
Stated at fair value	1,001	295	—	1,296
Stated at cost	—	—	2,725	2,725
At 1 January 2013	1,001	295	2,725	4,021
Additions	—	28	94	122
Increase in fair value recognised in profit or loss	16	31	—	47
At 31 July 2013	1,017	354	2,819	4,190
At 31 July 2013				
Stated at fair value	1,017	354	—	1,371
Stated at cost	—	—	2,819	2,819

The investment properties are all situated in the PRC and held under long term lease of RMB1,463 million, RMB3,429 million, RMB3,935 million and RMB4,102 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, and medium-term leases of nil, RMB81 million , RMB86 million and RMB88 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively. All the completed investment properties are rented out under operating leases.

The fair values of the Foresight Profits Group's investment properties at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013 and at dates of transfer upon completion of development of investment properties under construction or development have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, independent qualified professional valuers not connected to the Foresight Profits Group whose address is 4/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

For completed investment properties, the valuations have been arrived at using direct comparison method and capitalisation of net income method, where appropriate. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The major inputs used in the fair value measurement of investment properties are set out below:

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2010					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 8.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB6 million/increase by RMB8 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of average RMB3.8 per square metres ("sqm") per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB2 million.
Completed investment properties - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB70 million/increase by RMB94 million respectively.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, of the property, of RMB5.1 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB20 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**	**Sensitivity**
Completed investment properties - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rate.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB4 million/increase by RMB6 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB4.4 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB2 million.
Investment properties under development or construction - Property 4	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account of time, location and individual factors such as frontage and size, between the comparables and the property of RMB287 million.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase by RMB3 million/decrease by RMB2 million.
	.		Level adjustment on second floor of commercial portion of the property is 60% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB1 million/increase by RMB2 million.
			Developer's profit, taking into account of the comparables land transactions and progress of the property, of 4%	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB2 million/increase by RMB3 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
As at 31 December 2011					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.75%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB6 million/increase by RMB8 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB3.8 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB2 million.
Completed investment properties - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB71 million/increase by RMB95 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size , between the comparables and the property, of RMB5.2 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase by RMB22 million/decrease by RMB21 million.
Completed investment properties - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 6.75%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB4 million/increase by RMB6 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB4.3 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB2 million.
Completed investment properties - Property 4	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 5.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB53 million/increase by RMB78 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB4.7 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase/decrease by RMB15 million.
At 31 December 2012					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.75%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB7 million/increase by RMB8 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB3.9 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase/decrease by RMB2 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment properties - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB73 million/increase by RMB 97 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB5.4 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB22 million.
Completed investment properties - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB4 million/increase by RMB5 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB3.2 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the average daily unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB1 million.
Completed investment properties - Property 4	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taken into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 5.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB54 million/increase by RMB79 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB4.8 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase/decrease by RMB14 million.
Investment properties under development or construction - Property 5	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account of time, location and individual factors, such as frontage and size , between the comparables and the property of RMB530 million and RMB27 million for commercial portion and car park portion respectively.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would increase by RMB5 million/decrease by RMB4 million.
			Level adjustment on individual floor of retail portion of the property ranging from 50% to 60% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would decrease/increase by RMB4 million.
			Developer's profit, taking into account of the comparables land transactions and progress of the property, of 7%	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would decrease by RMB4 million/increase by RMB5 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
As at 31 July 2013					
Completed investment properties - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.75%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB6 million/increase by RMB8 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB3.9 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB2 million.
Completed investment properties - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 7.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB75 million/increase by RMB101 million.
			Daily market rent, using direct market comparables and taken into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB5.4 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase by RMB24 million/decrease by RMB23 million.
Completed investment properties - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 6.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB4 million/increase by RMB6 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB3.5 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB1 million.
Completed investment properties - Property 4	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition, of 5.25%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB53 million/increase by RMB77 million.
			Daily market rent, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property, of RMB4.7 per sqm per day on letteble area basis.	The higher the average daily unit rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase/decrease by RMB14 million.
Investment properties under development or construction - Property 5	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account of time, location and individual factors, such as frontage and size, between the comparables and the property of RMB530 million and RMB31 million for retail portion and car park portion respectively.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would increase/decrease by RMB5 million.
			Level adjustment on individual floor of commercial portion of the property ranging from 50% to 60% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would decrease by RMB5 million/increase by RMB4 million.

Investment properties held by the Foresight Profits Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
			Developer's profit, taking into account of the comparables land transactions and progress of the property, of 4%.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would decrease/increase by RMB5 million.

The changes in fair value of investment properties recognised in profit or loss during the Relevant Periods represent the unrealised gain relating to completed investment properties and certain investment properties under development or construction that are measured at fair value.

Fair value measurements and valuation processes

In estimating the fair value of the Foresight Profits Group's investment properties, the management of Foresight Profits uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of Foresight Profits engages third party qualified valuers to perform the valuation of the Foresight Profits Group's investment properties. At the end of each reporting period, the management of Foresight Profits works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of Foresight Profits will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of Foresight Profits will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of Foresight Profits.

Information about the valuation techniques and inputs in determining the fair value of the Foresight Profits Group's investment properties are disclosed above.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *RMB'million*	Furniture, fixtures, equipment and motor vehicles *RMB'million*	Total *RMB'million*
AT COST			
At 1 January 2010	59	9	68
Additions	—	4	4
At 31 December 2010	59	13	72
Additions	—	9	9
At 31 December 2011	59	22	81
Additions	—	28	28
Transfer from properties held for sale	15	—	15
At 31 December 2012 and 31 July 2013	74	50	124
ACCUMULATED DEPRECIATION			
At 1 January 2010	4	3	7
Provided for the year	7	2	9
At 31 December 2010	11	5	16
Provided for the year	2	3	5
At 31 December 2011	13	8	21
Provided for the year	3	8	11
At 31 December 2012	16	16	32
Provided for the period	1	8	9
At 31 July 2013	17	24	41
CARRYING VALUES			
At 31 December 2010	48	8	56
At 31 December 2011	46	14	60
At 31 December 2012	58	34	92
At 31 July 2013	57	26	83

The owner-occupied leasehold land and buildings amounted to RMB48 million, RMB46 million, RMB58 million and RMB57 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, are included in property, plant and equipment, as in the opinion of the Directors of Foresight Profits, allocations of the carrying amounts between the leasehold land and buildings elements could not be made reliably.

The land and buildings are situated in the PRC and held under long term lease. The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	Over the shorter of the term of the lease, or 50 years
Furniture, fixtures, equipment and motor vehicles	20% to $33^1/3$%

14. PROPERTIES UNDER DEVELOPMENT FOR SALE

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At beginning of the year/period	2,941	4,395	4,064	5,566
Additions	1,956	1,256	1,502	503
Transfer to properties held for sale	(502)	(1,587)	—	—
At end of the year/period	4,395	4,064	5,566	6,069

The properties under development are all situated in the PRC and held under long term leases of RMB4,350 million, RMB4,019 million, RMB5,518 million and RMB6,019 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, and under medium term leases of RMB45 million, RMB45 million, RMB48 million and RMB50 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively.

Included in the properties under development as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013 is carrying value of RMB3,408 million, RMB4,064 million, RMB5,566 million and RMB2,940 million, respectively, which represents the carrying value of the properties expected to be completed after twelve months from the end of each reporting period.

15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities granted to the Foresight Profits Group. Deposits amounting to RMB24 million, RMB113 million, RMB20 million and RMB946 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

Bank balances carry interest at market rates which range from 0.4% to 1.4%, 0.5% to 1.5%, 0.4% to 1.4% and 0.1% to 1.5% per annum for years ended 31 December 2010, 31 December 2011 and 31 December 2012 and seven months ended 31 July 2013, respectively. Pledged bank deposits carry interest at fixed rates which range from 0.4% to 1.4%, 0.5% to 1.5%, 0.4% to 1.4%, and 0.1% to 1.5% per annum for years ended 31 December 2010, 31 December 2011 and 31 December 2012 and seven months ended 31 July 2013, respectively. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

16. PROPERTIES HELD FOR SALE

The Foresight Profits Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at cost.

17. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Non-current accounts receivable comprise:				
Rental receivable in respect of rent-fee period	17	10	15	16
Current accounts receivable comprise:				
Rental receivables in respect of rent-fee period	4	8	5	3
Prepayments of relocation cost (note)	1,278	1,808	1,692	1,927
Prepayment of business and other tax	35	10	—	161
Other deposits, prepayments and receivables	14	8	9	17
	1,331	1,834	1,706	2,108

Note: The balance represents the amounts that will be capitalised to properties under development for sale in accordance with the Foresight Profits Group's normal operating cycle, and not expected to be realised within twelve months from the end of the reporting period.

Rental receivables are due for settlement upon issuance of monthly debit note to the tenants.

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the Foresight Profits Group has no accounts receivable which are past due but not impaired.

In determining the recoverability of accounts receivable, the Foresight Profits Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of each reporting period. Allowance for bad and doubtful debts are generally not required for rental receivable as the Foresight Profits Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

18. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A NON-CONTROLLING SHAREHOLDER/RELATED COMPANIES

Included in amounts due to fellow subsidiaries, the carrying amount of RMB1,120 million, RMB1,186 million, RMB1,564 million and RMB1,350 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, are unsecured, carry interest at fixed rates ranging from 5.841% to 6.116% per annum, 6.435% to 7.216% per annum, 6.6% to 8.32% per annum and 6.60% to 7.07% per annum, respectively, and repayable within twelve months from the end of each reporting period.

The amount due to immediate holding company is unsecured, carry interest at 110% of People's Bank of China ("PBOC") Prescribed Interest Rate throughout the Relevant Periods and repayable on demand as at 31 December 2010 and 31 December 2011.

During the year ended 31 December 2012, Foresight Profits entered into a subordination deed with the immediate holding company whereby the repayment of amount due to immediate holding company is subordinated to the repayment of certain bank borrowings. As the corresponding bank borrowings are repayable after one year, the amount due to immediate holding company is classified as non-current liabilities as at 31 December 2012 and 31 July 2013 accordingly.

Except the amounts due to fellow subsidiaries and amount due to immediate holding company mentioned above, the remaining amounts are unsecured, interest free and repayable on demand. The related companies are an associate of SOCL and a subsidiary of the non-controlling shareholder of Foresight Profits.

19. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Construction costs payables	542	422	85	78
Deed tax, business tax and other tax payables	54	17	13	16
Deposits received and receipt in advance from property sales	626	173	109	3,133
Deposits received and receipt in advance in respect of rental of investment properties	11	13	17	19
Retention payables (note)	19	31	38	47
Accrued charges	17	6	11	16
	1,269	662	273	3,309

Note: Retention payables are expected to be settled upon the expiry of the retention periods according to the respective contracts.

20. BANK BORROWINGS

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Bank borrowings repayable within a period of				
- Not more than 1 year	—	1,566	707	11
- More than 1 year, but not exceeding 2 years	644	700	10	1,097
- More than 2 years, but not exceeding 5 years	837	—	1,418	90
- More than 5 years	—	—	211	310
Total bank borrowings	1,481	2,266	2,346	1,508
Less: Amount due within one year shown under current liabilities	—	(1,566)	(707)	(11)
Amount due after one year	1,481	700	1,639	1,497

The carrying amount of the Foresight Profits Group's bank borrowings is analysed as follows:

Denominated in	**Interest rate per annum:**	**As at 31 December 2010**	**2011**	**2012**	**As at 31 July 2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
RMB	90% - 125% of PBOC Prescribed Interest Rate	427	1,262	1,674	844
Hong Kong dollars ("HKD")	Hong Kong Interbank Offered Rates ("HIBOR") plus 3% to 4.5%	1,054	1,004	672	664
		1,481	2,266	2,346	1,508

At 31 December 2010, 31 December 2011, 31 December 2012, and 31 July 2013, the weighted average effective interest rate on the bank borrowings was 3.83% per annum, 5.16% per annum, 6.49% per annum and 6.47% per annum, respectively, and are further analysed as follows:

	As at 31 December 2010	**2011**	**2012**	**As at 31 July 2013**
Denominated in RMB	5.18%	6.44%	7.14%	7.72%
Denominated in HKD	3.28%	3.38%	4.90%	4.90%

The bank borrowings at the end of each reporting period are secured by the pledge of assets as set out in note 26 and guaranteed by the immediate holding company and intermediate holding company as set out in note 29.

21. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	*US$*	*Number of shares*	*US$*
Ordinary shares of US$1 each				
At 1 January 2010, 31 December 2010, and 31 December 2011	100	100	100	100
Increase in authorised share capital and issue of shares	49,900	49,900	9,900	9,900
At 31 December 2012 and 31 July 2013	50,000	50,000	10,000	10,000

	Number As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Shown in the consolidated statement of financial position as at	—	—	—	—

As at 12 June 2012, Foresight Profits allotted 7,976 shares of US$1 each to the shareholders. As at 25 June 2012, Foresight Profits further alloted 1,924 new shares with the nominal value of US$1,924 and a share premium of RMB951 million to the immediate holding company. The new shares rank pari passu with the existing shares in all respects.

22. LOAN FROM A NON-CONTROLLING SHAREHOLDER

The carrying amount of the loan from a non-controlling shareholder is analysed as follows:

Denominated in	Interest rate per annum:	As at 31 December 2010	2011	2012	As at 31 July 2013
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
RMB	110% of PBOC Prescribed Interest Rate	128	506	694	694

The loan is unsecured and will not be demanded for repayment, until Foresight Profits is in a position to repay the loan, which is to be mutually agreed between both parties. The Directors of Foresight Profits are in the opinion that the loan is not repayable in the next twelve months from the end of the reporting period.

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the weighted average effective interest rate on the loan from a non-controlling shareholder was 6.12%, 7.32%, 6.77% and 6.77%, respectively, per annum.

23. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current period and prior years:

	Accelerated tax depreciation	**Revaluation of investment properties**	**Recognition of sales and related cost of sales**	**Withholding tax on income derived in the PRC**	**Others**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2010	16	77	—	—	(38)	55
Charge (credit) to profit or loss (note 9)	5	17	(24)	9	20	27
At 31 December 2010	21	94	(24)	9	(18)	82
Charge (credit) to profit or loss (note 9)	7	18	26	18	(4)	65
At 31 December 2011	28	112	2	27	(22)	147
Charge (credit) to profit or loss (note 9)	6	13	14	1	(15)	19
At 31 December 2012	34	125	16	28	(37)	166
Charge (credit) to profit or loss (note 9)	4	12	—	—	(12)	4
At 31 July 2013	38	137	16	28	(49)	170

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the Foresight Profits Group had unused tax losses of RMB43 million, RMB33 million, RMB32 million and RMB30 million, respectively, available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years/periods ending:

				As at
	As at 31 December			**31 July**
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
2011	14	—	—	—
2012	4	4	—	—
2013	4	4	4	—
2014	5	5	5	5
2015	16	16	16	16
2016	—	4	4	4
2017	—	—	3	3
2018	—	—	—	3
	43	33	32	31

24. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2010, Foresight Profits acquired the entire interest of a company established in the PRC from an independent third party for a cash consideration of RMB109 million. The acquired company owned the property development right on a piece of land adjacent to Shanghai Rui Hong Xin Cheng project.

The acquisition was accounted for as purchase of assets and liabilities rather than as business combination as the subsidiary acquired is an investment and property holding company with no business concerns.

The net assets acquired in the transaction were as follows:

	RMB'million
Investment properties under construction or development	67
Properties under development for sale	45
Accounts receivable, deposits and prepayments	4
Other payables and accrued charges	(7)
Net assets acquired	109
Cash consideration	109

During the year ended 31 December 2010, the acquired company did not contribute any turnover or results to the Foresight Profits Group.

25. RETIREMENT BENEFIT SCHEMES

According to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are required to contribute a specified percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Foresight Profits Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

26. PLEDGE OF ASSETS

The following assets were pledged to banks as securities to obtain certain banking facilities at the end of each reporting period:

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Investment properties	1,339	1,281	869	1,285
Properties under development for sale	4,347	2,193	2,753	3,129
Properties held for sale	22	266	—	—
Bank deposits	24	600	20	946
	5,732	4,340	3,642	5,360

In addition, at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the equity interests in a subsidiary with carrying amount of net assets of RMB3,740 million, RMB5,664 million,RMB1,664 million and RMB1,663 million, respectively, were also pledged to banks as securities to obtain banking facilities granted to the Foresight Profits Group of which the assets have been disclosed in the table above at the end of each reporting period.

27. LEASE ARRANGEMENTS

As lessor

During the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013 and 31 July 2012, property rental income in respect of the investment properties earned are RMB26 million, RMB17 million, RMB17 million, RMB19 million and RMB16 million (unaudited), respectively, after netting of outgoings of RMB10 million, RMB17 million, RMB29 million, RMB10 million and RMB9 million (unaudited), respectively. The investment properties held have committed tenants for the next one to nine years at fixed rentals.

As at the end of each reporting period, the Foresight Profits Group had contracted with tenants for the following future minimum lease payments which fall due as follows:

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Within one year	36	37	49	52
In the second to fifth years inclusive	112	107	162	168
Over five years	56	42	26	2
	204	186	237	222

28. COMMITMENTS AND CONTINGENCIES

(a) **Capital and other commitments**

(i) At the end of each reporting period, the Foresight Profits Group had the following commitments:

	As at 31 December			As at 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Contracted but not provided for:				
Development costs for investment properties under construction or development	479	249	135	121
Development costs for properties under development for sale	2,894	1,471	754	605
	3,373	1,720	889	726

(ii) Pursuant to an agreement entered into with the 上海市虹口区卫生局 of the Hongkou District, Shanghai, the PRC on 20 June 2006, the Foresight Profits Group had committed to build a hospital to be located in the Rui Hong Xin Cheng area of the Hongkou District as compensation for the removal of those medical and health care services originally located in that area. During the Relevant Periods, no construction contracts related to the hospital have been entered into. No provision for the construction costs has been made in the Financial Information as the amount cannot be measured reliably.

(b) **Contingent liabilities**

Pursuant to an agreement entered into with the district government (the "Hongkou Government") and the Education Authority of the Hongkou District, Shanghai, the PRC on 31 July 2002, guarantees of no more than RMB324 million will be granted by the Foresight Profits Group to support bank borrowings arranged in the name of a company to be nominated by the Hongkou Government, as part of the financial arrangement for the site clearance work in relation to the development of a parcel of land. During the Relevant Periods, such arrangement has not been taken place.

29. RELATED PARTY TRANSACTIONS

Apart from the related party balances as stated in notes 18 and 22, the Foresight Profits Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million (unaudited)*	*RMB'million*
Related companies					
Project construction costs	7	4	26	—	8
Project management fee expense	—	—	6	4	—
Immediate holding company					
Interest expenses	89	231	232	140	133
Guarantee for Foresight Profits Group's bank borrowings	1,700	1,647	—	—	—
Fellow subsidiaries					
Project management fee	13	7	—	—	—
Interest expenses	46	74	94	52	59
Sales and leasing commission fee	19	44	2	1	1
Interest income	2	—	—	—	—
A non-controlling shareholder					
Interest expenses	6	38	48	27	27
Project management fee expense	—	2	—	—	—
Intermediate holding company					
Guarantee for Foresight Profits Group's bank borrowings	—	700	2,589	2,590	1,877

The key management personnel represents the Directors of Foresight Profits whose remuneration are set out in note 10.

Note: The related companies are an associate of SOCL and a subsidiary of non-controlling shareholder of Foresight Profits.

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Foresight Profits Group consists of debt, which includes amounts due to fellow subsidiaries and immediate holding company, bank borrowings and loan from a non-controlling shareholder, and equity attributable to equity holders of Foresight Profits, comprising issued share capital, reserves and retained earnings.

The Directors of Foresight Profits review the capital structure on a yearly basis. As part of this review, the Directors of Foresight Profits consider the cost of capital and the risks associated with the capital, and will balance its overall capital structure through new share issues and debt financing when the need arises.

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December			As at 31 July
	2010	2011	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Financial assets				
Loans and receivables (including bank balances and cash)	780	1,003	264	1,673
Financial liabilities				
Amortised cost	5,966	8,462	8,705	8,248

b. Financial risk management objectives and policies

The Foresight Profits Group's major financial instruments include accounts and other receivables, pledged bank deposits, bank balances and cash, accounts payable, amounts due to immediate holding company, fellow subsidiaries, a non-controlling shareholder and related companies, loan from a non-controlling shareholder and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Foresight Profits Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors of Foresight Profits review and agree policies for managing each of these risks and they are summarised below.

Currency risk

The Foresight Profits Group has certain bank balances and debt obligations that are denominated in foreign currency. As a result, the Foresight Profits Group is exposed to fluctuations in foreign exchange rates. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Foresight Profits Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
HKD				
Assets	38	1	18	18
Liabilities	1,070	1,066	688	681

Sensitivity analysis

The Foresight Profits Group is mainly exposed to the currency of HKD.

The following table details the Foresight Profits Group's sensitivity to a 5% increase and decrease in RMB against HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items assuming the balances at the end of the reporting period outstanding for the whole year/period and adjusts their translation at the year/period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where RMB strengthen 5% against HKD. For a 5% weakening of RMB against HKD, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Year ended 31 December			Seven months ended 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
HKD				
Profit or loss	49	51	32	32

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the year/period.

Interest rate risk

The Foresight Profits Group is exposed to fair value interest rate risk in relation to amounts due to fellow subsidiaries and pledged bank deposits at fixed rates. The Foresight Profits Group is exposed to cash flow interest rate risk in relation to the bank balance and cash, bank borrowings, amount due to immediate holding company and loan from a non-controlling shareholder at variable rates. It is the Foresight Profits Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Foresight Profits Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Directors of Foresight Profits considered the Foresight Profits Group's exposure to interest rate risk of the bank balances is not significant due to their low level of interest rate. The Foresight Profits Group's cash flow interest rate risk is mainly concentrated on the fluctuation of PBOC prescribed interest rate arising from the Foresight Profits Group's RMB and HKD borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. For variable-rate bank borrowings, amount due to immediate holding company and loan from a non-controlling shareholder, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year/period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Foresight Profits Group's profit would decrease/increase by RMB7 million; RMB9 million, RMB5 million and RMB8 million for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and for the seven months ended 31 July 2013, respectively. This is mainly attributable to the Foresight Profits Group's exposure to interest rates on its variable-rate bank borrowings and loan from a non-controlling shareholder, after taking into consideration the effect of capitalisation of interest costs.

The Foresight Profits Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

Credit risk

At the end of each reporting period, the Foresight Profits Group's maximum exposure to credit risk which will cause a financial loss to the Foresight Profits Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Foresight Profits Group's credit risk is primarily attributable to its accounts receivable. The Foresight Profits Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds is limited because the funds were deposited with various creditworthy financial institutions located in Hong Kong and in the PRC.

Liquidity risk

The Foresight Profits Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings, amounts due to fellow subsidiaries and immediate holding company and loan from a non-controlling shareholder. The Foresight Profits Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the maturities of the Foresight Profits Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Foresight Profits Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest risk tables

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.12.2010
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2010							
Accounts payable, deposits received and accrued charges	—	579	—	—	—	579	579
Bank borrowings at variable rates	3.83	57	687	857	—	1,601	1,481
Amounts due to related companies	—	1	—	—	—	1	1
Amount due to immediate holding company	5.18	2,592	—	—	—	2,592	2,592
Amounts due to fellow subsidiaries							
- interest bearing	5.95	1,186	—	—	—	1,186	1,120
- interest free	—	59	—	—	—	59	59
Amount due to a non-controlling shareholder	—	6	—	—	—	6	6
Loan from a non-controlling shareholder	6.12	8	136	—	—	144	128
		4,488	823	857	—	6,168	5,966

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.12.2011
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2011							
Accounts payable, deposits received and accrued charges	—	460	—	—	—	460	460
Bank borrowings at variable rates	5.16	1,636	704	—	—	2,340	2,266
Amounts due to related companies	—	1	—	—	—	1	1
Amount due to immediate holding company	6.44	3,959	—	—	—	3,959	3,959
Amounts due to fellow subsidiaries							
- interest bearing	7.17	1,272	—	—	—	1,272	1,186
- interest free	—	50	—	—	—	50	50
Amount due to a non-controlling shareholder	—	34	—	—	—	34	34
Loan from a non-controlling shareholder	7.32	37	543	—	—	580	506
		7,449	1,247	—	—	8,696	8,462

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.12.2012
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2012							
Accounts payable, deposits received and accrued charges	—	136	—	—	—	136	136
Bank borrowings at variable rates	6.49	824	119	1,549	254	2,746	2,346
Amounts due to related companies	—	6	—	—	—	6	6
Amount due to immediate holding company	6.77	259	259	777	4,085	5,380	3,826
Amounts due to fellow subsidiaries							
- interest bearing	6.90	1,635	—	—	—	1,635	1,564
- interest free	—	51	—	—	—	51	51
Amount due to a non-controlling shareholder	—	82	—	—	—	82	82
Loan from a non-controlling shareholder	6.77	47	741	—	—	788	694
		3,040	1,119	2,326	4,339	10,824	8,705

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 yeas	More than 5 years	Total undiscounted cash flow	Carrying amount at 31.7.2013
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 July 2013							
Accounts payable, deposits received and accrued charges	—	141	—	—	—	141	141
Bank borrowings at variable rates	6.47	110	1,189	197	377	1,873	1,508
Amount due to a related company	—	1	—	—	—	1	1
Amount due to immediate holding company	6.77	296	296	889	4,674	6,155	4,378
Amounts due to fellow subsidiaries							
- interest bearing	6.90	1,380	—	—	—	1,380	1,350
- interest free	—	67	—	—	—	67	67
Amount due to a non-controlling shareholder	—	109	—	—	—	109	109
Loan from a non-controlling shareholder	6.77	47	741	—	—	788	694
		2,151	2,226	1,086	5,051	10,514	8,248

The amounts included above for variable interest rate financial liabilities are subject to changes if changes in variable interest rate differs to those estimates of interest rates determined at the end of each reporting period.

c. **Fair value**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Foresight Profits Group, Foresight Profits or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2013.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Set out below is the audited financial report of Score High for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013.

Deloitte.
德勤

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Deloitte Touche Tohmatsu
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88 Queensway
Hong Kong

28 October 2013

The Directors
Shui On Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Score High Limited ("Score High") and its subsidiaries (hereinafter collectively referred to as the "Score High Group") for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013 (the "Relevant Periods") for the inclusion in the circular of Shui On Land Limited ("SOL") dated 28 October 2013 (the "Circular") issued in connection with the Swap Agreement and the JV Agreement, as defined in the Circular.

Score High was incorporated in the British Virgin Islands ("BVI") with limited liability on 12 February 2003. The principal activity of Score High is investment holding.

At the date of this report, Score High has the following subsidiaries:

			Attributable equity interest of Score High					
			At 31 December					
Name of subsidiary	**Place and date of incorporation/ establishment**	**Issued and fully paid share capital/ registered capital**	**2010**	**2011**	**2012**	**At 31 July 2013**	**At date of this report**	**Principal activities**
Direct subsidiaries:								
Rightchina Limited ("Rightchina")	BVI 2 July 2008	100 ordinary shares of US$1 each	75%	75%	75%	75%	75%	Investment holding
Rightidea Limited ("Rightidea")	BVI 2 July 2008	100 ordinary shares of US$1 each	100%	100%	100%	100%	100%	Investment holding
Indirect subsidiaries:								
Chongqing Shui On Tiandi Property Development Co. Ltd. ("CQ Shui On Tiandi")	People's Republic of China ("PRC") 21 November 2003	Registered and paid up capital US$385,000,000	99%	99%	99%	99%	99%	Property development and property investment
Grand Hope Limited ("Grand Hope") (note)	Hong Kong 14 March 2003	100 A ordinary shares of HK$1 each and 2 B ordinary shares of HK$1 each	A shares: 100% B shares: 75%	A shares: 100% B shares: 75%	A shares: 100% B shares: 75%	A shares: 100% B Shares: 75%	A shares: 100% B shares: 75%	Investment holding

The financial year end date of all the companies comprising the Score High Group is 31 December.

The audited consolidated financial statements of Score High (the "Score High Financial Statements") and Rightchina for each of the three years ended 31 December 2012 were prepared in accordance with International Financial Reporting Standards and were audited by us.

No audited financial statements have been prepared for Rightidea since the date of its incorporation as there is no statutory requirement in BVI for audited financial statements to be prepared and presented.

The statutory financial statements of Grand Hope for each of the three years ended 31 December 2012 were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us.

The statutory financial statements of CQ Shui On Tiandi for each of the three years ended 31 December 2012 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by 重庆康华会计师事务所有限责任公司 (Chongqing Kanghua Certified Public Accountants), certified public accountants registered in the PRC.

For the purpose of this report, the Directors of Score High have prepared consolidated financial statements of the Score High Group for the seven months ended 31 July 2013 in accordance with International Financial Reporting Standards (the "31 July 2013 Financial Statements"). We have undertaken an independent audit of the 31 July 2013 Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Score High Financial Statements and 31 July 2013 Financial Statements (collectively referred to as "Underlying Financial Statements"). We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA. No adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the Directors of Score High who approved their issue. The Directors of SOL are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements together with the notes thereon, to form an opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon give, for the purpose of this report, a true and fair view of the state of affairs of the Score High Group as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, and of its results and cash flows for each of the Relevant Periods.

The comparative consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Score High Group for the seven months ended 31 July 2012 together with the notes thereon have been extracted from the Score High Group's unaudited consolidated financial information for the same period (the "31 July 2012 Financial Information") which was prepared by the Directors of Score High solely for the purpose of this report. We have reviewed the 31 July 2012 Financial Information in accordance with Hong Kong Standard of Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 31 July 2012 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 July 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 July 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Seven months ended 31 July	
		2010	2011	2012	2012	2013
		RMB' million	*RMB' million*	*RMB' million*	*RMB' million (unaudited)*	*RMB' million*
Turnover	6	469	1,121	1,219	740	2,121
Cost of sales		(425)	(807)	(933)	(547)	(1,496)
Gross profit		44	314	286	193	625
Other income	7	35	7	48	12	2
Selling and marketing expenses		(41)	(59)	(56)	(32)	(95)
General and administrative expenses		(33)	(50)	(74)	(33)	(54)
Operating profit	8	5	212	204	140	478
(Decrease) increase in fair value of investment properties		(80)	303	527	315	119
Gain on disposal of investment properties		—	—	—	—	35
Finance costs	9	(47)	(34)	(52)	(27)	(50)
(Loss) profit before taxation		(122)	481	679	428	582
Taxation	10	(3)	(102)	(238)	(138)	(355)
(Loss) profit and total comprehensive (expenses) income for the year/period		(125)	379	441	290	227
Attributable to:						
Shareholders of Score High		(104)	326	362	237	241
Non-controlling interests		(21)	53	79	53	(14)
		(125)	379	441	290	227

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2010	2011	2012	At 31 July 2013
		RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Non-current assets					
Investment properties	13	1,995	2,940	4,435	5,379
Property, plant and equipment	14	248	239	251	252
Prepaid lease payments	15	31	30	29	29
Accounts receivable	18	4	8	9	85
Pledged bank deposits	19	462	151	97	287
Deferred tax assets	27	5	—	—	—
		2,745	3,368	4,821	6,032
Current assets					
Properties under development for sale	16	2,734	3,464	3,403	3,949
Properties held for sale	17	162	324	1,893	429
Accounts receivable, deposits and prepayments	18	50	74	252	328
Pledged bank deposits	19	51	263	5	4
Restricted bank deposits	19	26	44	51	30
Bank balances and cash	19	388	45	179	155
		3,411	4,214	5,783	4,895
Current liabilities					
Accounts payable, deposits received and accrued charges	20	1,320	1,551	3,916	3,093
Amount due to a related company	21	17	35	16	10
Amount due to a non-controlling shareholder of a subsidiary	22	2	—	—	—
Amount due to immediate holding company	23	1,305	1,375	1,626	1,678
Amounts due to fellow subsidiaries	24	337	197	242	392
Tax liabilities		—	1	44	59
Bank borrowings - due within one year	25	350	810	534	386
		3,331	3,969	6,378	5,618
Net current assets (liabilities)		80	245	(595)	(723)
Total assets less current liabilities		2,825	3,613	4,226	5,309

		At 31 December			At 31 July
	Notes	**2010**	**2011**	**2012**	**2013**
		RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Capital and reserves					
Share capital	26	—	—	—	—
Reserves		1,676	2,002	2,364	2,605
Equity attributable to shareholders of Score High		1,676	2,002	2,364	2,605
Non-controlling interests		4	57	138	124
Total equity		1,680	2,059	2,502	2,729
Non-current liabilities					
Bank borrowings - due after one year	25	1,145	1,529	1,659	2,394
Deferred tax liabilities	27	—	25	65	186
		1,145	1,554	1,724	2,580
Total equity and non-current liabilities		2,825	3,613	4,226	5,309

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of Score High					
	Share capital	**Other reserve**	**(Accumulated losses) retained profits**	**Total**	**Non-controlling interests**	**Total**
	RMB' million	*RMB' million* *(note 28)*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
At 1 January 2010	—	2,013	(233)	1,780	16	1,796
Loss and total comprehensive expenses for the year	—	—	(104)	(104)	(21)	(125)
Capital injection	—	—	—	—	9	9
At 31 December 2010	—	2,013	(337)	1,676	4	1,680
Profit and total comprehensive income for the year	—	—	326	326	53	379
At 31 December 2011	—	2,013	(11)	2,002	57	2,059
Capital injection	—	—	—	—	2	2
Profit and total comprehensive income for the year	—	—	362	362	79	441
At 31 December 2012	—	2,013	351	2,364	138	2,502
Profit and total comprehensive income for the period	—	—	241	241	(14)	227
At 31 July 2013	—	2,013	592	2,605	124	2,729
Unaudited						
At 1 January 2012	—	2,013	(11)	2,002	57	2,059
Profit and total comprehensive income for the period	—	—	237	237	53	290
At 31 July 2012	—	2,013	226	2,239	110	2,349

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* *(unaudited)*	*RMB' million*
Operating activities					
(Loss) profit before taxation	(122)	481	679	428	582
Adjustments for:					
Depreciation of property, plant and equipment	3	10	13	7	9
Release of prepaid lease payments	—	1	1	—	—
Finance costs	47	34	52	27	50
Interest income	(2)	(5)	(12)	(11)	(1)
Decrease (increase) in fair value of investment properties	80	(303)	(527)	(315)	(119)
Gain on disposal of investment properties	—	—	—	—	(35)
Operating cash flows before movements in working capital	6	218	206	136	486
Decrease in properties held for sale	405	777	901	530	1,464
(Increase) decrease in restricted bank deposits	(26)	(18)	(7)	26	21
Increase in accounts receivable, deposits and prepayments	(26)	(28)	(179)	(111)	(152)
Increase in properties under development for sale	(580)	(1,585)	(2,353)	(1,367)	(497)
Increase (decrease) in amount due to a related company	17	18	(19)	—	(6)
Increase (decrease) in amount due to a non-controlling shareholder of a subsidiary	2	(2)	—	—	—
Increase (decrease) in accounts payable, deposits received and accrued charges	692	218	2,196	1,785	(982)
Cash generated from (used in) operations	490	(402)	745	999	334
Tax paid	(9)	(71)	(155)	(138)	(219)
Net cash from (used in) operating activities	481	(473)	590	861	115

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* (*unaudited*)	*RMB' million*
Investing activities					
Interest received	2	5	12	11	1
Purchase of property, plant and equipment	(9)	(1)	(25)	(13)	(10)
Additions to investment properties	(532)	(573)	(747)	(434)	(671)
Placement of pledged bank deposits	(287)	—	—	—	(189)
Withdrawal of pledged bank deposits	—	99	312	254	—
Proceeds from disposal of investment properties	—	—	—	—	68
Net cash used in investing activities	(826)	(470)	(448)	(182)	(801)
FINANCING ACTIVITIES					
Capital injected by a non-controlling shareholder of a subsidiary	9	—	2	—	—
New bank loans raised	880	1,264	895	186	1,511
Repayment of bank loans	(670)	(420)	(1,041)	(837)	(924)
Advance from immediate holding company	600	70	251	55	52
Advance from fellow subsidiaries	—	—	45	104	150
Repayment to fellow subsidiaries	(81)	(140)	—	—	—
Interest paid	(110)	(174)	(160)	(104)	(127)
Net cash from (used in) financing activities	628	600	(8)	(596)	662
Net increase (decrease) in cash and cash equivalents	283	(343)	134	83	(24)
Cash and cash equivalents at the beginning of the year/period	105	388	45	45	179
Cash and cash equivalents at the end of the year/period, represented by bank balances and cash	388	45	179	128	155

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Score High was incorporated in the BVI with limited liability on 12 February 2003. The principal activity of Score High is investment holding.

Its parent company is Shui On Development (Holding) Limited, a limited liability company incorporated in the Cayman Islands. The Directors of Score High consider that its ultimate holding company is SOL, a limited liability company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") until 15 March 2012. Since 16 March 2012, Shui On Company Limited ("SOCL"), a private limited liability company incorporated in BVI, has obtained the control over SOL and become the ultmate holding company of Score High. Its ultimate controlling party is Mr. Vincent H.S. Lo.

The address of the registered office of Score High is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI and the principal place of business is 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of Score High.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Financial Information has been prepared on a going concern basis because SOL has agreed to provide adequate funds to enable Score High to meet in full its financial obligations as they fall due for the foreseeable future.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purposes of preparing and presenting the Financial Information for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013, the Score High Group has adopted all International Financial Reporting Standards ("IFRSs") which are effective for the Score High Group's accounting period beginning on 1 January 2013 and consistently applied throughout the Relevant Periods.

At the date of this report, the Score High Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
IFRS 9	Financial Instruments[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]

Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

The Directors of Score High anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Score High Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with the accounting policies set out below which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The significant accounting policies adopted are set out as follows:

Basis of consolidation

The Financial Information incorporates the financial statements of Score High and entities controlled by Score High (its subsidiaries). Control is achieved when Score High:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Score High reassesses whether or not it controls an investee if facts and circumstances indicate that there are change to one or more of the three elements of control listed above.

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

All intra-group transactions, balances, incomes and expenses are eliminated in full on consolidation.

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the shareholders of Score High and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Construction costs incurred for investment properties under construction or development are capitalised as part of the carrying amount of the investment properties under construction or development.

Subsequent to initial recognition, investment properties, including completed investment properties and certain investment properties under construction or development, are measured at their fair value at the end of each reporting period using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

In circumstances where the fair value of an investment property under construction or development is not reliably determinable, such investment properties under construction or development are measured at cost less impairment, if any, until when its fair value becomes reliably determinable upon finalisation of the development plan, land and relocation cost and construction costs.

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year/period in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments for leasehold land classified as operating leases are charged to the profit or loss on a straight-line basis over the period of the land use rights.

Leasehold land and building

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

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

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period.

Properties under development for sales are transferred to properties held for sale when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the properties held for sale. Net realisable value is determined based on prevailing market conditions.

Impairment

At the end of the reporting period, the Score High Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Score High Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

Financial assets

The Score High Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, pledged bank deposits, restricted bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

If, in a subsequent period, the amount of impairment loss of loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had no impairment loss been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Score High Group's financial liabilities (including accounts payable, amount due to a related company, amount due to a non-controlling shareholder of a subsidiary, amount due to immediate holding company, amounts due to fellow subsidiaries, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Score High Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Score High Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Score High Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Score High Group derecognises financial liabilities when, and only when, the Score High Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

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

The Score High Group as lessor

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

The Score High Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Score High Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Government grants

Government grants are recognised in profit or loss over the periods in which the Score High Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable for expenses or losses already incurred are recognised in profit or loss in the period when they become receivable.

Revenue recognition

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

Revenue from properties developed for sale in the ordinary business is recognised upon delivery of properties to the purchasers pursuant to the sales agreements.

Rental related income are recognised in the profit or loss when the services are rendered.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Score High Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Score High Group's accounting policies, which are described in note 4, the Directors of Score High are required to make judgements, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of Score High have made in the process of applying the Score High Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

During the years ended 31 December 2012, for the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Score High Group's investment property portfolios and concluded that the Score High Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Score High Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. At 31 December 2010, 31 December 2011 and 31 December 2012, the Score High Group has recognised deferred tax assets of RMB18 million, deferred tax liabilities of RMB58 million and RMB204 million, respectively, in respect of the revaluation of investment properties.

During the seven months ended 31 July 2013, the Directors have revisited the investment strategies of the Score High Group and concluded that certain of the Score High Group's investment properties are no longer held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Score High Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of these investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Score High Group has recognised additional deferred tax liabilities of RMB110 million as at 31 July 2013 in respect of the land appreciation tax ("Land Appreciation Tax") on the cumulative revaluation gains of investment properties as they are subject to Land Appreciation Tax and enterprise income tax ("Enterprise Income Tax") in the PRC upon disposal.

For the Score High Group's remaining investment properties that are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sales, the Score High Group has recognised deferred tax liabilities of RMB229 million as at 31 July 2013 in respect of the revaluation of investment properties.

Key sources of estimation uncertainty

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

Investment properties

The fair values of completed investment properties and certain investment properties under construction or development that are measured using the fair value model are determined based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the Directors of Score High have exercised their judgement and are satisfied that the assumptions used in the valuation reflect market condition. The basis of valuation is disclosed in note 13. Changes to these assumptions would result in changes in the fair values of the Score High Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income. At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the carrying amounts of investment properties that are measured at fair value are RMB1,499 million, RMB2,324 million, RMB3,617 million and RMB4,332 million, respectively.

Land appreciation tax

The Score High Group is subject to Land Appreciation Tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Score High Group has not finalised its Land Appreciation Tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the Land Appreciation Tax and its related income tax provisions. The Score High Group recognised the Land Appreciation Tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax provisions in the periods in which such tax is finalised with local tax authorities. During the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013 and 31 July 2012, the Score High Group has recognised Land Appreciation Tax of nil, RMB12 million, RMB33 million, RMB139 million and RMB19 million (unaudited), respectively.

6. TURNOVER AND SEGMENTAL INFORMATION

An analysis of the Score High Group's turnover for the Relevant Periods is as follows:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million (unaudited)*	*RMB' million*
Property development:					
Property sales	461	1,104	1,203	730	2,109
Property investment:					
Rental income received from investment properties	5	10	12	7	10
Rental related income	3	7	4	3	2
	8	17	16	10	12
	469	1,121	1,219	740	2,121

For management purposes, the Score High Group is organised based on its business activities, which are broadly categorised into property development and property investment.

Principal activities of the two major reportable and operating segments are as follows:

Property development — development and sale of properties, mainly residential properties

Property investment — offices and retail shops letting and property management

For the year ended 31 December 2010

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
SEGMENT REVENUE			
Turnover of the Score High Group	461	8	469
RESULTS			
Segment results of the Score High Group	43	(90)	(47)
Interest income			2
Net unallocated expenses			(77)
Loss before taxation			(122)
Taxation			(3)
Loss for the year			(125)
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	9	—	9
Development costs for investment properties under construction or development and prepaid lease payments	—	788	788
Development costs for properties under development for sale	619	—	619
Depreciation of property, plant and equipment	3	—	3
Decrease in fair value of investment properties	—	(80)	(80)

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
FINANCIAL POSITION			
ASSETS			
Segment assets	3,225	1,999	5,224
Unallocated corporate assets			932
Consolidated total assets			6,156
LIABILITIES			
Segment liabilities	1,044	276	1,320
Amount due to a related company			17
Amount due to a non-controlling shareholder of a subsidiary			2
Amount due to immediate holding company			1,305
Amounts due to fellow subsidiaries			337
Unallocated corporate liabilities			1,495
Consolidated total liabilities			4,476

For the year ended 31 December 2011

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
SEGMENT REVENUE			
Turnover of the Score High Group	1,104	17	1,121
RESULTS			
Segment results of the Score High Group	259	290	549
Interest income			5
Net unallocated expenses			(73)
Profit before taxation			481
Taxation			(102)
Profit for the year			379
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	1	—	1
Development costs for investment properties under construction or development and prepaid lease payments	—	642	642
Development costs for properties under development for sale	1,669	—	1,669
Depreciation of property, plant and equipment	10	—	10
Release of prepaid lease payments charged to profit or loss	1	—	1
Increase in fair value of investment properties	—	303	303

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
FINANCIAL POSITION			
ASSETS			
Segment assets	4,131	2,948	7,079
Unallocated corporate assets			503
Consolidated total assets			7,582
LIABILITIES			
Segment liabilities	1,262	289	1,551
Amount due to a related company			35
Amount due to immediate holding company			1,375
Amounts due to fellow subsidiaries			197
Unallocated corporate liabilities			2,365
Consolidated total liabilities			5,523

For the year ended 31 December 2012

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
SEGMENT REVENUE			
Turnover of the Score High Group	1,203	16	1,219
RESULTS			
Segment results of the Score High Group	266	513	779
Interest income			12
Net unallocated expenses			(112)
Profit before taxation			679
Taxation			(238)
Profit for the year			441
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of completed investment properties and property, plant and equipment	25	2	27
Development costs for investment properties under construction or development and prepaid lease payments	—	966	966
Development costs for properties under development for sale	2,409	—	2,409
Depreciation of property, plant and equipment	13	—	13
Release of prepaid lease payments charged to profit or loss	1	—	1
Increase in fair value of investment properties	—	527	527

	Reportable segment		
	Property development	Property investment	Consolidated
	RMB' million	*RMB' million*	*RMB' million*
FINANCIAL POSITION			
ASSETS			
Segment assets	5,828	4,444	10,272
Unallocated corporate assets			332
Consolidated total assets			10,604
LIABILITIES			
Segment liabilities	3,458	458	3,916
Amount due to a related company			16
Amount due to immediate holding company			1,626
Amounts due to fellow subsidiaries			242
Unallocated corporate liabilities			2,302
Consolidated total liabilities			8,102

For the seven months ended 31 July 2013

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
SEGMENT REVENUE			
Turnover of the Score High Group	2,109	12	2,121
RESULTS			
Segment results of the Score High Group	528	148	676
Interest income			1
Net unallocated expenses			(95)
Profit before taxation			582
Taxation			(355)
Profit for the period			227
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Capital additions of property, plant and equipment	10	—	10
Development costs for investment properties under construction or development and prepaid lease payments	—	858	858
Development costs for properties under development for sale	546	—	546
Depreciation of property, plant and equipment	9	—	9
Increase in fair value of investment properties	—	119	119

	Reportable segment		
	Property development	Property investment	Consolidated
	RMB' million	*RMB' million*	*RMB' million*
FINANCIAL POSITION			
ASSETS			
Segment assets	5,062	5,389	10,451
Unallocated corporate assets			476
Consolidated total assets			10,927
LIABILITIES			
Segment liabilities	2,454	639	3,093
Amount due to a related company			10
Amount due to immediate holding company			1,678
Amounts due to fellow subsidiaries			392
Unallocated corporate liabilities			3,025
Consolidated total liabilities			8,198

For the seven months ended 31 July 2012 (unaudited)

	Reportable segment		
	Property development	**Property investment**	**Consolidated**
	RMB' million	*RMB' million*	*RMB' million*
SEGMENT REVENUE			
Turnover of the Score High Group	730	10	740
RESULTS			
Segment results of the Score High Group	162	308	470
Interest income			11
Net unallocated expenses			(53)
Profit before taxation			428
Taxation			(138)
Profit for the period			290

Segment revenue represents the turnover of the Score High Group.

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, Directors' salaries, interest income and finance costs. This is the measure reported to the chief operating decision makers who are the Directors of Score High for the purpose of resource allocation and performance assessment.

For the purpose of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than deferred tax assets, pledged bank deposits, restricted bank deposits, bank balances and cash; and

— all liabilities are allocated to reportable segments other than amount due to a related company, amount due to a non-controlling shareholder of a subsidiary, amount due to immediate holding company, amounts due to fellow subsidiaries, bank borrowings, tax liabilities and deferred tax liabilities.

All the Score High Group's turnover and contribution to operating profit is attributable to customers in the PRC based on the location of the operation. Accordingly, no analysis of geographical segment is presented.

No major customer contributed over 10% of the total turnover of the Score High Group during the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2012, while a customer contributed RMB1,682 million to the total turnover of the Score High Group in respect of the property development segment during the seven months ended 31 July 2013.

No geographical segment information of the Score High Group's non-current assets is shown as the assets are located in the PRC based on the geographical location of the assets. The Score High Group's non-current assets, excluding deferred tax assets and pledged bank deposits, are amounted to RMB2,278 million, RMB3,217 million, RMB4,724 million and RMB5,745 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively.

7. OTHER INCOME

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
				(unaudited)	
Interest income from banks	2	5	12	11	1
Grants received from local government	33	2	34	—	—
Sundry income	—	—	2	1	1
	35	7	48	12	2

8. OPERATING PROFIT

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* *(unaudited)*	*RMB' million*
Operating profit has been arrived at after charging (crediting):					
Auditor's remuneration	—	—	—	—	—
Depreciation of property, plant and equipment	3	10	13	7	9
Less: Amount capitalised to properties for sale	—	—	—	—	—
	3	10	13	7	9
Release of prepaid lease payments	—	1	1	—	—
Employee benefits expenses					
Directors' emoluments	—	—	—	—	—
Other staff costs					
Salaries, bonuses and allowances	34	45	52	35	33
Retirement benefits costs	4	5	7	2	4
Total employee benefits expenses	38	50	59	37	37
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	(25)	(35)	(40)	(26)	(21)
	13	15	19	11	16
Net exchange (loss) gain	(3)	(6)	—	3	1
Cost of properties sold included in cost of sales	405	777	901	530	1,464

9. FINANCE COSTS

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* *(unaudited)*	*RMB' million*
Interest on amounts due to fellow subsidiaries wholly repayable within five years (note 33)	29	14	9	6	5
Interest on bank borrowings					
- wholly repayable within five years	81	149	123	80	122
- not wholly repayable within five years	—	11	28	18	—
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	(63)	(140)	(108)	(77)	(77)
	47	34	52	27	50

10. TAXATION

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* *(unaudited)*	*RMB' million*
PRC Enterprise Income Tax					
- Current provision	—	60	165	119	95
Deferred taxation (note 27)					
- Provision for the year/period	3	30	40	—	121
PRC Land Appreciation Tax					
- Provision for the year/period	—	12	33	19	139
	3	102	238	138	355

No provision for Hong Kong Profits Tax has been made as the income of the Score High Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 25% on the assessable profits of the companies in the Score High Group during each of the Relevant Periods.

The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by a PRC entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1 January 2008 at the rate of 5%. As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, deferred tax was provided for in full in respect of any temporary differences attributable to such profits.

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowings costs and the relevant property development expenditures.

The taxation for the Relevant periods can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			**Seven months ended 31 July**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
				(unaudited)	
(Loss) profit before taxation	(122)	481	679	428	582
PRC Enterprise Income Tax at 25%	(31)	120	170	107	146
PRC Land Appreciation Tax	—	12	33	19	139
Tax effect of PRC Land Appreciation Tax	—	(3)	(8)	(5)	(35)
Deferred tax provided for withholding tax on income derived in PRC	—	—	13	—	—
Deferred tax provided for PRC Land Appreciation Tax	—	—	—	—	110
Tax effect of expenses not deductible for tax purposes	34	1	38	17	—
Tax effect of income not taxable for tax purposes	—	(28)	(8)	—	(5)
Taxation for the year/period	3	102	238	138	355

11. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors' and chief executive's emoluments

No remuneration were paid or payable to any Directors and the chief executive of Score High. However, certain Directors of Score High received remuneration from SOL in respect of their services to SOL and its subsidiaries ("SOL Group"), including the Score High Group. The amounts paid by SOL have not been allocated between their services to the Score High Group, and their services to SOL Group excluding the Score High Group as the allocation of services of these Directors to the various group companies in SOL Group is not feasible.

Certain Directors of Score High were granted options to subscribe for shares of SOL under the share option schemes adopted by SOL. Their entitlement to the options relates to their services to a number of companies within the SOL Group including the Score High Group. Details of the options schemes and the Directors' entitlements to these options were disclosed in the annual report of SOL. The value of the share option has not been allocated to the Score High Group as the allocation is not feasible.

(b) Employees' emoluments

The emoluments of the five highest paid individuals of the Score High Group were as follows:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* *(unaudited)*	*RMB' million*
Salaries and other benefits	8	10	10	6	5
Performance related incentive payments (note)	1	2	2	2	1
	9	12	12	8	6

Note: The performance related incentive payments are discretionary based on the Score High Group's financial results and employees' performance as may be decided by the management of the respective subsidiaries.

The emoluments were within the following bands:

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
				(unaudited)	
Less than HK$1,000,000	—	—	—	—	—
HK$1,000,001 to HK$1,500,000	1	—	—	—	2
HK$1,500,001 to HK$2,000,000	2	1	—	4	2
HK$2,000,001 to HK$2,500,000	1	3	2	—	1
HK$2,500,001 to HK$3,000,000	—	—	2	—	—
HK$3,000,001 to HK$3,500,000	—	—	—	—	—
HK$3,500,001 to HK$4,000,000	1	—	—	1	—
HK$4,000,001 to HK$4,500,000	—	—	—	—	—
HK$4,500,001 to HK$5,000,000	—	—	1	—	—
HK$5,000,001 to HK$5,500,000	—	1	—	—	—
	5	5	5	5	5

No emolument was paid to the Directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Score High Group or as compensation for loss of office during the Relevant Periods. No Directors and the chief executive waived any of their emoluments for the Relevant Periods.

12. (LOSS) EARNINGS PER SHARE

No calculation of (loss) earnings per share for the Relevant Periods is presented as the information is considered not meaningful for the purpose of this report.

13. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction or development at fair value	Investment properties under construction or development at cost	Total
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
At 1 January 2010	11	265	1,792	2,068
Additions	—	150	638	788
Transfers	—	1,418	(1,418)	—
Transfer upon completion	679	(679)	—	—
Transfer to property, plant and equipment (note 14)	(234)	—	—	(234)
Transfer to properties under development for sale (note 16)	—	—	(516)	(516)
Transfer to prepaid lease payments (note 15)	(31)	—	—	(31)
Increase (decrease) in fair value recognised in the profit or loss	28	(108)	—	(80)
At 31 December 2010	453	1,046	496	1,995
At 31 December 2010				
Stated at fair value	453	1,046	—	1,499
Stated at cost	—	—	496	496
At 1 January 2011	453	1,046	496	1,995
Additions	—	501	141	642
Transfers	—	21	(21)	—
Transfer upon completion	27	(27)	—	—
Increase in fair value recognised in the profit or loss	36	267	—	303
At 31 December 2011	516	1,808	616	2,940
At 31 December 2011				
Stated at fair value	516	1,808	—	2,324
Stated at cost	—	—	616	616

	Completed investment properties	Investment properties under construction or development at fair value	Investment properties under construction or development at cost	Total
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
At 1 January 2012	516	1,808	616	2,940
Additions	2	690	276	968
Transfers	—	74	(74)	—
Transfer upon completion	89	(89)	—	—
Increase in fair value recognised in the profit or loss	120	407	—	527
At 31 December 2012	727	2,890	818	4,435
At 31 December 2012				
Stated at fair value	727	2,890	—	3,617
Stated at cost	—	—	818	818
At 1 January 2013	727	2,890	818	4,435
Additions	—	629	229	858
Transfer upon completion	2,300	(2,300)	—	—
Disposal of investment properties	(33)	—	—	(33)
Increase in fair value recognised in the profit or loss	66	53	—	119
At 31 July 2013	3,060	1,272	1,047	5,379
At 31 July 2013				
Stated at fair value	3,060	1,272	—	4,332
Stated at cost	—	—	1,047	1,047

The investment properties are all situated in the PRC and held under medium term leases. All the completed investment properties are rented out under operating leases, except for completed investment properties with a carrying amount of RMB2,300 million as at 31 July 2013 which are held for capital appreciation purposes.

The fair values of the Score High Group's investment properties at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, and at the dates of transfer upon completion of development of investment properties under construction or development, and at the dates of transfer to property, plant and equipment and prepaid lease payments, have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuers not connected to the Score High Group whose address is 4/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

During the year ended 31 December 2010, investment properties under construction or development with a carrying amount of RMB516 million are transferred to properties under development for sale upon the finalisation of development plan, where upon the Score High Group has determined that the properties would be developed with a view to sale.

For completed investment properties, the valuations have been arrived at using direct comparison method and capitalisation of net income method, where appropriate. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The major inputs used in the fair value measurement of investment properties are set out below:

Investment properties held by the Score High Group in the consolidated statements of financial position	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**	**Sensitivity**
At 31 December 2010					
Completed investment property - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB2 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB1.1 per square metre ("sqm") per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB 1 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.50%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB74 million/increase by RMB116 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.1 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB17 million.
Investment properties under construction or development that are measured at fair value - Property A, comprising Phases 1, 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,685 million for Phase 1 and RMB8,963 million for Phases 2 and 3.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would increase/decrease by RMB76 million.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease by RMB21 million/increase by RMB16 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 12% for Phase 1, and 15% for Phases 2 and 3.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease/increase by RMB97 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2011					
Completed investment property - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB2 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB1.2 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB1 million.
Completed investment property - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.50%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB79 million/increase by RMB125 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.4 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily maket rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB19 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 7.50%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB3 million/increase by RMB4 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.7 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB 1 million.
Investment properties under construction or development that are measured at fair value - Property A, comprising Phases 1, 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,700 million for Phase 1 and RMB9,033 million for Phases 2 and 3.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would increase/decrease by RMB80 million.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease by RMB21 million/increase by RMB16 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 9% for Phase 1, and 15% for Phases 2 and 3.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease/increase by RMB97 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2012					
Completed investment property - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB3 million/increase by RMB4 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB1.5 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB1 million.
Completed investment property - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily unit rate.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.75%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB82 million/increase by RMB125 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.6 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB20 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.50%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB7 million/ increase by RMB10 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB3.1 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB2 million.
Completed investment property - Property 4	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB6 million/increase by RMB9 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB1.4 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase/decrease by RMB1 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property 5	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily unit rate.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would decrease by RMB10 million/increase by RMB15 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB1.7 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 5 would increase/decrease by RMB3 million.
Investment properties under construction or development that are measured at fair value - Property A, comprising Phases 1, 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,756 million for Phase 1 and RMB9,130 million for Phase 2 and 3.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would increase/decrease by RMB86 million.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 92% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease by RMB14 million/increase by RMB13 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 5% for Phase 1, and 14% for Phases 2 and 3.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease/increase by RMB99 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 July 2013					
Completed investment property - Property 1	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.50%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease RMB4 million/increase by RMB7 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.0 per sqm per day on letteble area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB1 million.
Completed investment property - Property 2	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily unit rate.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.75%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 2 would decrease by RMB76 million/increase by RMB116 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.7 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 2 would increase/decrease by RMB22 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property 3	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 3 would decrease by RMB7 million increase by RMB10 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB5.2 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 3 would increase/decrease by RMB2 million.
Completed investment property - Property 4	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.50%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 4 would decrease by RMB7 million/increase by RMB11 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB1.4 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the daily market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 4 would increase/decrease by RMB1 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property 5	Level 3	Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 5.00%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 5 would decrease by RMB14 million/increase by RMB21 million.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2.2 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	If the average market rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value of Property 5 would increase/decrease by RMB4 million.
Completed investment property - Property 6	Level 3	Comparison Approach The key input is: (1) Market unit rate.	Market unit rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB17,000 per sqm for office portion, and RMB15,000 per sqm for retail portion, both are on gross floor area basis, and RMB100,000 per unit for car park portion.	The higher the market unit rate, the higher the fair value.	If the market unit rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 6 would increase/decrease by RMB23 million.

Investment properties held by the Score High Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Investment properties under construction or development that are measured at fair value - Property A, comprising Phases 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB8,922 million.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would increase/decrease by RMb63 million.
			Level adjustment on individual floor of retail portion of the property ranging from 75% to 95% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease/increase by RMB14 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 13%.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would decrease/increase by RMB75 million.

Fair value measurements and valuation processes

In estimating the fair value of the Score High Group's investment properties, the management of Score High uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of Score High engages third party qualified valuers to perform the valuation of the Score High Group's investment properties. At the end of each reporting period, the management of Score High works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of Score High will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of Score High will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of Score High.

Information about the valuation techniques and inputs in determining the fair value of the Score High Group's investment properties are disclosed above.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB' million*	Furniture, fixtures, equipment and motor vehicles *RMB' million*	Total *RMB' million*
AT COST			
At 1 January 2010	—	14	14
Transfer from investment properties (note 13)	234	—	234
Additions	—	9	9
At 31 December 2010	234	23	257
Additions	—	1	1
At 31 December 2011	234	24	258
Additions	—	25	25
At 31 December 2012	234	49	283
Additions	—	10	10
At 31 July 2013	234	59	293
ACCUMULATED DEPRECIATION			
At 1 January 2010	—	6	6
Charge for the year	—	3	3
At 31 December 2010	—	9	9
Charge for the year	7	3	10
At 31 December 2011	7	12	19
Charge for the year	7	6	13
At 31 December 2012	14	18	32
Charge for the period	3	6	9
At 31 July 2013	17	24	41
CARRYING VALUES			
At 31 December 2010	234	14	248
At 31 December 2011	227	12	239
At 31 December 2012	220	31	251
At 31 July 2013	217	35	252

The buildings are all situated in the PRC and held under medium term leases.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease, or 50 years
Furniture, fixtures, equipment and motor vehicles	20% to $33^{1}/3$%

15. PREPAID LEASE PAYMENTS

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
At beginning of the year/ period	—	31	30	29
Transfer from investment properties (note 13)	31	—	—	—
Release for the year/period (note 8)	—	(1)	(1)	—
At end of the year/period	31	30	29	29

The cost of prepaid lease payments represents the amount paid to the government of the PRC in respect of the land use rights held under medium term leases.

16. PROPERTIES UNDER DEVELOPMENT FOR SALE

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
AT COST				
At beginning of the year/ period	1,929	2,734	3,464	3,403
Additions	619	1,669	2,409	546
Transfer from investment properties (note 13)	516	—	—	—
Transfer to properties held for sale	(330)	(939)	(2,470)	—
At end of the year/period	2,734	3,464	3,403	3,949

The properties under development are all situated in the PRC and held under medium term leases.

Included in the properties under development for sale as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013 is carrying value of RMB1,909 million, RMB2,724, RMB1,786 million and RMB1,451 million, respectively, which represents the carrying value of the properties expected to be completed after twelve months from the end of each reporting period.

17. PROPERTIES HELD FOR SALE

The Score High Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at cost.

18. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Non-current accounts receivable comprise:				
Rental receivables in respect of rent-free periods	4	8	9	10
Trade receivables	—	—	—	75
	4	8	9	85
Current accounts receivable comprise:				
Trade receivables	—	1	2	140
Prepayment of business and other tax	33	41	215	155
Other deposits, prepayments and receivables	17	32	35	33
	50	74	252	328

Trade receivables comprise:

(i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sale and purchase agreements; and

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants.

The following is an ageing analysis (based on the repayment terms set out in the sales and purchase agreements or debit notes to the tenants) of trade receivables (net of allowance for bad and doubtful debts, if any) at the end of each reporting period:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Not yet due	—	1	2	215

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the Score High Group has no significant amount of trade receivables which are past due but not impaired.

In determining the recoverability of a trade receivable, the Score High Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period. Allowance for bad and doubtful debts are generally not required for rental receivables as the Score High Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

19. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Score High Group. Deposits amounting to RMB462 million, RMB151 million, RMB97 million and RMB287 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

The pledged bank deposits carry interest at fixed rates ranging from 0.4% to 1.4% per annum, 0.5% to 1.5% per annum, 0.35% to 1.35% per annum, and 0.35% to 1.15% per annum for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Restricted bank deposits

Restricted bank deposits of RMB26 million, RMB44 million, RMB51 million and RMB30 million as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, represent deposits placed by the Score High Group with banks which can only applied to designated property development projects of the Score High Group.

Restricted bank deposits carry interest at market rates which range from 0.4% to 1.4% per annum, 0.5% to 1.5% per annum, 0.35% to 1.35% per annum, 0.35% to 1.15% per annum for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively.

Bank balances and cash

Bank balances carry interest at market rates which range from 0.4% to 1.4% per annum, 0.5% to 1.5% per annum, 0.35% to 1.35% per annum and 0.35% to 1.15% per annum for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively.

20. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Construction cost payables	346	509	1,321	1,083
Retention payables (note)	72	112	253	243
Deed tax, business tax and other tax payables	115	55	55	69
Deposits received and receipt in advance from property sales	732	839	2,240	1,636
Accrued charges	55	36	47	62
	1,320	1,551	3,916	3,093

Note: Retention payables are expected to be paid upon the expiry of the retention periods according to the respective contracts.

21. AMOUNT DUE TO A RELATED COMPANY

The related company is an associate of SOCL. The amount is unsecured, interest free and repayable on demand.

22. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest free and repayable on demand.

23. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is unsecured, interest free and repayable on demand.

24. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Interest bearing	261	150	75	165
Non-interest bearing	76	47	167	227
	337	197	242	392

The amounts are unsecured and repayable on demand. The carrying amounts of the interest bearing portion are analysed as follows:

Denominated in	Interest rate per annum	At 31 December 2010	2011	2012	At 31 July 2013
		RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
RMB	110% of People's Bank of China ("PBOC") Prescribed Interest Rate	261	150	—	—
	- 7.5%	—	—	75	75
	- 6.2%	—	—	—	90
		261	150	75	165

25. BANK BORROWINGS

	At 31 December 2010	2011	2012	At 31 July 2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Bank borrowings repayable within a period of				
- Not more than 1 year or on demand	350	810	534	386
- More than 1 year, but not exceeding 2 years	795	590	505	260
- More than 2 years, but not exceeding 5 years	350	759	1,029	2,134
- More than 5 years	—	180	125	—
Total bank borrowings	1,495	2,339	2,193	2,780
Less: Amount due within one year shown under current liabilities	(350)	(810)	(534)	(386)
Amount due after one year	1,145	1,529	1,659	2,394

The carrying amounts of the Score High Group's bank borrowings are analysed as follows:

Denominated in	Interest rate per annum	At 31 December 2010	2011	2012	At 31 July 2013
		RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
RMB	100% to 115% of PBOC Prescribed Interest Rate	1,495	2,339	2,193	2,780

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the weighted average effective interest rate on the bank borrowings was 5.7%, 7.4%, 6.7% and 7.7%, respectively, and are further analysed as follows:

	At 31 December 2010	2011	2012	At 31 July 2013
Denominated in RMB	5.7%	7.4%	6.7%	7.7%

The bank borrowings at the end of the reporting period were secured by the pledge of assets as set out in note 30.

26. SHARE CAPITAL

	Number of shares	Share capital
		US$
Authorised, issued and fully paid:		
Ordinary shares of US$1 each	1,000	1,000

	RMB' million
Shown in the consolidated statements of financial position as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013	—

27. DEFERRED TAX (ASSETS) LIABILITIES

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the Relevant Periods are as follows:

	Revaluation of investment properties *RMB' million*	Recognition of sales and related cost of sales *RMB' million*	Withholding tax on income derived in PRC *RMB' million*	Tax losses *RMB' million*	Others *RMB' million*	Total *RMB' million*
At 1 January 2010	2	(11)	—	(32)	33	(8)
(Credit) charge to profit or loss (note 10)	(20)	1	—	32	(10)	3
At 31 December 2010	(18)	(10)	—	—	23	(5)
Charge (credit) to profit or loss (note 10)	76	(64)	—	—	18	30
At 31 December 2011	58	(74)	—	—	41	25
Charge (credit) to profit or loss (note 10)	146	(97)	13	—	(22)	40
At 31 December 2012	204	(171)	13	—	19	65
Charge (credit) to profit or loss (note 10)	140	(10)	—	—	(9)	121
At 31 July 2013	344	(181)	13	—	10	186

28. OTHER RESERVE

The amount of RMB2,013 million represents waiver of RMB1,612 million due to the immediate holding company and RMB401 million due to certain fellow subsidiaries and an intermediate holding company.

29. RETIREMENT BENEFIT SCHEMES

According to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are required to contribute a specific percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Score High Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

30. PLEDGE OF ASSETS

The following assets were pledged to banks as securities to obtain certain banking facilities at the end of each reporting period:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Investment properties	1,238	2,527	2,547	4,204
Properties under development for sale	1,159	1,688	2,341	1,949
Properties held for sale	—	—	30	233
Bank deposits	513	414	102	291
	2,910	4,629	5,020	6,677

31. LEASE ARRANGEMENTS

As lessor

During the years ended 31 December 2010, 31 December 2011, 31 December 2012, and the seven months ended 31 July 2013 and 31 July 2012, property rental income in respect of the investment properties earned was RMB5 million, RMB10 million, RMB12 million, RMB10 million and RMB7 million (unaudited), respectively. The investment properties held have committed tenants for the next one to six years at fixed rentals.

At the end of each reporting period, the Score High Group had contracted with tenants for the following future minimum lease payments which fall due as follows:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Within one year	6	12	15	17
In the second to fifth years inclusive	32	40	47	45
Over five years	7	6	14	13
	45	58	76	75

As lessee

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

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Within one year	—	—	—	5
In the second to fifth years inclusive	—	—	—	9
	—	—	—	14

Operating lease payments represent rentals payable by the Score High Group for its office premise and the lease is negotiated for a term of 3 years.

32. CAPITAL COMMITMENTS

At the end of each reporting period, the Score High Group had the following commitments:

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Contracted but not provided for:				
Development costs for investment properties under construction or development	1,079	1,020	3,782	3,184
Development costs for properties under development held for sale	1,164	1,105	1,000	755
	2,243	2,125	4,782	3,939

33. RELATED PARTY TRANSACTIONS

Apart from the related party balances as stated in notes 21, 22, 23 and 24, the Score High Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* (unaudited)	*RMB' million*
Fellow subsidiaries					
Project management fee paid	15	45	125	104	18
Interest expense paid	29	14	9	6	5
Agency and marketing fee paid	10	24	26	20	46
A non-controlling shareholder of a subsidiary					
Project management fee paid	4	9	2	2	4
Construction service fee paid	—	11	9	3	4
A related company (note)					
Project construction fee paid	—	180	46	17	29

The key management personnel represents the Directors of Score High whose remuneration are set out in note 11.

Note: The related company is an associate of SOCL.

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Score High Group consists of debts, which includes amount due to immediate holding company and bank borrowings, and equity attributable to equity holders of Score High, comprising share capital and reserves, and non-controlling interests.

The Directors of Score High review the capital structure on a yearly basis. As part of this review, the Directors of Score High consider the cost of capital and the risks associated with the capital, and will balance its overall capital structure through new share issues and debt financing when the need arises.

35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Financial assets				
Loans and receivables (including bank balances and cash)	931	512	343	701
Financial liabilities				
Amortised cost	3,574	4,567	5,651	6,186

b. Financial risk management objectives and policies

The Score High Group's major financial instruments include accounts receivable, pledged bank deposits, restricted bank deposits, bank balances and cash, accounts payable, amount due to a related company, amount due to a non-controlling shareholder of a subsidiary, amount due to immediate holding company, amounts due to fellow subsidiaries, and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Score High Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Directors review and agree to policies for managing each of these risks and they are summarised below.

Interest rate risk

The Score High Group is exposed to cash flow interest rate risk in relation to its restricted bank deposits, bank balances, bank borrowings and amounts due to certain fellow subsidiaries which are carried at variable interest rates. The Score High Group is also exposed to fair value interest rate risk in relation to its pledged bank deposits and amounts due to certain fellow subsidiaries which are carried at fixed interest rates.

The management considered that the exposure to cash flow interest rate risk in relation to its restricted bank deposits and bank balances is minimal, no sensitivity analysis is presented for each of the reporting period.

The Score High Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Score High Group's cash flow interest rate risk is mainly concentrated on the fluctuation of PBOC prescribed interest rate arising from the Score High Group's RMB bank borrowings and amounts due to certain fellow subsidiaries.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. For variable-rate bank borrowings and amounts due to fellow subsidiaries, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Score High Group loss would increase/decrease by RMB3 million for the year ended 31 December 2010, and the Score High Group's profit would decrease/increase by RMB6 million, RMB7 million and RMB9 million for the years ended 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively. This is mainly attributable to the Score High Group's exposure to interest rates on its variable-rate bank borrowings and amounts due to fellow subsidiaries, after taking into consideration the effect of capitalisation of interest costs.

Credit risk

At the end of each reporting period, the Score High Group's maximum exposure to credit risk which will cause a financial loss to the Score High Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Score High Group's credit risk is primarily attributable to its accounts receivable. The Score High Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, except for as at 31 July 2013 where the Score High Group has trade receivable of RMB212 million due from the largest customer which operates in the financial institution sector in the PRC. The Directors of Score High considers that there is no significant credit risk arising from this major customer given its strong financial background and good creditability.

The credit risk on liquid funds is limited because the funds were deposited with various creditworthy financial institutions located in Hong Kong and in the PRC.

Liquidity risk

SOL has agreed to provide adequate funds to enable the Score High Group to meet in full its financial obligations as they fall due for the foreseeable future as disclosed in note 2. In the opinion of the Directors of Score High, on the basis of obtaining financial support from SOL, the Score High Group has sufficient funds to finance its current working capital requirements.

The following table details the maturities of the Score High Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Score High Group can be required to pay. The table includes both interest and principal cash flows. To the extent interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest risk tables

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying Amount at 31.12.2010
	%	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
31 December 2010							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	—	418	—	—	—	418	418
Amount due to a related company	—	17	—	—	—	17	17
Amount due to a non-controlling shareholder of a subsidiary	—	2	—	—	—	2	2
Amount due to immediate holding company	—	1,305	—	—	—	1,305	1,305
Amounts due to fellow subsidiaries							
- variable rates	5.8	261	—	—	—	261	261
- interest free	—	76	—	—	—	76	76
Bank borrowings at variable rates	5.7	424	836	355	—	1,615	1,495
		2,503	836	355	—	3,694	3,574

	Weighted average effective interest rate %	Within 1 year or on demand *RMB' million*	More than 1 year but less than 2 years *RMB' million*	More than 2 years but less than 5 years *RMB' million*	More than 5 years *RMB' million*	Total undiscounted cash flows *RMB' million*	Carrying amount at 31.12.2011 *RMB' million*
31 December 2011							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	—	621	—	—	—	621	621
Amount due to a related company	—	35	—	—	—	35	35
Amount due to immediate holding company	—	1,375	—	—	—	1,375	1,375
Amounts due to fellow subsidiaries							
- interest bearing	7.2	150	—	—	—	150	150
- interest free	—	47	—	—	—	47	47
Bank borrowings at variable rates	7.4	928	647	847	212	2,634	2,339
		3,156	647	847	212	4,862	4,567

	Weighted average effective interest rate %	Within 1 year or on demand *RMB' million*	More than 1 year but less than 2 years *RMB' million*	More than 2 years but less than 5 years *RMB' million*	More than 5 years *RMB' million*	Total undiscounted cash flows *RMB' million*	Carrying amount at 31.12.2012 *RMB' million*
31 December 2012							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	—	1,574	—	—	—	1,574	1,574
Amount due to a related company	—	16	—	—	—	16	16
Amount due to immediate holding company	—	1,626	—	—	—	1,626	1,626
Amounts due to fellow subsidiaries							
- interest bearing	7.5	75	—	—	—	75	75
- interest free	—	167	—	—	—	167	167
Bank borrowings at variable rates	6.7	550	524	1,069	173	2,316	2,193
		4,008	524	1,069	173	5,774	5,651

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount at 31.7.2013
	%	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
31 July 2013							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	—	1,326	—	—	—	1,326	1,326
Amount due to a related company	—	10	—	—	—	10	10
Amount due to immediate holding company	—	1,678	—	—	—	1,678	1,678
Amounts due to fellow subsidiaries							
- interest bearing	6.8	165	—	—	—	165	165
- interest free	—	227	—	—	—	227	227
Bank borrowings at variable rates	7.7	406	268	2,247	—	2,921	2,780
		3,812	268	2,247	—	6,327	6,186

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to changes if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

c. **Fair value**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

36. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of Score High that have material non-controlling interests:

Name of subsidiary	Proportion of equity interest held by non-controlling shareholders				(Loss) profit allocated to non-controlling interests					Accumulated non-controlling interests			
	At 31 December			At 31 July	Year ended 31 December			Seven months ended 31 July		At 31 December			At 31 July
	2010	2011	2012	2013	2010	2011	2012	2012	2013	2010	2011	2012	2013
Rightchina	25%	25%	25%	25%	(20)	48	73	49	(17)	(20)	28	101	84
CQ Shui On Tiandi	1%	1%	1%	1%	(1)	5	6	4	3	24	29	37	40
					(21)	53	79	53	(14)	4	57	138	124

Summarised financial information in respect of Righchina that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	At 31 December			At 31 July
	2010	2011	2012	2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Current assets	35	2	6	1
Non-current assets	1,229	1,927	2,901	3,572
Current liabilities	1,133	1,048	1,938	2,299
Non-current liabilities	230	798	639	1,048
Equity attributable to Shareholders of Rightchina	(98)	82	325	222
Non-controlling interests	(1)	1	5	4

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* *(unaudited)*	*RMB' million*
Turnover	—	—	—	—	—
General and administrative expenses	(1)	(2)	(9)	(3)	(9)
(Decrease) increase in fair value of investment properties	(130)	246	339	262	20
(Loss) profit before taxation	(131)	244	330	259	11
Taxation	33	(62)	(85)	(66)	(115)
(Loss) profit and total comprehensive (expenses) income for the year	(98)	182	245	193	(104)
Attributable to:					
Shareholders of Rightchina	(97)	180	243	191	(103)
Non-controlling interests	(1)	2	2	2	(1)
	(98)	182	245	193	(104)
Net cash used in operating activities	(1)	(2)	(9)	(3)	(9)
Net cash used in investing activities	(466)	(391)	(291)	(76)	(401)
Net cash from financing activities	490	360	304	79	405
Net cash inflow (outflow)	23	(33)	4	—	(5)

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Score High Group, Score High or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2013.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Set out below is the audited financial report of Rightchina for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013.

Deloitte.
德勤

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Deloitte Touche Tohmatsu
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28 October 2013

The Directors
Shui On Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Rightchina Limited ("Rightchina") for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013 (the "Relevant Periods") for the inclusion in the circular of Shui On Land Limited ("SOL") dated 28 October 2013 (the "Circular") issued in connection with the Swap Agreement and the JV Agreement, as defined in the Circular.

Rightchina was incorporated in the British Virgin Islands ("BVI") with limited liability on 2 July 2008. The principal activity of Rightchina is investment holding.

At 31 December 2010, 31 December 2011, 31 December 2012, 31 July 2013 and date of this report, Rightchina is the holder of Class B ordinary shares of Grand Hope Limited ("Grand Hope"), a limited liability company incorporated in Hong Kong on 14 March 2003, which has 99% equity interest in Chongqing Shui On Tiandi Property Development Co. Ltd. ("CQ Shui On Tiandi"), a company established in the People's Republic of China ("PRC") on 21 November 2003. Rightidea Limited ("Rightidea"), a fellow subsidiary of Rightchina, is the holder of Class A ordinary shares of Grand Hope.

Rightchina, the holder of Class B ordinary shares of Grand Hope, has 99% equity interest in a development project in Chongqing (the "SHR Project") through CQ Shui On Tiandi, whereas, Rightidea, the holder of Class A ordinary shares of Grand Hope, has 99% equity interest in all projects of CQ Shui On Tiandi in Chongqing other than the SHR Project (the "Normal Asset Project") through CQ Shui On Tiandi.

Pursuant to the shareholders' agreement of Grand Hope, Rightchina has the power to appoint and remove all members of the committee of the SHR Project, as established by the Board of Directors of Grand Hope, that has the power to direct the relevant activities of the SHR Project, hence Rightchina has sole control over the SHR Project. On the other hand, Rightidea has the power to appoint and remove all members of the committee of the Normal Asset Project, as established by the Board of Directors of Grand Hope, that has the power to direct the relevant activities of the Normal Asset Project, hence Rightidea has sole control over the Normal Asset Project.

In addition, Rightchina shall only be entitled to participate in the profits and losses of the SHR Project, receive a dividend exclusively from profits attributable to the SHR Project, and receive distribution or proceeds arising from the disposal of the SHR Project upon dissolution, winding up or liquidation of Grand Hope. None of the returns derived from the SHR Project can be used by Rightidea and none of the liabilities of CQ Shui On Tiandi, other than the liabilities arising out of the SHR Project, are payable from the assets of the SHR Project. Accordingly, the related assets, liabilities, income and expenses of SHR Project are consolidated in the financial statements of Rightchina.

The financial year end date of Rightchina is 31 December.

The audited consolidated financial statements of Rightchina for each of the three years ended 31 December 2012 were prepared in accordance with International Financial Reporting Standards (the "Rightchina Financial Statements") and were audited by us.

For the purpose of this report, the Directors of Rightchina have prepared consolidated financial statements of Rightchina for the seven months ended 31 July 2013 in accordance with International Financial Reporting Standards (the "31 July 2013 Financial Statements"). We have undertaken an independent audit of the 31 July 2013 Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information set out in this report has been prepared from the Rightchina Financial Statements and 31 July 2013 Financial Statements (collectively referred to as "Underlying Financial Statements"). We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA. No adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the Directors of Rightchina who approved their issue. The Directors of SOL are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements together with the notes thereon, to form an opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon give, for the purpose of this report, a true and fair view of the state of affairs of Rightchina as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, and of its results and cash flows for each of the Relevant Periods.

The comparative consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of Rightchina for the seven months ended 31 July 2012 together with the notes thereon have been extracted from Rightchina's unaudited consolidated financial information for the same period (the "31 July 2012 Financial Information") which was prepared by the Directors of Rightchina solely for the purpose of this report. We have reviewed the 31 July 2012 Financial Information in accordance with Hong Kong Standard of Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 31 July 2012 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 July 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 July 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Seven months ended 31 July	
	Notes	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (*unaudited*)	*RMB'million*
Turnover		—	—	—	—	—
General and administrative expenses		(1)	(2)	(9)	(3)	(9)
(Decrease) increase in fair value of investment properties		(130)	246	339	262	20
(Loss) profit before taxation	7	(131)	244	330	259	11
Taxation	8	33	(62)	(85)	(66)	(115)
(Loss) profit and total comprehensive (expenses) income for the year		(98)	182	245	193	(104)
Attributable to:						
Shareholders of Rightchina		(97)	180	243	191	(103)
Non-controlling interests		(1)	2	2	2	(1)
		(98)	182	245	193	(104)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 July
	Notes	**2010**	**2011**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Non-current assets					
Investment properties	11	1,046	1,808	2,890	3,572
Pledged bank deposits	12	150	119	11	—
Deferred tax assets	18	33	—	—	—
		1,229	1,927	2,901	3,572
Current assets					
Bank balances and cash	12	35	2	6	1
Current liabilities					
Construction cost and other payables	13	114	145	340	504
Amounts due to fellow subsidiaries	14	19	7	94	195
Amount due to an intermediate holding company	14	14	29	209	219
Amount due to immediate holding company	14	52	52	52	52
Loans from a fellow subsidiary	15	934	810	923	1,148
Bank borrowings - due within one year	16	—	5	320	181
		1,133	1,048	1,938	2,299
Net current liabilities		(1,098)	(1,046)	(1,932)	(2,298)
Total assets less current liabilities		131	881	969	1,274

	Notes	At 31 December 2010 RMB'million	2011 RMB'million	2012 RMB'million	At 31 July 2013 RMB'million
Capital and reserves					
Share capital	17	—	—	—	—
Reserves		(98)	82	325	222
Equity attributable to shareholders of Rightchina		(98)	82	325	222
Non-controlling interests		(1)	1	5	4
Total equity		(99)	83	330	226
Non-current liabilities					
Bank borrowings - due after one year	16	230	769	525	819
Deferred tax liabilities	18	—	29	114	229
		230	798	639	1,048
Total equity and non-current liabilities		131	881	969	1,274

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of Rightchina				
	Share capital	**(Accumulated losses) retained profits**	**Total**	**Non-controlling interests**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January 2010	—	(1)	(1)	—	(1)
Loss and total comprehensive expenses for the year	—	(97)	(97)	(1)	(98)
At 31 December 2010	—	(98)	(98)	(1)	(99)
Profit and total comprehensive income for the year	—	180	180	2	182
At 31 December 2011	—	82	82	1	83
Capital injection	—	—	—	2	2
Profit and total income for the year	—	243	243	2	245
At 31 December 2012	—	325	325	5	330
Loss and total comprehensive expenses for the period	—	(103)	(103)	(1)	(104)
At 31 July 2013	—	222	222	4	226
Unaudited					
At 1 January 2012	—	82	82	1	83
Profit and total comprehensive income for the period	—	191	191	2	193
At 31 July 2012	—	273	273	3	276

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
Operating activities					
(Loss) profit before taxation	(131)	244	330	259	11
Adjustments for:					
Decrease (increase) in fair value of investment properties	130	(246)	(339)	(262)	(20)
Net cash used in operating activities	(1)	(2)	(9)	(3)	(9)
Investing activities					
Additions to investment properties	(316)	(422)	(399)	(168)	(412)
Placement of pledged bank deposits	(150)	—	—	—	—
Withdrawal of pledged bank deposits	—	31	108	92	11
Net cash used in investing activities	(466)	(391)	(291)	(76)	(401)
Financing activities					
Loans from a fellow subsidiary	272	—	113	—	225
Repayment of loans from a fellow subsidiary	—	(124)	—	—	—
Repayment to immediate holding company	(1)	—	—	—	—
Advance from fellow subsidiaries	5	—	51	—	94
Advance from an intermediate holding company	5	15	180	18	10
New bank loan raised	230	544	71	121	155
Interest paid	(21)	(75)	(113)	(60)	(79)
Capital injected by a non-controlling shareholder of a subsidiary	—	—	2	—	—
Net cash from financing activities	490	360	304	79	405
Net increase (decrease) in cash and cash equivalents	23	(33)	4	—	(5)
Cash and cash equivalents at the beginning of the year/period	12	35	2	2	6
Cash and cash equivalents at the end of the year/period, represented by bank balances and cash	35	2	6	2	1

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Rightchina was incorporated in the BVI with limited liability on 2 July 2008. The principal activity of Rightchina is investment holding.

Its parent company is Score High Limited, a limited liability company incorporated in BVI. The Directors of Rightchina consider that its ultimate holding company is SOL, a limited liability company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") until 15 March 2012. Since 16 March 2012, Shui On Company Limited ("SOCL"), a private limited liability company incorporated in BVI, has obtained the control over SOL and become the ultmate holding company of Rightchina. Its ultimate controlling party is Mr. Vincent H.S. Lo.

The address of the registered office of Rightchina is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI and the principal place of business is 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of Rightchina.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Financial Information has been prepared on a going concern basis because SOL has agreed to provide adequate funds to enable Rightchina to meet in full its financial obligations as they fall due for the foreseeable future.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purposes of preparing and presenting the Financial Information for each of the three years ended 31 December 2012 and the seven months ended 31 July 2013, Rightchina has adopted all International Financial Reporting Standards ("IFRSs") which are effective for Rightchina's accounting period beginning on 1 January 2013 and consistently applied throughout the Relevant Periods.

At the date of this report, Rightchina has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
IFRS 9	Financial Instruments[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

The Directors of Rightchina anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of Rightchina.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with the accounting policies set out below which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The significant accounting policies adopted are set out as follows:

Basis of consolidation

The Financial Information incorporates the financial statements of Rightchina and financial information of the SHR Project.

Where necessary, adjustments are made to the financial information of the SHR Project to bring its accounting policies in line with those used by Rightchina.

All intra-group transactions, balances, incomes and expenses are eliminated in full on consolidation.

Non-controlling interests are presented separately from Rightchina's equity therein.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Construction costs incurred for investment properties under construction or development are capitalised as part of the carrying amount of the investment properties under construction or development.

Subsequent to initial recognition, investment properties are measured at their fair value at the end of each reporting period using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Impairment

At the end of the reporting period, Rightchina reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, Rightchina estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

Financial assets

Rightchina's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss of loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had no impairment loss been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Rightchina's financial liabilities (including construction cost and other payables, amounts due to fellow subsidiaries, amount due to an intermediate holding company, amount due to immediate holding company, loans from a fellow subsidiary, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Rightchina derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Rightchina neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Rightchina continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Rightchina derecognises financial liabilities when, and only when, Rightchina's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Rightchina expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Rightchina's accounting policies, which are described in note 4, the Directors of Rightchina are required to make judgements, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of Rightchina have made in the process of applying Rightchina's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

During the three years ended 31 December 2012, for the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed Rightchina's investment property portfolios and concluded that Rightchina's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring Rightchina's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. At 31 December 2010, 31 December 2011 and 31 December 2012, Rightchina has recognised deferred tax assets of RMB33 million, deferred tax liabilities of RMB29 million and RMB114 million, respectively, in respect of the revaluation of investment properties.

During the seven months ended 31 July 2013, the Directors have revisited the investment strategies of Rightchina and concluded that Rightchina's investment properties are no longer held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring Rightchina's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, Rightchina has recognised additional deferred tax liabilities of RMB110 million as at 31 July 2013 in respect of the land appreciation tax ("Land Appreciation Tax") on the cumulative revaluation gains of investment properties as they are subject to Land Appreciation Tax and enterprise income tax ("Enterprise Income Tax") in the PRC upon disposal.

Key sources of estimation uncertainty

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

Investment properties

The fair values of completed investment properties and investment properties under construction or development that are measured using the fair value model are determined based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the Directors of Rightchina have exercised their judgement and are satisfied that the assumptions used in the valuation reflect market condition. The basis of valuation is disclosed in note 11. Changes to these assumptions would result in changes in the fair values of Rightchina's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income. At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the carrying amounts of investment properties are RMB1,046 million, RMB1,808 million, RMB2,890 million and RMB3,572 million, respectively.

6. SEGMENT INFORMATION

No segment information is presented as property investment is the only operating segment of Rightchina.

Segment results represent the profit or loss for the three years ended 31 December 2012 and the seven months ended 31 July 2013 and 31 July 2012 as shown in the consolidated statements of profit or loss and other comprehensive income.

Segment assets represent Rightchina's investment properties, which are located in the PRC, without allocating pledged bank deposits, deferred tax assets and bank balances and cash, whereas segment liabilities represent Rightchina's construction cost and other payables, without allocating amounts due to fellow subsidiaries, amount due to an intermediate holding company, amount due to immediate holding company, loans from a fellow subsidiary, bank borrowings and deferred tax liabilities.

This is the measure reported to the chief operating decision makers who are the Directors of Rightchina for the purpose of performance assessment.

7. (LOSS) PROFIT BEFORE TAXATION

	Year ended 31 December			Seven months ended 31 July	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
(Loss) profit before taxation has been arrived at after charging (crediting):					
Auditor's remuneration	—	—	—	—	—
Staff costs (note)	—	—	—	—	—
Interest expense paid to a fellow subsidiary	18	34	53	24	37
Interest on bank borrowings wholly repayable within five years	3	41	60	36	42
Less: Amount capitalised to investment properties under construction or development	(21)	(75)	(113)	(60)	(79)
	—	—	—	—	—

Note: The staff costs are borne by a fellow subsidiary of Rightchina.

8. TAXATION

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
PRC Enterprise Income Tax					
- Current provision	—	—	—	—	—
Deferred taxation					
- Provision for the year/period	(33)	62	85	66	115
	(33)	62	85	66	115

No provision for Hong Kong Profits Tax has been made as the income of Rightchina neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 25% on the assessable profits of the companies in Rightchina during each of the Relevant Periods.

The taxation for the Relevant periods can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
(Loss) profit before taxation	(131)	244	330	259	11
PRC Enterprise Income Tax at 25%	(33)	61	83	65	3
Deferred tax provided for PRC Land Appreciation Tax	—	—	—	—	110
Tax effect of expenses not deductible for tax purposes	—	1	2	1	2
Taxation for the year/period	(33)	62	85	66	115

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

No remuneration were paid or payable to any Directors and the chief executive of Rightchina. However, certain Directors of Rightchina received remuneration from SOL in respect of their services to SOL and its subsidiaries ("SOL Group"), including Rightchina. The amounts paid by SOL have not been allocated between their services to Rightchina, and their services to SOL Group excluding Rightchina as the allocation of services of these Directors to the various group companies in SOL Group is not feasible.

Certain Directors of Rightchina were granted options to subscribe for shares of SOL under the share option schemes adopted by SOL. Their entitlement to the options relates to their services to a number of companies within the SOL Group including Rightchina. Details of the options schemes and the Directors' entitlements to these options were disclosed in the annual report of SOL. The value of the share option has not been allocated to Rightchina as the allocation is not feasible.

10. (LOSS) EARNINGS PER SHARE

No calculation of (loss) earnings per share for the Relevant Periods is presented as the information is considered not meaningful for the purpose of this report.

11. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction or development at fair value	Total
	RMB'million	*RMB'million*	*RMB'million*
At 1 January 2010	—	740	740
Additions	—	436	436
Decrease in fair value recognised in the profit or loss	—	(130)	(130)
At 31 December 2010	—	1,046	1,046
Additions	—	516	516
Increase in fair value recognised in the profit or loss	—	246	246
At 31 December 2011	—	1,808	1,808
Additions	—	743	743
Increase in fair value recognised in the profit or loss	—	339	339
At 31 December 2012	—	2,890	2,890
Additions	—	662	662
Transfer upon completion	2,300	(2,300)	—
Increase in fair value recognised in the profit or loss	—	20	20
At 31 July 2013	2,300	1,272	3,572

The investment properties are situated in the PRC and held under medium term leases.

The fair values of Rightchina's investment properties at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, and at the dates of transfer upon completion of development of investment properties under construction or development, have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuers not connected to Rightchina whose address is 4/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The major inputs used in the fair value measurement of investment properties are set out below:

Investment properties held by Rightchina in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2010					
Investment properties under construction or development that are measured at fair value - Property 1, comprising Phases 1, 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,685 million for Phase 1 and RMB8,963 million for Phases 2 and 3.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB76 million.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB21 million/ increase by RMB16 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 12% for Phase 1, and 15% for Phases 2 and 3.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB97 million.

Investment properties held by Rightchina in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2011					
Investment properties under construction or development that are measured at fair value - Property 1, comprising Phases 1, 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,700 million for Phase 1 and RMB9,033 million for Phases 2 and 3.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB80 million.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB21 million/ increase by RMB16 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 9% for Phase 1, and 15% for Phases 2 and 3.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB97 million.

Investment properties held by Rightchina in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2012					
Investment properties under construction or development that are measured at fair value - Property 1, comprising Phases 1, 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,756 million for Phase 1 and RMB9,130 million for Phase 2 and 3.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB86 million.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 92% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease by RMB14 million/ increase by RMB13 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 5% for Phase 1, and 14% for Phases 2 and 3.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB99 million.

Investment properties held by Rightchina in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 July 2013					
Completed investment property - Property A	Level 3	Comparison Approach The key input is: (1) Market unit rate.	Market unit rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB17,000 per sqm for office portion, and RMB15,000 per sqm for retail portion, both are on gross floor area basis, and RMB100,000 per unit for car park portion.	The higher the market unit rate, the higher the fair value.	If the market unit rate to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property A would increase/decrease by RMB23 million.
Investment properties under construction or development that are measured at fair value - Property 1, comprising Phases 2 and 3	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB8,922 million.	The higher the gross development value, the higher the fair value.	If the gross development value to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would increase/decrease by RMB63 million.
			Level adjustment on individual floor of retail portion of the property ranging from 75% to 95% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB14 million.
			Developer's profit, taking into account of the comparable land transactions and progress of the property, of 13%.	The higher the developer's profit, the lower the fair value.	If the developer's profit to the valuation model is 1% higher/lower, while all the other variables were held constant, the fair value of Property 1 would decrease/increase by RMB75 million.

Fair value measurements and valuation processes

In estimating the fair value of Rightchina's investment properties, the management of Rightchina uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of Rightchina engages third party qualified valuers to perform the valuation of Rightchina's investment properties. At the end of each reporting period, the management of Rightchina works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of Rightchina will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of Rightchina will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of Rightchina.

Information about the valuation techniques and inputs in determining the fair value of Rightchina's investment properties are disclosed above.

12. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to Rightchina. Deposits amounting to RMB150 million, RMB119 million, RMB11 million and nil as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, respectively, have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

The pledged bank deposits carry interest at fixed rates ranging from 0.4% to 1.4% per annum, 0.5% to 1.5% per annum, 0.35% to 1.35% per annum and nil for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Bank balances and cash

Bank balances carry interest at market rates which range from 0.4% to 1.4% per annum, 0.5% to 1.5% per annum, 0.35% to 1.35% per annum and 0.35% to 1.15% per annum for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively.

13. CONSTRUCTION COST AND OTHER PAYABLES

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Construction cost payables	96	138	334	498
Deed tax payable	18	7	6	6
	114	145	340	504

14. AMOUNTS DUE TO FELLOW SUBSIDIARIES/AN INTERMEDIATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY

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

15. LOANS FROM A FELLOW SUBSIDIARY

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Interest bearing	422	530	733	817
Non-interest bearing	512	280	190	331
	934	810	923	1,148

The amounts are unsecured and repayable on demand. The carrying amounts of the interest bearing portion are analysed as follows:

Denominated in	**Fixed interest rate per annum**	At 31 December			At 31 July
		2010	**2011**	**2012**	**2013**
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
RMB	6.2%	422	—	—	—
	8.3%	—	530	—	—
	7.7%	—	—	733	817
		422	530	733	817

16. BANK BORROWINGS

	At 31 December			At 31 July
	2010	2011	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Bank borrowings repayable within a period of				
- Not more than 1 year or on demand	—	5	320	181
- More than 1 year, but not exceeding 2 years	155	365	325	215
- More than 2 years, but not exceeding 5 years	75	404	200	604
Total bank borrowings	230	774	845	1,000
Less: Amount due within one year shown under current liabilities	—	(5)	(320)	(181)
Amount due after one year	230	769	525	819

The carrying amounts of Rightchina's bank borrowings are analysed as follows:

Denominated in	Interest rate per annum	At 31 December 2010	At 31 December 2011	At 31 December 2012	At 31 July 2013
		RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
RMB	100% to 105% of People's Bank of China ("PBOC") Prescribed Interest Rate	230	774	845	1,000

At 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013, the weighted average effective interest rate on the bank borrowings was 5.9%, 5.3%, 6.4% and 6.7%, respectively, and are further analysed as follows:

	At 31 December			At 31 July
	2010	2011	2012	2013
Denominated in RMB	5.9%	5.3%	6.4%	6.7%

The bank borrowings at the end of the reporting period were secured by the pledge of assets as set out in note 19.

17. SHARE CAPITAL

	Number of shares	Share capital *US$*
Authorised:		
Ordinary shares of US$1 each	50,000	50,000
Issued and fully paid:		
Ordinary shares of US$1 each	100	100

	RMB'million
Shown in the consolidated statements of financial position as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 July 2013	—

18. DEFERRED TAX (ASSETS) LIABILITIES

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the Relevant Periods are as follows:

	Revaluation of investment properties *RMB'million*
At 1 January 2010	—
Credit to profit or loss	(33)
At 31 December 2010	(33)
Charge to profit or loss	62
At 31 December 2011	29
Charge to profit or loss	85
At 31 December 2012	114
Charge to profit or loss	115
At 31 July 2013	229

19. PLEDGE OF ASSETS

The following assets were pledged to banks as securities to obtain certain banking facilities at the end of each reporting period:

	At 31 December			At 31 July
	2010	2011	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Investment properties	1,046	1,808	2,890	3,572
Bank deposits	150	119	11	—
	1,196	1,927	2,901	3,572

20. CAPITAL COMMITMENTS

At the end of each reporting period, Rightchina had the following commitments:

	At 31 December			At 31 July
	2010	2011	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Contracted but not provided for:				
Development costs for investment properties under construction or development	1,006	709	3,566	3,036

21. RELATED PARTY TRANSACTIONS

Apart from the related party balances as stated in notes 14 and 15, Rightchina had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Seven months ended 31 July	
	2010	2011	2012	2012	2013
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* *(unaudited)*	*RMB'million*
A fellow subsidiary					
Project management fee paid	12	8	36	29	7
Interest expense paid	18	34	53	24	37

The key management personnel represents the Directors of Rightchina whose remuneration are set out in note 9.

22. CAPITAL RISK MANAGEMENT

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

The capital structure of Rightchina consists of debts, which includes amounts due to fellow subsidiaries, an intermediate holding company, immediate holding company, loans from a fellow subsidiary, and bank borrowings, and equity attributable to equity holders of Rightchina, comprising share capital and reserves, and non-controlling interests.

The Directors of Rightchina review the capital structure on a yearly basis. As part of this review, the Directors of Rightchina consider the cost of capital and the risks associated with the capital, and will balance its overall capital structure through new share issues and debt financing when the need arises.

23. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December			At 31 July
	2010	**2011**	**2012**	**2013**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Financial assets				
Loans and receivables (including bank balances and cash)	185	121	17	1
Financial liabilities				
Amortised cost	1,363	1,817	2,463	3,118

b. Financial risk management objectives and policies

Rightchina's major financial instruments include pledged bank deposits, bank balances and cash, construction cost and other payables, amounts due to fellow subsidiaries, amount due to an intermediate holding company, amount due to immediate holding company, loans from a fellow subsidiary, and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from Rightchina's financial instruments are interest rate risk, credit risk and liquidity risk. The Directors review and agree to policies for managing each of these risks and they are summarised below.

Interest rate risk

Rightchina is exposed to cash flow interest rate risk in relation to its bank balances and bank borrowings which are carried at variable interest rates. Rightchina is also exposed to fair value interest rate risk in relation to its pledged bank deposits and loans from a fellow subsidiary which are carried at fixed interest rates.

The management considered that the exposure to cash flow interest rate risk in relation to its bank balances is minimal, no sensitivity analysis is presented for each of the reporting period.

Rightchina's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Rightchina's cash flow interest rate risk is mainly concentrated on the fluctuation of PBOC prescribed interest rate arising from Rightchina's RMB bank borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the interest capitalised in investment properties would increase/decrease by RMB2 million, RMB8 million, RMB8 million and RMB6 million for the years ended 31 December 2010, 31 December 2011, 31 December 2012 and the seven months ended 31 July 2013, respectively.

Credit risk

At the end of each reporting period, Rightchina's maximum exposure to credit risk which will cause a financial loss to Rightchina due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Rightchina's principal financial assets are pledged bank deposits, bank balances and cash, which represent Rightchina's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the funds were deposited with various creditworthy financial institutions located in Hong Kong and in the PRC.

Liquidity risk

SOL has agreed to provide adequate funds to enable Rightchina to meet in full its financial obligations as they fall due for the foreseeable future as disclosed in note 2. In the opinion of the Directors of Rightchina, on the basis of obtaining financial support from SOL, Rightchina has sufficient funds to finance its current working capital requirements.

The following table details the maturities of Rightchina's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Rightchina can be required to pay. The table includes both interest and principal cash flows. To the extent interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest risk tables

	Weighted average effective interest rate	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2010**
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2010						
Non-derivative financial liabilities						
Construction cost and other payables	—	114	—	—	114	114
Amounts due to fellow subsidiaries	—	19	—	—	19	19
Amount due to an intermediate holding company		14	—	—	14	14
Amount due to immediate holding company	—	52	—	—	52	52
Loans from a fellow subsidiary						
- interest free	—	512	—	—	512	512
- interest bearing	6.2	422	—	—	422	422
Bank borrowings at variable rates	5.9	—	169	79	248	230
		1,133	169	79	1,381	1,363

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2011
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2011						
Non-derivative financial liabilities						
Construction cost and other payables	—	145	—	—	145	145
Amounts due to fellow subsidiaries	—	7	—	—	7	7
Amount due to an intermediate holding company	—	29	—	—	29	29
Amount due to immediate holding company	—	52	—	—	52	52
Loans from a fellow subsidiary						
- interest free	—	280	—	—	280	280
- interest bearing	8.3	530	—	—	530	530
Bank borrowings at variable rates	5.3	46	406	425	877	774
		1,089	406	425	1,920	1,817

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2012
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 December 2012						
Non-derivative financial liabilities						
Construction cost and other payables	—	340	—	—	340	340
Amounts due to fellow subsidiaries	—	94	—	—	94	94
Amount due to an intermediate holding company	—	209	—	—	209	209
Amount due to immediate holding company	—	52	—	—	52	52
Loans from a fellow subsidiary						
- interest free	—	190	—	—	190	190
- interest bearing	7.7	733	—	—	733	733
Bank borrowings at variable rates	6.4	328	339	211	878	845
		1,946	339	211	2,496	2,463

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount at 31.7.2013
	%	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
31 July 2013						
Non-derivative financial liabilities						
Construction cost and other payables	—	504	—	—	504	504
Amounts due to fellow subsidiaries	—	195	—	—	195	195
Amount due to an intermediate holding company	—	219	—	—	219	219
Amount due to immediate holding company	—	52	—	—	52	52
Loans from a fellow subsidiary						
- interest free	—	331	—	—	331	331
- interest bearing	7.7	817	—	—	817	817
Bank borrowings at variable rates	6.7	189	221	635	1,045	1,000
		2,307	221	635	3,163	3,118

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to changes if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

c. **Fair value**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Rightchina have been prepared in respect of any period subsequent to 31 July 2013.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the management discussion and analysis of the financial conditions and operating results of Fieldcity Investments, Foresight Profits, Score High, Rightchina and Portspin for each of the financial years ended 31 December 2010, 2011 and 2012 and the seven months ended 31 July 2013. The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of Fieldcity Investments, Foresight Profits, Score High and Rightchina for each of the financial years ended 31 December 2010, 2011 and 2012 and the seven months ended 31 July 2013 and the notes thereto as referred to in Appendix II to this circular.

(1) **Operating results**

Fieldcity Investments

Fieldcity Investments is a private limited liability company incorporated in the British Virgin Islands on 30 March 2005. The principal activity of Fieldcity Investments is investment holding. The principal activities of Fieldcity Investments' subsidiaries are investment holding, property development and property investment in the PRC. The Company holds 75% equity interests in Fieldcity Investments through Shui On Development (a limited liability company incorporated in the Cayman Islands, the immediate holding company of Fieldcity Investments) and is responsible for the daily operation and management of it. Fieldcity Investments is a subsidiary of the Company and has been consolidated into the Group's financial statement.

Fieldcity Investments and is subsidiaries (the "Fieldcity Group") recorded a profit of approximately RMB273 million, RMB774 million and RMB573 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Fieldcity Group recorded a profit of approximately RMB266 million and RMB157 million for the seven months ended 31 July 2012 and 2013 respectively. The Fieldcity Group recorded a profit during the above periods, which was mainly due to the superior geographical location (situated in the city centre of Hankou District, Wuhan, Hubei Province, the PRC, and has a prime location on the Yangtze River waterfront with an unparalleled view of the Yangtze River and scenic Jangtan Park) , the rareness of product (a large-scale mixed-use redevelopment comprising office, retail, food and beverage, and entertainment facilities, together with some residential blocks), which helped Fieldcity Group achieve better sales and leasing performance.

For management purposes, the Fieldcity Group is organized based on its business activities, which are broadly categorized into property development and property investment. The Fieldcity Group recorded property sales from property development of approximately RMB1,411 million, RMB2,359 million and RMB1,353 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Fieldcity Group recorded property sales from property development of approximately RMB202 million and RMB370 million for the seven months ended 31 July 2012 and 2013 respectively. The Fieldcity Group recorded rental and related income from property investment of approximately RMB34 million, RMB47 million and RMB57 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Fieldcity Group recorded rental and related income from property investment of approximately RMB31 million for the seven months ended 31 July 2012 and 31 July 2013.

Foresight Profits

Foresight Profits is a private limited liability company incorporated in the British Virgin Islands on 8 February 2001. The principal activity of Foresight Profits is investment holding. The principal activities of Foresight Profits' subsidiaries are investment holding, property development, property investment and provision of education information and consultancy services in the PRC. The Company holds 79.81% equity interests in Foresight Profits through Shui On Development (the immediate holding company of Foresight Profits) and is responsible for the daily operation and management of it. Foresight Profits is a subsidiary of the Company and has been consolidated into the Group's financial statement.

Foresight Profits and its subsidiaries (the "Foresight Group") recorded a profit of approximately RMB178 million, RMB389 million and RMB21 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Foresight Group recorded a profit of approximately RMB25 million and RMB7 million for the seven months ended 31 July 2012 and 2013 respectively. The Foresight Group recorded a profit during the above periods, which mainly due to the well-known brand (known as "Rainbow City"), the better geographical location (located in Hongkou District, Shanghai, the PRC, served by 3 Metro Lines as well as 2 tunnels connecting to Lujiazui CBD and Pudong commercial district), the fashionable urban living centre development concept (a community whose enhancements include office buildings, retail podiums, hotels, entertainment, cultural and residential properties) and achieved better sales and leasing performance.

For management purposes, the Foresight Group is organized based on its business activities, which are broadly categorized into property development and property investment. The Foresight Group recorded property sales from property development of approximately RMB855 million, RMB2,136 million and RMB274 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Foresight Group recorded property sales from property development of approximately RMB263 million and RMB6 million for the seven months ended 31 July 2012 and 2013 respectively. The Foresight Group recorded rental and related income from property investment of approximately RMB45 million, RMB44 million and RMB57 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Foresight Group recorded rental and related income from property investment of approximately RMB31 million and RMB37 million for the seven months ended 31 July 2012 and 2013 respectively.

Score High

Score High is a private limited liability company incorporated in the British Virgin Islands on 12 February 2003. The principal activity of Score High is investment holding. The principal activities of Score High's subsidiaries are investment holding, property development and property investment in the PRC. The Company holds a 80.2% equity interest in Score High through Shui On Development (the immediate holding company of Score High) and is responsible for the daily operation and management of it. Score High is a subsidiary of the Company and has been consolidated into the Group's financial statement.

Score High and its subsidiaries (the "Score High Group") recorded a loss of approximately RMB125 million, a profit of approximately RMB379 million and a profit of approximately RMB441 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Score High Group recorded a profit of approximately RMB290 million and RMB227 million for the seven months ended 31 July 2012 and 2013 respectively. The Score High Group recorded a loss for the year ended 31 December 2010, which mainly due to only about 57,700 sq.m. GFA of properties have been delivered during the year. The Score High Group recorded a profit for the years or periods after year 2010, which mainly due to the attractive geographical location (located in Yuzhong District, the traditional central business district of Chongqing, the PRC, and Chongqing is the only municipality in western China) and achieved satisfactory sales performance.

For management purposes, the Score High Group is organized based on its business activities, which are broadly categorized into property development and property investment. The Score High Group recorded property sales from property development of approximately RMB461 million, RMB1,104 million and RMB1,203 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Score High Group recorded property sales from property development of approximately RMB730 million and RMB2,109 million for the seven months ended 31 July 2012 and 2013 respectively. The Score High Group recorded rental and related income from property investment of approximately RMB8 million, RMB17 million and RMB16 million for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Score High Group recorded rental and related income from property investment of approximately RMB10 million and RMB12 million for the seven months ended 31 July 2012 and 2013 respectively.

Rightchina

Rightchina is a private limited liability company incorporated in the British Virgin Islands on 2 July 2008. The principal activity of Rightchina is investment holding. The principal activities of Rightchina's subsidiaries are investment holding and property investment in the PRC. Score High holds 75% equity interests in Rightchina. Rightchina is a subsidiary of Score High and has been consolidated into the Score High Group's financial statement. The Company is responsible for the daily operation and management of Rightchina.

Rightchina and its subsidiaries (the "Rightchina Group") recorded a loss of approximately RMB98 million (mainly due to decrease in fair value of investment properties), a profit of approximately RMB182 million (mainly due to increase in fair value of investment properties) and a profit of approximately RMB245 million (mainly due to increase in fair value of investment properties) for each of the three years ended 31 December 2010, 2011 and 2012 respectively. The Rightchina Group recorded a profit of approximately RMB193 million (mainly due to increase in fair value of investment properties) and a loss of RMB104 million (mainly due to deferred tax provided for PRC Land Appreciation Tax) for the seven months ended 31 July 2012 and 2013 respectively. The investment properties of the Rightchina Group have not been put into operation as of Latest Practicable Date.

There is no information on business segment as Rightchina was only engaged in property investment since its establishment and as of the Latest Practicable Date.

Portspin

Portspin is a private limited liability company incorporated in the British Virgin Islands on 22 May 1997. The principal activity of Portspin is investment holding. The principal activities of Portspin's subsidiaries are investment holding and property development in the PRC. The Company holds 51% equity interests in Portspin through Shui On Development (the immediate holding company of Portspin) and is responsible for the daily operation and management of it. Portspin is a subsidiary of the Company and has been consolidated into the Group's financial statement.

Portspin and its subsidiaries (the "Portspin Group") recorded a profit of approximately RMB6 million for the seven months ended 31 July 2013, which mainly due to exchange gain as the project is still under development.

There is no information on business segment as Portspin was only engaged in property development since its establishment and as of the Latest Practicable Date.

(2) **Substantial acquisitions and disposals**

Each of the Target Companies did not have any material investments, substantial acquisitions and disposals since 1 January 2010 and up to the Latest Practicable Date.

(3) **Litigation**

Each of the Target Companies was not engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any of the Target Companies as at the Latest Practicable Date.

(4) **Financial resources, liquidity and gearing ratio**

Fieldcity Investments

As at 31 December 2010, 2011 and 2012, the total liabilities of the Fieldcity Group amounted to approximately RMB4,029 million, RMB4,407 million and RMB5,205 million respectively. Total cash and bank balance amounted to approximately RMB203 million, RMB286 million and RMB474 million respectively. The Fieldcity Group financed its operation mainly through shareholder's loan (including amount due to immediate holding company, amount due to a shareholder and loan from a shareholder), bank borrowings and sales proceeds generally.

As at 31 December 2010, 2011 and 2012, the amount due to immediate holding company of Fieldcity Investments (Shui On Development) amounted to approximately RMB1,696 million, RMB1,691 million and RMB1,959 million respectively. It is unsecured, carries interest at 110% of People's Bank of China ("PBOC") Prescribed Interest Rate per annum and repayable on demand throughout the Relevant Periods. As at 31 December 2010, 2011 and 2012, the amount due to a shareholder of Fieldcity Investments (TPD) amounted to approximately RMB161 million, RMB206 million and RMB239 million respectively. It is unsecured, interest free and repayable on demand. As at 1 July 2007, TPD provided shareholder's loan with principal amount of US$98,095,696.07 to

Fieldcity Investments. As at 1 February 2012, Fieldcity Investments repaid the shareholder's loan with principal amount of US$29,721,911 to TPD. The shareholder's loan is unsecured, interest bearing at 110% of PBOC Prescribed Interest Rate per annum and will not be demanded for payment until Fieldcity Investments is in a position to repay the loan, which is to be mutually agreed between TPD and Fieldcity Investments.

As at 31 July 2013, the Fieldcity Group had total bank borrowings of RMB1,630 million (total bank borrowings as at 31 December 2010, 2011 and 2012 were RMB930 million, RMB650 million and RMB1,250 million respectively). The bank borrowings are secured by the pledge of assets and interest bearing at 100% to 110% of PBOC Prescribed Interest Rate per annum.

For each of the three years ended 31 December 2010, 2011 and 2012, deposits received and receipt in advance from property sales of the Fieldcity Group amounted to approximately RMB85 million, RMB31 million and RMB202 million. For the seven months ended 31 July 2013, deposits received and receipt in advance from property sales amounted to approximately RMB1,007 million.

As at 31 December 2010, 2011 and 2012 and 31 July 2013, the gearing ratio of the Fieldcity Group (calculated by total bank borrowings less total cash and bank balance and divided by total equity) was approximately 1.17, 0.26, 0.39 and 0.07 times.

Foresight Profits

As at 31 December 2010, 2011 and 2012, the total liabilities of the Foresight Group amounted to approximately RMB6,861 million, RMB9,143 million and RMB9,133 million respectively. Total cash and bank balance amounted to approximately RMB755 million, RMB981 million and RMB240 million respectively. The Foresight Group financed its operation mainly through shareholder's loan (including amount due to immediate holding company, amount due to a shareholder and loan from a shareholder), fellow subsidiaries' loan (i.e. amount due to fellow subsidiaries), bank borrowings and sales proceeds generally.

As at 31 December 2010, 2011 and 2012, the amount due to immediate holding company of Foresight Profits (Shui On Development) amounted to approximately RMB2,592 million, RMB3,959 million and RMB3,826 million respectively. It is unsecured, carries interests at 110% of PBOC Prescribed Interest Rate per annum throughout the Relevant Periods and repayable on demand as at 31 December 2010 and 31 December 2011. During the year ended 31 December 2012, Foresight Profits entered into a subordination deed with Shui On Development whereby the repayment of amount due to immediate holding company is subordinated to certain bank borrowings. As the corresponding bank borrowings are repayable after one year, the amount due to immediate holding company is classified as non-current liabilities as at 31 December 2012. As at 31 December 2010, 2011 and 2012, the amount due to a shareholder of Foresight Profits (TPD) amounted to approximately RMB6 million, RMB34 million and RMB82 million respectively. It is unsecured, interest free and repayable on demand. As at 1 April 2010, 7 April 2011, 22 February 2010 and 21 February 2012, TPD provided shareholder's loans with principal amounts of RMB100,351,518, RMB373,300,000, RMB27,200,000 and RMB188,000,000 to Foresight Profits respectively. The shareholder's loans are unsecured, interest bearing at 110% of PBOC Prescribed Interest Rate per annum and will not be demanded for payment until Foresight Profits is in a position to repay the loans, which is to be mutually agreed between TPD and Foresight Profits.

As at 31 December 2010, 2011 and 2012, the amount due to fellow subsidiaries of Foresight Profits amounted to approximately RMB1,179 million, RMB1,236 million and RMB1,615 million respectively. Included in amounts due to fellow subsidiaries, the carrying amount of RMB1,120 million, RMB1,186 million and RMB1,564 million as at 31 December 2010, 2011 and 2012, respectively, are unsecured, carry at fixed interest rate ranging from 5.841% to 6.116%, 6.435% to 7.216% and 6.6% to 8.32% as at 31 December 2010, 2011 and 2012, respectively, per annum and repayable within twelve months from the end of the reporting period. The remaining amounts are unsecured, interest free and repayable on demand.

As at 31 July 2013, the Foresight Group had total bank borrowings of RMB1,508 million (total bank borrowings as at 31 December 2010, 2011 and 2012 were RMB1,481 million, RMB2,266 million and RMB2,346 million respectively). The bank borrowings are secured by the pledge of assets and interest bearing at 105% to 125% of PBOC Prescribed Interest Rate per annum for RMB denominated bank borrowings and Hong Kong Interbank Offered Rates ("HIBOR") plus 3% to 4.5% for Hong Kong dollars denominated bank borrowings.

For each of the three years ended 31 December 2010, 2011 and 2012, deposits received and receipt in advance from property sales of the Foresight Group amounted to approximately RMB626 million, RMB173 million and RMB109 million. For the seven months ended 31 July 2013, deposits received and receipt in advance from property sales amounted to approximately RMB3,133 million.

As at 31 December 2010, 2011 and 2012, the gearing ratio of the Foresight Group (calculated by total bank borrowings less total cash and bank balance and divided by total equity) was approximately 0.62, 0.81 and 0.82 times and as at 31 July 2013, the Foresight Group was in a net cash position and its gearing ratio was zero.

Score High

As at 31 December 2010, 2011 and 2012, the total liabilities of the Score High Group amounted to approximately RMB4,476 million, RMB5,523 million and RMB8,102 million respectively. Total cash and bank balance amounted to approximately RMB927 million, RMB503 million and RMB332 million respectively. The Score High Group financed its operation mainly through shareholder's loan (i.e. amount due to immediate holding company), fellow subsidiaries' loan (i.e. amount due to fellow subsidiaries), bank borrowings and sales proceeds generally.

As at 31 December 2010, 2011 and 2012, the amount due to immediate holding company of Score High (Shui On Development) amounted to approximately RMB1,305 million, RMB1,375 million and RMB1,626 million respectively. It is unsecured, interest free and repayable on demand throughout the Relevant Periods.

As at 31 December 2010, 2011 and 2012, the amount due to fellow subsidiaries of Score High amounted to approximately RMB337 million, RMB197 million and RMB242 million respectively. Included in amounts due to fellow subsidiaries, the carrying amount of RMB76 million, RMB47 million and RMB167 million as at 31 December 2010, 2011 and 2012, respectively, are unsecured, interest free and repayable on demand. The remaining amounts are unsecured, repayable on demand, and interest bearing at 110% of PBOC Prescribed Interest Rate per annum for amount as at 31 December 2010 and 2011 and 7.5% per annum for amount as at 31 December 2012.

As at 31 July 2013, the Score High Group had total bank borrowings of RMB2,780 million (total bank borrowings as at 31 December 2010, 2011 and 2012 were RMB1,495 million, RMB2,339 million and RMB2,193 million respectively). The bank borrowings are secured by the pledge of assets and interest bearing at 100% to 115% of PBOC Prescribed Interest Rate per annum.

For each of the three years ended 31 December 2010, 2011 and 2012, deposits received and receipt in advance from property sales of the Score High Group amounted to approximately RMB732 million, RMB839 million and RMB2,240 million. For the seven months ended 31 July 2013, deposits received and receipt in advance from property sales amounted to approximately RMB1,636 million.

As at 31 December 2010, 2011 and 2012 and 31 July 2013, the gearing ratio of the Score High Group (calculated by total bank borrowings less total cash and bank balance and divided by total equity) was approximately 0.34, 0.89, 0.74 and 0.84 times.

Rightchina

As at 31 December 2010, 2011 and 2012, the total liabilities of the Rightchina Group amounted to approximately RMB1,363 million, RMB1,846 million and RMB2,577 million respectively. Total cash and bank balance amounted to approximately RMB185 million, RMB121 million and RMB17 million respectively. The Rightchina Group financed its operation mainly through shareholder's loan (mainly amount due to an intermediate holding company), a fellow subsidiary's loans and bank borrowings generally.

As at 31 December 2010, 2011 and 2012, the amount due to intermediate holding company of Rightchina (Shui On Development) amounted to approximately RMB14 million, RMB29 million and RMB209 million respectively. It is unsecured, interest free and repayable on demand throughout the relevant periods.

As at 31 December 2010, 2011 and 2012, the loans from a fellow subsidiary of Rightchina amounted to approximately RMB934 million, RMB810 million and RMB923 million respectively. Included in loans from a fellow subsidiary, the carrying amount of RMB512 million, RMB280 million and RMB190 million as at 31 December 2010, 2011 and 2012, respectively, are unsecured, interest free and repayable on demand. The remaining amounts are unsecured, repayable on demand, and interest bearing at 6.2%, 8.3% and 7.7% for loans as at 31 December 2010, 2011 and 2012 respectively.

As at 31 July 2013, the Rightchina Group had total bank borrowings of RMB1,000 million (total bank borrowings as at 31 December 2010, 2011 and 2012 were RMB230 million, RMB774 million and RMB845 million respectively). The bank borrowings are secured by the pledge of assets and interest bearing at 100% to 105% of PBOC Prescribed Interest Rate per annum.

As at 31 December 2011 and 2012 and 31 July 2013, the gearing ratio of the Rightchina Group (calculated by total bank borrowings less total cash and bank balance and divided by total equity) was approximately 7.87, 2.51 and 4.42 times. High gearing ratio is due to the fact that properties of the Rightchina Group have not been put into operation throughout the relevant periods.

Portspin

As at 31 July 2013, the total liabilities of the Portspin Group amounted to approximately RMB4,648 million. Total cash and bank balance amounted to approximately RMB346 million. The Portspin Group financed its operation mainly through shareholder's loan (including amount due to immediate holding company, amount due to a shareholder, loan from a shareholder and loan from immediate holding company), fellow subsidiaries' loan (i.e. amount due to fellow subsidiaries) and bank borrowings generally.

As at 31 July 2013, the amount due to the immediate holding company of Portspin (Shui On Development) amounted to approximately RMB137 million. It is unsecured, interest free and repayable on demand. As at 31 July 2013, the amount due to a shareholder of Portspin (TPD) amounted to approximately RMB235 million. It is unsecured, interest free and repayable on demand. The repayment to Shui On Development and TPD are subordinated to the repayment of bank borrowing which is due in December 2015. As at 30 April 2009, 15 May 2009, 6 May 2010 and 22 December 2011, TPD provided shareholder's loan with principal amount of RMB133,650,061.92, RMB308,149,938.08, RMB434,000,000 and RMB78,400,000 to Portspin respectively. As at 24 March 2011, 9 February 2012, 19 March 2012, 25 October 2012 and 19 July 2013, Shui On Development provided immediate holding company's loan with principal amount of RMB305,156,250, RMB154,007,000, RMB427,000,000, RMB119,615,000 and RMB257,000,000 to Portspin respectively. The loans are unsecured, carry interest at 110% of PBOC Prescribed Interest Rate per annum and the repayment date are to be mutually agreed between both parties.

As at 31 July 2013, the Portspin Group had total bank borrowings of RMB1,314 million. The bank borrowings are secured by the pledged bank deposits and entire interests in Portspin and its subsidiaries, as well as interest in 佛山瑞康天地置業有限公司 and 佛山源康房地產發展有限公司 attributable to fellow subsidiaries. The bank loan is also guaranteed by the Company, an intermediate holding company of Portspin. The bank borrowings carry interest at 140% of PBOC Prescribed Interest Rate per annum for the RMB-denominated part and HIBOR plus 4.7% for Hong Kong dollar-denominated part.

As at 31 July 2013, the gearing ratio of the Portspin Group (calculated by total bank borrowings less total cash and bank balance and divided by total equity) was approximately 14.67 times. The high gearing ratio is due to the fact that properties of the Portspin Group are still under development.

(5) **Charge on assets**

Fieldcity Investments

As at 31 December 2010, 2011 and 2012 and 31 July 2013, investment properties, properties under development for sale and bank deposits of the Fieldcity Group with the total amount of RMB1,263 million, RMB966 million, RMB1,816 million and RMB4,027 million were pledged to banks as securities to obtain certain banking facilities, respectively.

Foresight Profits

As at 31 December 2010, 2011 and 2012 and 31 July 2013, investment properties, properties under development for sale, properties held for sale and bank deposits of the Foresight Group with the total amount of RMB5,732 million, RMB4,340 million, RMB3,642 million and RMB5,360 million were pledged to banks as securities to obtain certain banking facilities, respectively.

Score High

As at 31 December 2010, 2011 and 2012 and 31 July 2013, investment properties, properties under development for sale, properties held for sale and bank deposits of the Score High Group with the total amount of RMB2,910 million, RMB4,629 million, RMB5,020 million and RMB6,677 million were pledged to banks as securities to obtain certain banking facilities, respectively.

Rightchina

As at 31 December 2010, 2011 and 2012 and 31 July 2013, investment properties and bank deposits of the Rightchina Group with the total amount of RMB1,196 million, RMB1,927 million, RMB2,901 million and RMB3,572 million were pledged to banks as securities to obtain certain banking facilities, respectively.

Portspin

As at 31 July 2013, bank deposits of the Portspin Group with amount of RMB98 million were pledged to bank to secure the banking facilities.

(6) **Capital and other commitments**

Fieldcity Investments

As at 31 July 2013, the Fieldcity Group had a capital commitment contracted but not provided for of RMB2,093 million.

The Directors are of the view that the capital commitments of the Fieldcity Group are in line with the development of the project.

Foresight Profits

As at 31 July 2013, the Foresight Group had a capital commitment contracted but not provided for of RMB726 million.

Pursuant to an agreement entered into with the 上海市虹口區衛生局 of the Hongkou District, Shanghai, the PRC on 20 June 2006, the Foresight Group had committed to build a hospital to be located in the Rui Hong Xin Cheng area of the Hongkou District as compensation for the removal of those medical and health care services originally located in that area. During the seven months ended 31 July 2013, no construction contracts related to the hospital have been entered into. No provision for the construction costs has been made in the audited financial statements as the amount cannot be measured reliably.

The Directors are of the view that the capital and other commitments of the Foresight Group are in line with the development of its project.

Score High

As at 31 July 2013, the Score High Group had a capital commitment contracted but not provided for of RMB3,939 million.

The Directors are of the view that the capital commitments of the Score High Group are in line with the development of its project.

Rightchina

As at 31 July 2013, the Rightchina Group had a capital commitment contracted but not provided for of RMB3,036 million.

The Directors are of the view that the capital commitments of the Rightchina Group are in line with the development of the project.

Portspin

As at 31 July 2013, the Portspin Group had a capital commitment contracted but not provided for of RMB844 million.

The Directors are of the view that the capital commitments of the Portspin Group are in line with the development of the project.

(7) **Contingent liabilities**

Fieldcity Investments

As at 31 December 2010, 2011 and 2012 and 31 July 2013, the Fieldcity Group did not have any material contingent liabilities.

Foresight Profits

Pursuant to an agreement entered into with the district government and the Education Authority of the Hongkou District, Shanghai, the PRC (the "Hongkou Government") on 31 July 2002, guarantees of no more than RMB324 million will be granted by the Foresight Group to support bank borrowings arranged in the name of a company to be nominated by the Hongkou Government, as part of the financial arrangement for the site clearance work in relation to the development of a parcel of land. As at 31 December 2010, 2011 and 2012 and as of 31 July 2013, no such arrangement had taken place.

Score High

As at 31 December 2010, 2011 and 2012 and 31 July 2013, the Score High Group did not have any material contingent liabilities.

Rightchina

As at 31 December 2010, 2011 and 2012 and 31 July 2013, the Rightchina Group did not have any material contingent liabilities.

Portspin

As at 31 December 2010, 2011 and 2012 and 31 July 2013, the Portspin Group did not have any material contingent liabilities.

The Directors are of the view that the above guarantees have been provided for the needs of the normal business development of the Company and will not have a material impact on the financial condition of the Company.

(8) **Employees and remuneration's policy**

The Company provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organized by professional bodies and educational institutes. The Company strongly believes in the principle of equality of opportunity. The remuneration policy of the Company for rewarding its employees is based on their performance, qualifications and competency displayed in achieving our corporate goals.

Project companies within the same city are under common daily operation and management from their respective city quarter and the personnel are not employed independently by project companies. Therefore, it is not practical to identify the number of employees in a particular project company.

The Fieldcity Group, the Foresight Group, the Score High Group and the Rightchina Group are companies in the business combination of the Group, and the key management of these companies are designated by the Company.

There were no share option schemes for each of the Fieldcity Group, the Foresight Group, the Score High Group and the Rightchina Group.

Upon completion of the Swap Agreement, there will be no material changes on employees and remuneration's policy to the Fieldcity Group, the Foresight Group, the Score High Group and the Rightchina Group.

(9) **Foreign currency risk**

The principal business of the Fieldcity Group, the Foresight Group, the Score High Group, the Rightchina Group and the Portspin Group are located in the PRC and settled with Renminbi. Foreign currency risk mainly arises from the recognised foreign currency liabilities.

Fieldcity Investments

The Fieldcity Group is mainly exposed to the currency of US$. As at 31 December 2010, 2011 and 2012 and 31 July 2013, the Fieldcity Group's US$ denominated monetary liabilities amounted to approximately RMB2,775 million, RMB2,649 million, RMB2,707 million and RMB2,476 million respectively. Where RMB appreciates/depreciates 5% against US$ with other factors being constant, there will be an increase/decrease in gain on foreign currency of the Fieldcity Group of approximately RMB132 million, RMB126 million, RMB129 million and RMB118 million as at 31 December 2010, 2011 and 2012 and as of 31 July 2013 respectively.

Foresight Profits

The Foresight Group is mainly exposed to the currency of HKD. As at 31 December 2010, 2011 and 2012 and 31 July 2013, the Foresight Group's HKD denominated monetary liabilities amounted to approximately RMB1,070 million, RMB1,066 million, RMB688 million and RMB681 million respectively. Where RMB appreciates/depreciates 5% against HKD with other factors being constant, there will be an increase/decrease in gain on foreign currency of the Foresight Group of approximately RMB49 million, RMB51 million, RMB32 million and RMB32 million as at 31 December 2010, 2011 and 2012 and as of 31 July 2013 respectively.

Score High

The Score High Group is not exposed to foreign currency risk as its principal business is settled with Renminbi and there is no recognised foreign currency liabilities.

Rightchina

The Rightchina Group is not exposed to foreign currency risk as its principal business is settled with Renminbi and there is no recognised foreign currency liabilities.

Portspin

The Portspin Group is not exposed to the foreign currency risk as its principal business are settled with Renminbi and there is no recognised foreign currency liabilities.

(10) **Prospects**

Fieldcity Investments

Upon the completion of Acquisition, Fieldcity Investment will become a wholly owned subsidiary of the Company and the Company will hold 100% equity interests in the Wuhan Tiandi ("WHTD") project.

The WHTD project is located in Wuhan, which is the capital of Hubei Province and a major transportation hub in China located between Shanghai and Chongqing, at the confluence of the Yangtze River and the Han River, a tributary of the Yangtze River. The site of the project is located in Hankou's Jiang'an District, at a prominent position along the Yangtze River where the city's second bridge has been built connecting Hankou to Wuchang. The WHTD project is a city-core development project which plans to develop a large-scale, mixed-use urban property development comprising residential lots, office buildings, retail, food and beverage and entertainment facilities on two main sites, Site A and Site B with an estimated total leasable and saleable GFA of approximately 1.4 million sq.m. upon completion. Construction of the project commenced in the first quarter of 2006 and as of 30 June 2013, approximately 331,000 sq.m. of GFA had been sold.

The economic prospects of Wuhan have been enhanced by the national strategic development program to establish a major regional urban growth pole in Central China. Foreign direct investment (FDI) in Wuhan rose by 17.3% y-o-y in Q1 2013, compared to an increase of only 1.44% at the national-wide level.

Through preserving local historical architecture while injecting new commercial value, the WHTD project has now become a landmark in Wuhan. We believe due to the superior geographical location of the project, the well-receipt of the project's residential developments by the market and aided by the abovementioned enhancement in the economic prospects of Wuhan, the project will continue to deliver promising results throughout its life of development.

Foresight Profits

Upon the completion of Acquisition, Foresight Profits will become a wholly owned subsidiary of the Company and the Company will hold 99% equity interests in the Rui Hong Xin Cheng ("RHXC") project.

The RHXC project is a city-core development project aimed at redeveloping existing residential neighborhoods into a mixed-use, sustainable, large-scale development including office, retail, hotel, entertainment, cultural and residential space. The project is located within the Inner Ring Viaduct of Shanghai close to the central business district. It is connected by Metro Line no. 4, no. 8 and no. 10

to the other districts of Shanghai. Upon completion, the RHXC project will comprise a total leasable and saleable GFA of approximately 1.7 million sq.m., of which approximately 451,000 sq.m. of GFA had been sold as at 30 June 2013.

The RHXC project comprises twelve land parcels, of which Lot 5 (Phase 1), Lot 149 (Phase 2), Lot 8 (Phase 3) and Lot 4 (Phase 4) have been completed as at 30 June 2013. Since 1998, the Foresight Group has developed, sold and delivered more than 451,000 sq.m. in GFA of residential units developed in four phases. The ASP of contracted sales has progressively risen from RMB16,600 per sq.m. in 2007 to RMB46,100 per sq.m. in the first half of 2013. Residential Phase 5 (Lot 6) is under construction, with planned residential GFA of approximately 118,000 sq.m. and a retail GFA of 19,000 sq.m. The first and second batches of pre-sale of Residential Phase 5 (Lot 6) were held in December 2012 and March 2013 respectively, achieved a total contracted sales amount of RMB3,487 million up to 30 June 2013. The remaining two towers are scheduled for pre-sale in 2013. Phase 5 is scheduled to be delivered in 2014.

On the commercial side, 47,000 sq.m. of GFA have been developed into retail podiums and retained in the Foresight Group's investment property portfolio.

As Shanghai stands to benefit from China's on-going financial liberalization and reform, and the Hongkou District where the RHXC project is situated, is currently being transformed into a modern, integrated district with bustling commerce, an environment that accentuates quality of life, unique culture and efficient public services, evidenced by our previous encouraging sales, we believe the RHXC project will continue to deliver significant value throughout its life of development.

Score High

Upon the completion of Acquisition, Score High will become a wholly owned subsidiary of the Company and the Company will hold 99% equity interests in the Chongqing Tiandi ("CQTD") project.

The CQTD project is situated on a hillside on the south bank of the Jialing River, just upstream of the confluence of Yangtze Rivers. The CQTD project a city-core development project comprising office buildings, exhibition and conference facilities, retail and entertainment outlets, hotels and residential properties. Upon completion, we expect this project to have a total leasable and saleable GFA of approximately 2.8 million sq.m., of which approximately 504,000 sq.m. had been sold as at 30 June 2013.

The CQTD project will be integrated with Chongqing's nearby central business district via a light rail system and major roads. The main features are expected to include a commercial core comprising business facilities such as Grade A office buildings, exhibition centre, a large residential area, entertainment and cultural properties, as well as a man-made lake.

Chongqing, being the principal economic hub of West China, is continuing its robust economic growth. In H1 2013, the municipality achieved a growth rate of 12.4%, ranked second amongst provincial level cities. China's New Urbanization Strategy is a key driver behind Chongqing's rapid development given its currently low level of urbanization. We expect CQTD project will help support and service Chongqing's extensive manufacturing and service industries and be benefited from Chongqing's prominent economic growth.

Rightchina

Upon the completion of Acquisition, Rightchina will become a wholly owned subsidiary of the Company and the Company will hold 99% equity interests in the Super High Rise project.

The Super High Rise project is situated in the eastern of CQTD project, on the south bank of the Jialing River. The Super High Rise project is a city-core development project comprising three office buildings, retail, luxury-standard hotel and entertainment facilities located in Yuzhong District, Chongqing City. Upon completion, we expect this project to have a total leasable and saleable GFA of approximately 518,000 sq.m., of which approximately 119,000 sq.m. of Grade A office space and 11,000 sq.m. of ancillary retail space had been completed in the first half of year 2013. We expect this project will be developed into a high-quality commercial zone to support Chongqing's extensive modern industrial and agricultural sectors. With the robust economic growth of Chongqing, and the scarcity of such product in the area, we anticipate The Super High Rise project will deliver considerable value after completion.

Portspin

Upon the completion of Disposal, Portspin will become a joint venture of the Company and the Company will hold about 18% equity interests in the TPQ Lot 116 project.

The TPQ Lot 116 project is situated in the southeast of the Taipingqiao project of which is a large-scale city-core development project consisting of offices, residential, commercial, retail, hotel, entertainment and cultural properties in management of the Company. It is an up-market residential properties development project and upon completion, we expect this project to have a total leasable and saleable GFA of approximately 90,000 sq.m. Construction of the TPQ Lot 116 project will commence following the completion of the relocation of existing residents, which is expected to be in the second half of year 2013.

(A) UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the "Unaudited Pro Forma Statement of Assets and Liabilities") has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Acquisition and JV Completion (the "Transactions") as if it had been completed on 30 June 2013.

The Unaudited Pro Forma Statement of Assets and Liabilities is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, which had been extracted from the published interim report of the Company for the six months ended 30 June 2013, after making pro forma adjustments in relation to the Transactions, that are (i) directly attributable to the Transactions; and (ii) factually supportable as if the Transactions had been completed on 30 June 2013.

The Unaudited Pro Forma Statement of Assets and Liabilities had been prepared by the Directors for illustrative purpose only and is based on a number of assumptions, estimates and uncertainties. Because of its nature, it may not give a true picture of the financial position of the Group. The Unaudited Pro Forma Statement of Assets and Liabilities does not purport to describe the actual financial position of the Group that would have attained had the Transactions been completed on 30 June 2013, nor purport to predict the future financial position of the Group.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

	Consolidated assets and liabilities of the Group as at 30 June 2013	Pro forma adjustments	Notes	Unaudited pro forma statement of assets and liabilities of the Group
	RMB'million	*RMB'million*		*RMB'million*
	Note 1			
ASSETS				
Non-current assets				
Investment properties	49,869			49,869
Property, plant and equipment	3,792			3,792
Prepaid lease payments	664			664
Interests in associates	1,267			1,267
Interests in joint ventures	25	994	2	1,019
Loans to associates	1,660			1,660
Loan to a joint venture	265			265
Accounts receivables	101			101
Pledged bank deposits	2,742			2,742
Deferred tax assets	112			112
	60,497			61,491
Current assets				
Properties under development for sale	22,527	(3,842)	3	18,685
Properties held for sale	1,338			1,338
Accounts receivable, deposits and prepayments	2,869			2,869
Amounts due from associates	515			515
Amounts due from related parties	154			154
Amounts due from non-controlling shareholders of subsidiaries	52			52
Pledged bank deposits	955			955
Restricted bank deposits	259			259
Bank balances and cash	8,097			8,097
Derivative financial assets	—	—	4	—
	36,766			32,924
	97,263			94,415

	Consolidated assets and liabilities of the Group as at 30 June 2013	Pro forma adjustments	Notes	Unaudited pro forma statement of assets and liabilities of the Group
	RMB'million	*RMB'million*		*RMB'million*
	Note 1			
LIABILITIES				
Current liabilities				
Accounts payable, deposits received and accrued charges	10,055	1,299	5	11,354
Amounts due to related parties	585			585
Amounts due to non-controlling shareholders of subsidiaries	601	(587)	6	14
Tax liabilities	709			709
Bank borrowings- due within one year	5,393			5,393
Convertible bonds	2,502			2,502
Notes	2,990			2,990
Derivative financial liabilities	—	—	4	—
	22,835			23,547
Non-current liabilities				
Bank and other borrowings- due after one year	14,777			14,777
Notes	10,394			10,394
Derivative financial instruments designated as hedging instruments	59			59
Loans from non-controlling shareholders of subsidiaries	2,769	(2,240)	6	529
Deferred tax liabilities	5,352			5,352
Defined benefit liabilities	57			57
	33,408			31,168
	56,243			54,715

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

1. The balances were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, as set out in the published interim report of the Company for the six months ended 30 June 2013.

2. Upon JV Completion, the Group will hold approximately 18.9% equity interest in Portspin, which the Group is considered to have joint control over Portspin as decisions about the relevant activities of Portspin requires unanimous consent of the Group and Taipingqiao 116.

   The adjustment represents the Group's 18.9% equity interest retained in Portspin at its pro forma fair value, which is derived on a pro forma basis with reference to the valuation of TPQ116 Cleared Site of RMB5,261 million, Portspin's principal asset, assuming the Group's control over Portspin is lost on 30 June 2013. The valuation of TPQ 116 Cleared Site was determined by an independent valuation by the Appraiser of the TPQ 116 Cleared Site as at 31 July 2013 attached as Appendix V to the Circular.

3. The adjustment represents the derecognition of the carrying amount of TPQ 116 which is included in the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, as if the Acquisition had been completed on that date.

4. The adjustment represents the pro forma fair values of the Post-completion Sale Option and Post-completion Purchase Option as at 30 June 2013 based on the valuation prepared by an independent qualified professional valuer not connected to the Group. The pro forma fair values of the Post-completion Sale Option and Post-completion Purchase Option are subject to change and may differ from the fair values eventually determined as at the date of completion.

   The valuation of the Post-completion Sale Option and Post-completion Purchase Option was determined by Asset Appraisal Ltd., an independent valuer, based on the Monte Carlo simulation model. The major inputs into the model were as follows:

Expected volatility (Note 1)	37%
Expected life (Note 2)	Two-week period
Risk-free rate (Note 3)	2.6%
Expected dividend yield	0%

Note 1: The expected volatility was determined by using the volatility of the historical share price of comparable companies.

Note 2: The expected life used in the model has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioral considerations.

Note 3: The risk free rate was determined by using the yield to maturities of China Sovereign Fixed Rate.

5. The adjustment represents the estimated further relocation cost and finance cost to be borned by the Group in obtaining TPQ 116 Cleared Site. The completion of clearing of the TPQ 116 site is a condition precedent for the JV Completion. The estimation is based on latest information available to the Directors, which is subject to change, and accordingly, the actual costs to be incurred may differ from the estimation as disclosed.

6. The adjustment represents the derecognition of the amounts due to non-controlling shareholders of subsidiaries of RMB587 million and loans from non-controlling shareholders of subsidiaries of RMB2,240 million which are included in the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, as if the Acquisition had been completed on that date. These loans and balances are acquired by the Group under the terms of the Acquisition.

7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2013.

(B) REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SHUI ON LAND LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shui On Land Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the Directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 30 June 2013 and related notes as set out on Section A of Appendix IV to the circular issued by the Company dated 28 October 2013 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on Section A of Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the transactions in relation to the Swap Agreement and the JV Agreement, as defined in the Circular, on the Group's financial position as at 30 June 2013 as if the transactions had taken place at 30 June 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months period ended 30 June 2013, on which a review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

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

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 28 October 2013

The following is the text of letter and valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with the valuation as at 31 July 2013 of the market values of the property interests of the Group.

Knight Frank 萊坊

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The Directors
Shui On Land Limited
26/F Shui On Plaza
333 Huai Hai Zhong Road
Shanghai
The PRC

28 October 2013

Dear Sirs

Various Properties in the People's Republic of China

In accordance with your instructions for us to value the captioned property interests held by Shui On Land Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 July 2013.

Basis of Valuation

Our valuation is our opinion of the market value of the property interest which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Valuation Methodology

We have valued property nos. 1 to 11 in Group I which are held by the Group for investment purpose and property no. 12 in Group II which is held by the Group by reference to sales evidence as available on the market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

We have valued property nos. 13 to 17 in Group III which are held by the Group for sale by using "Direct Comparison Approach" with reference to market comparable transactions and assumed sale of property with the benefit of vacant possession.

For property nos. 18 to 24 in Group IV which are held by the Group under development, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties with adjustments made to account for any difference. We have assumed that the properties will be completed in accordance with the development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the properties.

Title Documents and Encumbrances

We have been provided with copies of extracts of title documents relating to the properties. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its legal adviser, Jin Mao PRC Lawyers, regarding the title and other legal matters relating to the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restriction and outgoings of an onerous nature which could affect their values.

Source of Information

We have relied to a considerable extent on the information given by the Group and the legal opinion of the Group's legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/ or its PRC legal adviser which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy details, floor and site areas, development proposals, construction costs and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

Inspection and Structural Condition

We have inspected the exterior and, where possible, the interior of the properties valued and the inspections were carried out by our Sunny Han, Clement Leung and Gary Lau in August 2013 and September 2013. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc for any future developments. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

Remarks

In preparing our valuation report, we have complied with "The HKIS Valuation Standards (2012 Edition)" published by the Hong Kong Institute of Surveyors and all requirements contained in the provision of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Currency

All money amounts stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation

Note: Clement W M Leung, MRICS, MHKIS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since 1999 and has about 19 years' experience in valuation of properties in Hong Kong, Macau, and Asia Pacific Region and has 17 years' experience in valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

	Property	Market value in existing state as at 31 July 2013 *RMB*	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 *RMB*
Group I — Property interests held by the Group for investment purpose				
1	Various portions of Shanghai Rui Hong Xin Cheng Phase I 333 Linping Road, Hong Kou District Shanghai The PRC	115,900,000	79.81%	92,499,790
2	Various portions of Shanghai Rui Hong Xin Cheng Phase II Hong Kou District Shanghai The PRC	649,600,000	79.01%	513,248,960
3	Various portions of Shanghai Rui Hong Xin Cheng Phase III Hong Kou District Shanghai The PRC	36,700,000	79.01%	28,996,670
4	Various portions of Shanghai Rui Hong Xin Cheng Phase IV Hong Kou District Shanghai The PRC	399,600,000	79.01%	315,723,960
5	Various portions of Lot B1-1/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	23,600,000	79.4%	18,738,400

	Property	Market value in existing state as at 31 July 2013 *RMB*	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 *RMB*
6	Commercial portion of Lot B2-1/01 (District 1) of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	63,000,000	79.4%	50,022,000
7	Commercial portion of Lot B2-1/01 (Districts 2 and 3) of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	45,600,000	79.4%	36,206,400
8	Commercial portion of Lot B19/01 (District A) of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	87,300,000	79.4%	69,316,200
9	Various portions of Lot B3/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	540,700,000	79.4%	429,315,800
10	Phase 1 of Lot B11-1/02 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	2,300,000,000	59.5%	1,368,500,000

	Property	Market value in existing state as at 31 July 2013 *RMB*	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 *RMB*
11	Commercial portion of Wuhan Tiandi (Lot A4-1, A4-2 and A4-3) Yongqing Street, Jiang'an District Wuhan, Hubei Province The PRC	1,192,800,000	75%	894,600,000
	Sub Total:	**5,454,800,000**		**3,817,168,180**

Group II — Property interest held by the Group

12	Commercial building in Lot B3/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	276,100,000	79.4%	219,223,400
	Sub Total:	**276,100,000**		**219,223,400**

Group III — Property interests held by the Group for sale

13	Unsold portion of Lot B1-1/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	25,400,000	79.4%	20,167,600
14	Unsold portion of Lot B2-1/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	364,500,000	79.4%	289,413,000

	Property	Market value in existing state as at 31 July 2013 *RMB*	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 *RMB*
15	Unsold portion of Lot B19/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	117,200,000	79.4%	93,056,800
16	Unsold portion of Lot B20-5/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	115,000,000	79.4%	91,310,000
17	Various unsold portions of Wuhan Tiandi Yongqing Street, Jiang'an District Wuhan, Hubei Province The PRC	11,100,000	75%	8,325,000
	Sub Total:	**633,200,000**		**502,272,400**

Group IV — Property interests held by the Group under development

18	Shanghai Rui Hong Xin Cheng (Lot 6) Hong Kou District Shanghai The PRC	4,523,000,000	79.01%	3,573,622,300
19	Shanghai Rui Hong Xin Cheng (Lot 1, 2, 3, 7, 9, 10) Hong Kou District Shanghai The PRC	14,508,000,000	79.01%	11,462,770,800

	Property	Market value in existing state as at 31 July 2013 *RMB*	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 *RMB*
20	Lot 167 A & B of Shanghai Rui Hong Xin Cheng Hong Kou District Shanghai The PRC	3,413,000,000	79.81%	2,723,915,300
21	Lot 116, Taipingqiao Area Huang Pu District Shanghai The PRC	5,261,000,000	49.98%	2,629,447,800
22	Phases 2 and 3 of Lot B11-1/02 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	1,272,000,000	59.5%	756,840,000
23	Various lots of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	5,173,500,000	79.4%	4,107,759,000
24	Various Lots of Wuhan Tiandi Yongqing Street, Jiang'an District Wuhan, Hubei Province The PRC	6,214,600,000	75%	4,660,950,000
	Sub Total:	**40,365,100,000**		**29,915,305,200**
	Grand Total:	**46,729,200,000**		**34,453,969,180**

VALUATION REPORT

Group I — Property interests held by the Group for investment purpose

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Particular of occupancy</th><th>Market value in existing state as at 31 July 2013</th></tr>
<tr><td>1</td><td>Various portions of Shanghai Rui Hong Xin Cheng Phase I
333 Linping Road
Hong Kou District
Shanghai
The PRC</td><td>Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon, completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.

RHXC Phase I situates on site No. 5, comprising 10 high-rise residential blocks and commercial podium. It covers a total site area of approximately 41,580 sq m. According to the information provided, the gross floor areas of residential and commercial portion of Phase I are approximately 170,200 sq m and 5,200 sq m respectively and they were complete in about 1999.

The property comprises various portions of RHXC Phase I including commercial portion, kindergarten, clubhouse, office, store room and reserved area. Details of the gross floor areas are listed as follows:

<table>
<tr><th>Use</th><th>Gross Floor Area</th></tr>
<tr><td></td><td>sq m</td></tr>
<tr><td>Commercial (Levels 1 to 2)</td><td>3,070.70</td></tr>
<tr><td>Commercial (Basement)</td><td>1,647.59</td></tr>
<tr><td>Kindergarten</td><td>3,043.76</td></tr>
<tr><td>Clubhouse</td><td>3,106.00</td></tr>
<tr><td>Office</td><td>492.61</td></tr>
<tr><td>Store room</td><td>136.99</td></tr>
<tr><td>Reserved area</td><td>192.27</td></tr>
<tr><td>Total</td><td>11,689.92</td></tr>
</table>

RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II.

The land use right term of the property is held for a term commencing from 14 August 1996 and expiring on 13 August 2066 for residential use.</td><td>Commercial portion of the property with a total lettable area of approximately 3,038 sq m is currently subject to various tenancies yielding a total monthly rental of approximately RMB350,000 exclusive of management fee with last tenancy expiring on 16 February 2017 and the kindergarten of the property is subject to a tenancy expiring on 31 December 2013 yielding a monthly rental of RMB110,000.

The remaining portion of the property is either vacant or owner-occupied.</td><td>RMB115,900,000

(79.81% interest attributable to the Group: RMB92,499,790)</td></tr>
</table>

Notes:

1. Pursuant to Business Licence No. 022377, Shanghai Rui Chen Property Co., Ltd. (上海瑞城房地產有限公司) was incorporated with a registered capital of RMB189,000,000 and an operation period from 6 May 1996 to 5 May 2066.

2. Pursuant to the Real Estate Title Certificate No. (2000) 006931 issued by the Shanghai Housing and Land Resources administration Bureau on 27 October 2000, the title to the shopping arcade, basement (together to form the commercial podium of the property) and portion of clubhouse of RHXC Phase I, comprising gross floor areas of 3,070.70 sq m, 1,647.59 sq m and 2,444.44 sq m respectively, is held by Shanghai Rui Chen Property Co., Ltd.

3. Pursuant to the Real Estate Title Certificate No. (2003) 028545 issued by the Shanghai Housing and Land Resources administration Bureau on 12 November 2003, the title to portion of clubhouse, store room, office and reserved area of RHXC Phase I, comprising gross floor areas of 661.56 sq m, 136.99 sq m, 492.61 sq m and 192.27 sq m respectively, is held by Shanghai Rui Chen Property Co., Ltd.

4. Pursuant to the Real Estate Title Certificate No. (2004) 007877 issued by the Shanghai Housing and Land Resources administration Bureau on 22 March 2004, the title to the kindergarten of RHXC Phase I, comprising a total gross floor areas of 3,043.76 sq m, is held by Shanghai Rui Chen Property Co., Ltd.

5. As per your specific terms of instruction to provide the breakdown of market value for commercial portion of the property, the market value of the commercial portion of the property as at the valuation date was approximately RMB56,900,000.

6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) Shanghai Rui Chen Property Co., Ltd. was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) Shanghai Rui Chen Property Co., Ltd. has legally obtained the land use right of the property and the ownership of the building erected thereon. Shanghai Rui Chen Property Co., Ltd. is the sole owner of the property;

   (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by Shanghai Rui Chen Property Co., Ltd. according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Particular of occupancy</th><th>Market value in existing state as at 31 July 2013</th></tr>
<tr><td>2</td><td>Various portions of Shanghai Rui Hong Xin Cheng Phase II Hong Kou District Shanghai The PRC</td><td>
Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.
RHXC Phase II was formed by amalgamating Lot 11 and Lot 174 of RHXC with a total site area of approximately 45,131 sq m. RHXC Phase II has been developed into a composite development comprising 13 high-rise residential blocks and commercial portion completed in between 2004 and 2006. The commercial portion is composed of south and north portions. North portion is a 2-level commercial complex erected upon a 2-level basement whilst south portion is a 2-level commercial podium situated beneath residential blocks.
The property comprises commercial portion (north portion and south portion) with various advertising boards, clubhouse and car parking spaces of RHXC Phase II located at Block Nos. 13 to 16. Details of the gross floor areas are listed as follows:
<table>
<tr><th>Use</th><th>Gross Floor Area</th></tr>
<tr><td></td><td>sq m</td></tr>
<tr><td>Commercial</td><td>12,496</td></tr>
<tr><td>Clubhouse</td><td>4,571</td></tr>
<tr><td>Sub-total</td><td>17,067</td></tr>
<tr><td>Commercial (Basement)</td><td>15,075</td></tr>
<tr><td>Car park (Basement) (106 nos.)</td><td>4,220</td></tr>
<tr><td>Other</td><td>12,828</td></tr>
<tr><td>Total:</td><td>49,190</td></tr>
</table>
RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II.
The land use right term of the property is held for a term of 70 years commencing from 20 November 2001 and expiring on 19 November 2071 for residential use.
</td><td>
Commercial portion of the property with a total lettable area of approximately 20,283 sq m and 106 basement car parking spaces are currently subject to various tenancies with the last tenancy expiring on 12 April 2019 yielding a total monthly rental of approximately RMB3,080,000 exclusive of management fee whilst a total lettable area of approximately 224 sq m is vacant.
Nine advertising boards of the property have been leased under various licences with the last tenancy expiring on 15 November 2017 yielding a total monthly rental of approximately RMB11,000.
The remaining portion of the property is owner-occupied.
</td><td>
RMB649,600,000
(79.01% interest attributable to the Group: RMB513,248,960)
</td></tr>
</table>

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited ("Party A") and Hollyfield Holdings Limited ("Party B") dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the co-operative Joint Venture Contract and the approval letter are, inter alia, cited as follows:

(i)	Name of joint-venture company	:	Shanghai Rui Hong Xin Cheng Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issuance of business licence
(iii)	Total investment amount	:	RMB1,700,000,000 (currently change to RMB8,800,000,000)
(iv)	Registered capital	:	RMB567,000,000 (currently change to RMB6,700,000,000) (Party A:1%, Party B: 99%)

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence No. 310000400269438 (Shiju) dated 31 October 2012, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 31 October 2012 to 1 July 2071.

4. Pursuant to the Certificate of Approval No. Shang Wai Zi Hu He Zuo Zi (2001) 1370 dated 9 January 2013, the Joint Venture with a registered capital of RMB6,700,000,000 and a total investment amount of RMB8,800,000,000 is allowed to operate for a period of 70 years.

5. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2001) Di 036585 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 29 November 2001, the title to the land (Lot 149) with a site area of approximately 45,131 sq m is vested in the Joint Venture for a term commencing from 20 November 2001 and expiring in 19 November 2071.

6. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2004) Di 015979 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 8 July 2004, the title to Block Nos 13 and 14 of RHXC with a total gross floor area of 49,375.5 sq m is vested in the Joint Venture. Portion of the property is vested in the said certificate.

7. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2006) Di 016490 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 23 November 2006, the title to Block Nos 15 and 16 of RHXC with a total gross floor area of 34,336.54 sq m is vested in the Joint Venture. Portion of the property is vested in the said certificate.

8. Pursuant to the Supplementary Contract No. Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi Di 001, Lot 174 and Lot 11 were combined to form a site with an area of approximately 45,131 sq m. As advised by the Group, the combined site is named as Lot 149.

9. As per your specific terms of instruction to provide the breakdown of market values for commercial portion and 106 leased basement car parking spaces of the property, the market values of the commercial portion and the 106 basement car parking spaces of the property as at the valuation date are approximately RMB595,000,000 and RMB18,000,000 respectively.

10. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

    (iii) The property is subject to a mortgage in favour of Bank of China Limited, Shanghai Hong Kou Branch and the consideration is RMB510,065,000; and

    (iv) The property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
3	Various portions of Shanghai Rui Hong Xin Cheng Phase III Hong Kou District Shanghai The PRC	Shanghai Rui Hong Xin Cheng ("RHXC") is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza. The property comprises commercial portion on Level 1 and club-house of RHXC Phase III with a total gross floor area of approximately 4,230 sq m completed in about 2010. Details of the gross floor areas are listed as follows: **Use** — **Gross Floor Area** (*sq m*) Commercial — 1,704 Clubhouse — 860 Other — 1,666 Total: — 4,230 RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II. The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.	Commercial portion of the property with a total lettable area of approximately 931 sq m is currently subject to three tenancies with the last tenancy expiring on 24 May 2017 yielding a total monthly rental of approximately RMB86,000 exclusive of management fee whilst a total lettable area of approximately 542 sq m is vacant. The remaining portion of the property is vacant.	RMB36,700,000 (79.01% interest attributable to the Group: RMB28,996,670)

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited ("Party A") and Hollyfield Holdings Limited ("Party B") dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Shanghai Rui Hong Xin Cheng Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issuance of business licence
(iii)	Total investment amount	:	RMB1,700,000,000 (currently change to RMB8,800,000,000)
(iv)	Registered capital	:	RMB567,000,000 (currently change to RMB6,700,000,000) (Party A: 1%, Party B: 99%)

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence No. 310000400269438 (Shiju) dated 31 October 2012, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 31 October 2012 to 1 July 2071.

4. Pursuant to the Certificate of Approval No. Shang Wai Zi Hu He Zuo Zi (2001) 1370 dated 9 January 2013, the Joint Venture with a registered capital of RMB6,700,000,000 and a total investment amount of RMB8,800,000,000 is allowed to operate for a period of 70 years.

5. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2003) Di 005998 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 2 April 2003, the title to Phase III of RHXC with a site area of approximately 5,800 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

6. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2010) Di 006820 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 4 June 2010, the title to Phase III of RHXC with a total gross floor area of 42,024.43 sq m is vested in the Joint Venture. Portion of the property is vested in the said certificate.

7. As per your specific terms of instruction to provide the breakdown of market value for clubhouse portion of the property, the market value of the aforesaid clubhouse portion as at the valuation date is approximately RMB6,900,000.

8. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

   (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
4	Various portions of Shanghai Rui Hong Xin Cheng Phase IV Hong Kou District Shanghai The PRC	Shanghai Rui Hong Xin Cheng ("RHXC") is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza. The property comprises commercial portion on Level 1 and Level 2, club house and car parking spaces of RHXC Phase IV with a total gross floor area of approximately 33,844 sq m completed in about 2011. Details of the gross floor areas are listed as follows:	Commercial portion of the property with a total lettable area of approximately 7,401 sq m is currently subject to various tenancies with the last tenancy expiring on 30 June 2019 yielding a total monthly rental of approximately RMB1,080,000 exclusive of management fee whilst a total lettable area of approximately 2,560 sq m is vacant. The remaining portion of the property is vacant.	RMB399,600,000 (79.01% interest attributable to the Group: RMB315,723,960)

Use	Gross Floor Area
	sq m
Commercial	11,709
Clubhouse	1,514
Car park (Basement) (228 nos.)	10,344
Other	10,277
Total:	33,844

RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II.

The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited ("Party A") and Hollyfield Holdings Limited ("Party B") dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Shanghai Rui Hong Xin Cheng Co., Ltd. (上海瑞虹新城有限公司) (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issuance of business licence
(iii)	Total investment amount	:	RMB1,700,000,000 (currently change to RMB8,800,000,000)
(iv)	Registered capital	:	RMB567,000,000 (currently change to RMB6,700,000,000) (Party A: 1%, Party B: 99%)

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence No. 310000400269438 (Shiju) dated 31 October 2012, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 31 October 2012 to 1 July 2071.

4. Pursuant to the Certificate of Approval No. Shang Wai Zi Hu He Zuo Zi (2001) 1370 dated 9 January 2013, the Joint Venture with a registered capital of RMB6,700,000,000 and a total investment amount of RMB8,800,000,000 is allowed to operate for a period of 70 years.

5. Pursuant to two Shanghai Certificates of Real Estate Ownership Nos. Hu Fang Di Hong Zi (2011) Di 014352 and 0142353 both issued by the Shanghai Planning, Land and Resources Administration Bureau dated and 29 December 2011, the title to Phase IV of RHXC with a total gross floor area of 99,402.08 sq m is vested in the Joint Venture. Portion of the property is vested in the said certificate.

6. As per your specific terms of instruction to provide the breakdown of market values for clubhouse portion and car park portion of the property, the market values of the aforesaid clubhouse portion and car park portion as at the valuation date are approximately RMB12,100,000 and RMB52,000,000 respectively.

7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

   (iii) The property is subject to a mortgage in favour of Bank of China Limited, Shanghai Hong Kou Branch and the consideration is RMB15,000,000; and

   (iv) The property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
5	Various portions of Lot B1-1/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises commercial portion on Level 1 of Lot B1-1/01 of the Development with a total gross floor area of 850.24 sq m and a kindergarten with a gross floor area of 775.94 sq m both completed in about 2009. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under land use right terms expiring on 1 December 2043, 1 December 2073 and 1 December 2053 for commercial/ servicing, residential and composite uses respectively.	Portion of the property with a total gross floor area of approximately 1,502 sq m has been leased under various tenancies with the last tenancy expiring on 8 October 2022 yielding a total monthly base rental of approximately RMB34,000 whilst the remaining portion of the property is vacant.	RMB23,600,000 (79.4% interest attributable to the Group: RMB18,738,400) *(please see note 6)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 100 Fang Di Zheng 2006 Zi Di 90 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 8 February 2006, the title to the land portion of Lot B1-1/01 of the Development with a site area of 45,136.20 sq m is vested in the Joint Venture for terms expiring on 1 December 2043, 1 December 2073 and 1 December 2053 for commercial/ servicing, residential and composite uses respectively.

5. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

6. As advised by the Group, commercial portion of the property with a total gross floor area of approximately 311 sq m have been sold at a total consideration of RMB9,500,000. According to the Group's instruction, this sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

   (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
6	Commercial portion of Lot B2-1/01 (District 1) of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises commercial portion on Level 1 of Lot B2-1/01 (District 1) of the Development with a total gross floor area of 1,802.02 sq m completed in about 2011. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under a land use right term expiring on 14 April 2048 for commercial/ servicing use.	Portion of the property with a total gross floor area of approximately 700 sq m has been leased under various tenancies with the last tenancy expiring on 31 July 2016 yielding a total monthly rental of approximately RMB99,000 whilst the remaining portion of the property is vacant.	RMB63,000,000 (79.4% interest attributable to the Group: RMB50,022,000) *(please see note 6)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the 15 Real Estate Ownership Certificates Nos. 101 Fang Di Zheng 2012 Zi Di 13448, 13463, 13472, 13474 to 13476, 13483, 13487, 13488, 13491, 13493, 13494, 13497, 13499 dated 25 September 2012 and No. 101 Fang Di Zheng 2012 Zi Di 13467 dated 11 October 2012 all issued by the Chongqing Real Estate and Land Resources Administration Bureau and, the title to the property with a total gross floor area of 2,246.53 sq m is vested in the Joint Venture for non-residential use with a land use right term expiring on 14 April 2048 for commercial/ servicing use.

5. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

6. As advised by the Group, commercial portion of the property with a total gross floor area of approximately 560 sq m have been sold at a total consideration of RMB20,989,455. According to the Group's instruction, this sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

   (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
7	Commercial portion of Lot B2-1/01 (Districts 2 and 3) of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises commercial portion on Level 1 of Lot B2-1/01 (Districts 2 and 3) of the Development with a total gross floor area of 3,730.91 sq m completed in about 2012. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under a land use right term expiring on 14 April 2048 for commercial/ servicing use.	Portion of the property with a total gross floor area of approximately 3,360 sq m has been leased under a lease expiring on 31 May 2027 yielding a monthly rental of approximately RMB100,000 whilst the remaining portion of the property is vacant.	RMB45,600,000 (79.4% interest attributable to the Group: RMB36,206,400) *(please see note 5)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

5. As advised by the Group, commercial portion of the property with a total gross floor area of approximately 173 sq m have been sold at a total consideration of RMB8,349,301. According to the Group's instruction, this sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

   (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
8	Various portions of Lot B19/01 (District A) of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises commercial portion on Level 1 of Lot B19/01 (District A) of the Development with a total gross floor area of 3,983.15 sq m and a kindergarten with a gross floor area of 1,595.44 sq m both completed in about 2012. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under land use right terms expiring on 30 October 2048 and 30 October 2078 for commercial and residential uses respectively.	The property is currently vacant.	RMB87,300,000 (79.4% interest attributable to the Group: RMB69,316,200)

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 101D Fang Di Zheng 2009 Zi Di 00087 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 October 2009, the title to the land portion of the property with a site area of 38,375.90 sq m is vested in the Joint Venture for terms expiring on 30 October 2048 and 30 October 2078 for commercial and residential uses respectively.

5. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

(iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

(iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
9	Various portions of Lot B3/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises commercial portion and 501 basement car parking spaces of Lot B3/01 of the Development completed in about 2010 and the detail gross floor area are listed as follows: **Use** — **Gross Floor Area** (*sq m*) Commercial — 32,099 Car park (Basement) (501 nos.) — 20,125 Other — 5,326 Total: — 57,550 The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under a land use right term expiring on 9 June 2047 for commercial and servicing uses.	Commercial portion of the property with a total gross floor area of approximately 22,474 sq m has been leased under various tenancies with the last tenancy expiring on 30 November 2018 yielding a total monthly base rental of approximately RMB1,140,000. Another commercial portion of the property with a total gross floor area of approximately 1,569 sq m is owner-occupied whilst the remaining commercial portion of the property is vacant.	RMB540,700,000 (79.4% interest attributable to the Group: RMB429,315,800)

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 100 Fang Di Zheng D2007 Zi Di 045 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 12 September 2007, the title to the land portion of the property with a site area of 32,248.90 sq m is vested in the Joint Venture for terms expiring on 9 June 2047 for commercial and servicing uses.

5. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35159 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property (car park) with a gross floor area of 25,354.04 sq m is vested in the Joint Venture for non-residential use.

6. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35167 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property with a gross floor area of 96.91 sq m is vested in the Joint Venture for non-residential use.

7. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35170 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property with a gross floor area of 1,220.5 sq m is vested in the Joint Venture for non-residential use.

8. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35174 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property with a gross floor area of 6,548.46 sq m is vested in the Joint Venture for non-residential use.

9. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35175 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property with a gross floor area of 5,793.68 sq m is vested in the Joint Venture for non-residential use.

10. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35182 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property with a gross floor area of 3,896.17 sq m is vested in the Joint Venture for non-residential use.

11. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35186 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to portion of the property with a gross floor area of 14,640.02 sq m is vested in the Joint Venture for non-residential use.

12. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

13. As per your specific terms of instruction to provide the breakdown of market value of the 501 car parking spaces of the property, the aggregate market value of the aforesaid car parking spaces was approximately RMB50,100,000 as at the date of valuation.

14. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

    (iii) The property is subject to a mortgage in favour of Chongqing International Trust Company Limited the consideration is RMB180,000,000; and

    (iv) The property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
10	Phase 1 of Lot B11-1/02 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018.	The property is currently vacant.	RMB2,300,000,000 (59.5% interest attributable to the Group: RMB1,368,500,000)
		The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities.		
		The property comprises Phase 1of Lot B11-1/02 of the Development with a total gross floor area of approximately 183,565 sq m completed in 2013. The area details of the property are listed as follows:		

Use	Gross Floor Area
	sq m
Office	119,325
Retail	11,072
Car park (1,052 nos.)	52,270
Refuge floor and M&E	898
Total:	183,565

The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing.

The property is held under a land use right term expiring on 30 October 2048 for other commercial and servicing uses.

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2005) He Zi (Zhong Qu) Di 92 and its amendment both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture on 3 March 2005 and 8 June 2007 respectively, the former party agreed to grant the Joint Venture the land use right of portion of the Development (Phase 2) with a site area of approximately 537,532 sq m at a consideration of RMB1,593,808,260 (RMB682,378,760 for land grant fee and RMB911,429,500 for relocation cost) for a land use right term of 40 years for commercial use, 70 years for residential use and 50 years for composite use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

5. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2007) He Zi (Zhong Qu) Di 48 and its amendment both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture on 6 March 2007 and 24 August 2009 respectively, the former party agreed to grant the Joint Venture the land use right of portion of the Development (Phase 3) with a site area of approximately 333,134 sq m at a consideration of RMB1,150,914,795 (RMB200,480,224 for land grant fee, RMB950,351,287 for relocation cost and RMB83,284 for others) for a land use right term of 40 years for commercial use and 50 years for residential use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

6. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng D2009 Zi Di 00059 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 16 July 2009, the title to the land portion of the property with a site area of approximately 17,597.9 sq m is vested in the Joint Venture for a term of 40 years and expiring on 30 October 2048 for other commercial and servicing uses.

7. Pursuant to the Construction Works Recording Certificate for Completion No. Jian Jun Pi Zi (2013) 21 dated 28 June 2013, construction works of the property has been completed.

8. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006. Currently, interest of the Joint Venture attributable to the Group is 59.5% as advised by the Group.

9. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Joint Venture has legally obtained the land use right of the property. The Joint Venture is the sole owner of land use right of the property;

   (iii) The property is subject to two mortgages in favour of China Construction Bank Company Limited, Chongqing Branch and Ping An Bank Co., Ltd, Chongqing Branch for a consideration of RMB400,000,000 and RMB500,000,000 respectively; and

   (iv) The property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contracts.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
11	Commercial portion of Wuhan Tiandi (Lot A4-1, A4-2 and A4-3) Yongqing Street Jiang'an District Wuhan Hubei Province The PRC	Wuhan Tiandi (the "Development") is a comprehensive development to be developed by various phases comprising residential clusters, office towers, luxury hotels, serviced apartments, shopping arcades, carparks and public facilities. The Development is situated in Jiang'an District comprising Site A and Site B with respective site areas of approximately 190,985 sq m and 288,433 sq m together add-up with a total site area of 479,418 sq m. Site A is situated on the southern site of Huangpu Road whereas Site B is situated on the northern side of Huangpu Road. The property comprises five low-rise commercial blocks erected on Lot A4-1, four low-rise commercial blocks erected on Lot A4-2, four low-rise commercial blocks erected on Lot A4-3 and 378 basement car parking spaces of the Development completed in 2007 to 2009 and the detail gross floor area are listed as follows:	Portion of the property with a total gross floor area of approximately 42,308 sq m has been leased under various tenancies with the last tenancy expiring on 7 December 2021 yielding a total monthly rental of approximately RMB4,710,000 whilst the remaining commercial portion of the property is vacant or self-use.	RMB1,192,800,000 (75% interest attributable to the Group: RMB894,600,000)

Block	Use	Gross Floor Area
		sq m
1	Commercial	1,209
2-I	Commercial	4,269
2-II	Commercial	3,741
3	Commercial	3,540
4	Commercial	3,009
Sub-total:		15,768

Block	Use	Gross Floor Area
		sq m
5	Commercial	1,998
6	Commercial	3,119
7	Commercial	3,929
8	Commercial	1,835
Sub-total:		10,881

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013

Block	Use	Gross Floor Area
		sq m
9	Commercial	5,512
10	Commercial	1,440
11	Commercial	8,188
12	Commercial	4,497
Sub-total:		19,637

Block	Gross Floor Area
	sq m
Car park (Basement) (378 nos.)	10,652
Other	14,076
Total:	71,014

The Development is located at Jiang'an District in Wuhan and bounded by Yanjiang Main Road and Lugouqiao Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes a few minutes' walking distance to the Huangpu Road Light Rail Station from the Development.

The property is held under various land use right terms for commercial, servicing, landscaping and residential uses. *(For details of the land use right terms, please refer to notes 2 to 4 below)*

Notes:

1. Pursuant to the Business Licence No. 0912579 dated 19 October 2012 issued by the Wuhan Commerce and Administration Bureau, Wuhan Shuion Shangqi Real Estate Management Co., Ltd ("Wuhan Shangqi") was incorporated with a registered capital of US$14,400,000 for a valid period from 24 July 2012 to 23 July 2075. The scope of business includes construction, development, operation, sales, leasing, consultancy and property management of real estate.

2. Pursuant to the State-owned Land Use Right Certificate No. An Guo Yong (2013) Di 871 issued by the People's Government of Wuhan dated 3 September 2013, the title to the land (Lot A4-1) with a site area of 9,568.29 sq m is vested in the Wuhan Shangqi for a term expiring on 15 August 2046 for commercial and servicing uses (office, commercial and hotel).

3. Pursuant to the State-owned Land Use Right Certificate No. An Guo Yong (2013) Di 872 issued by the People's Government of Wuhan dated 3 September 2013, the title to the land (Lot A4-2) with a site area of 16,135.90 sq m is vested in the Wuhan Shangqi for a term expiring on 17 December 2047 for commercial, servicing and landscaping uses.

4. Pursuant to the State-owned Land Use Right Certificate No. An Guo Yong (2013) Di 873 issued by the People's Government of Wuhan dated 3 September 2013, the title to the land (Lot A4-3) with a site area of 16,320.69 sq m is vested in the Wuhan Shangqi for a term expiring on 25 June 2048 for commercial and servicing uses.

5. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028006 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-1 Block 1) with a total gross floor area of approximately 1,209.02 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

6. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028010 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-1 Block 2-1) with a total gross floor area of approximately 4,268.97 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

7. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028004 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-1 Block 2-2) with a total gross floor area of approximately 3,740.86 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

8. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028002 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-1 Block 3) with a total gross floor area of approximately 3,539.51 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

9. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028000 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-1 Block 4) with a total gross floor area of approximately 3,009.25 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

10. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028009 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-2 Block 5) with a total gross floor area of approximately 1,997.81 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

11. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028007 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-2 Block 6) with a total gross floor area of approximately 3,119.13 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

12. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028005 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-2 Block 7) with a total gross floor area of approximately 3,928.78 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

13. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028003 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-2 Block 8) with a total gross floor area of approximately 1,835.33 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

14. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028001 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-3 Block 9) with a total gross floor area of approximately 5,511.88 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

15. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012027999 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-3 Block 10) with a total gross floor area of approximately 1,439.91 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

16. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012027998 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-3 Block 11) with a total gross floor area of approximately 8,188.43 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

17. Pursuant to the Real Estate Ownership Certificate No. Wu Fang Quan Zheng Shi Zi Di 2012028008 issued by the Wuhan Housing Security and Management Bureau dated 4 December 2012, the title to portion of the property (Lot A4-3 Block 12) with a total gross floor area of approximately 4,497.04 sq m is vested in Wuhan Shangqi for commercial and servicing uses.

18. As advised by the Group, the interest of Wuhan Shangqi attributable to the Group was 75%.

19. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) Wuhan Shangqi was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) Wuhan Shangqi has legally obtained the land use right of the property and the ownership of the building erected thereon. Wuhan Shangqi is the sole owner of the property;

    (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by Wuhan Shangqi according to relevant laws and regulations; and

    (iv) The property is free from mortgages, charges and other encumbrances.

Group II — Property interest held by the Group

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
12	Commercial building in Lot B3/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises a 6-storey plus two basement levels commercial building in Lot B3/01 of the Development with a total gross floor area of approximately 16,736 sq m completed in about 2010. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under a land use right term expiring on 9 June 2047 for commercial and servicing uses.	Portion of the property with a gross floor area of 1,500 sq m is currently subject to a lease expiring on 28 February 2017. Currently, the said portion is under rent-free period. Another portion of the property is currently owner-occupied as office whilst the remaining portion is vacant.	RMB276,100,000 (79.4% interest attributable to the Group: RMB219,223,400)

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to establish a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 100 Fang Di Zheng D2007 Zi Di 045 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 12 September 2007, the title to the land portion of the property with a site area of 32,248.90 sq m is vested in the Joint Venture for terms expiring on 9 June 2047 for commercial and servicing uses.

5. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2010 Zi Di 35183 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 December 2010, the title to the property with a gross floor area of 16,735.81 sq m is vested in the Joint Venture for non-residential use.

6. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

(iii) The property is subject to a mortgage in favour of Chongqing International Trust Company Limited and the consideration is RMB180,000,000; and

(iv) The property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract.

Group III — Property interests held by the Group for sale

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
13	Unsold portion of Lot B1-1/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises unsold residential units of Lot B1-1/01 of the Development with a total gross floor area of 194.89 sq m and 231 car parking spaces completed in about 2009. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under land use right terms expiring on 1 December 2043, 1 December 2073 and 1 December 2053 for commercial/ servicing, residential and composite uses respectively.	The property is currently vacant and pending for sale.	RMB25,400,000 (79.4% interest attributable to the Group: RMB20,167,600) *(please see note 7)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 100 Fang Di Zheng 2006 Zi Di 90 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 8 February 2006, the title to the land portion of Lot B1-1/01 of the Development with a site area of 45,136.20 sq m is vested in the Joint Venture for terms expiring on 1 December 2043, 1 December 2073 and 1 December 2053 for commercial/ servicing, residential and composite uses respectively.

5. Pursuant to the Chongqing Commodity Housing Pre-sale Permit No. Yu Guo Tu Fang Guan (2008) Yu Zi Di 080 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 6 March 2008, pre-sale of Lot B1-1/01 of the Development with a total gross floor area of 30,475.68 sq m was permitted.

6. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

7. As advised by the Group, residential portion of the property with a total gross floor area of approximately 195 sq m and 6 car parking spaces have been sold at a total consideration of RMB2,268,420 and RMB630,950 respectively. According to the Group's instruction, these sold portions are included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

8. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

(iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

(iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
14	Unsold portion of Lot B2-1/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises unsold residential units of Tower 1 to Tower 17 of Lot B2-1/01 of the Development with a total gross floor area of 20,280.43 sq m and 820 car parking spaces completed in about 2011. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under land use right terms expiring on 14 April 2048 and 14 April 2078 for commercial/ servicing and residential uses respectively. *(Please see notes 4 to 6 for details)*	The property is currently vacant and pending for sale.	RMB364,500,000 (79.4% interest attributable to the Group: RMB289,413,000) *(please see note 11)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng D2008 Zi Di 043 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 26 June 2008, the title to the land portion of the property with a site area of 68,659.10 sq m (including road and green area) is vested in the Joint Venture for terms expiring on 14 April 2048 and 14 April 2078 for commercial and residential uses respectively.

5. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng D2009 Zi Di 030 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 28 April 2009, the title to the land portion of portion of the property (B2-1/01-2) with a site area of 7,012.10 sq m is vested in the Joint Venture for term expiring on 14 April 2078 for residential use.

6. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng D2009 Zi Di 033 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 28 April 2009, the title to the land portion of portion of the property (B2-1/01-1) with a site area of 7,413.30 sq m is vested in the Joint Venture for term expiring on 14 April 2078 for residential use.

7. Pursuant to the 5 Real Estate Ownership Certificates Nos. 101 Fang Di Zheng 2011 Zi Di 43224 to 43228 all issued by the Chongqing Real Estate and Land Resources Administration Bureau and dated 20 May 2011, the title to Tower 1 to Tower 5 of Lot B2-1/01 of the Development with a total gross floor area of 47,356.07 sq m is vested in the Joint Venture for residential use with a land use right term expiring on 14 April 2078 for residential use.

8. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng 2011 Zi Di 43229 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 20 May 2011, the title to car parking spaces of Lot B2-1/01 of the Development with a total gross floor area of 12,009.33 sq m is vested in the Joint Venture for non-residential use with a land use right term expiring on 14 April 2048 for commercial/ servicing use.

9. Pursuant to the Chongqing Commodity Housing Pre-sale Permit No. Yu Guo Tu Fang Guan (2009) Yu Zi Di 504 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 6 November 2009, pre-sale of Lot B2-1/01 of the Development with a total gross floor area of 61,530.47 sq m was permitted.

10. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

11. As advised by the Group, residential portion of the property with a total gross floor area of approximately 5,609 sq m and 10 car parking spaces have been sold at a total consideration of RMB69,995,233 and RMB1,037,458 respectively. According to the Group's instruction, these sold portions are included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

12. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

    (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

    (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
15	Unsold portion of Lot B19/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises unsold residential units of Tower 1 to Tower 9 of Lot B19/01 of the Development with a total gross floor area of 6,066.39 sq m and 485 car parking spaces completed in about 2012. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under land use right terms expiring on 30 October 2048 and 30 October 2078 for commercial and residential uses respectively.	The property is currently vacant and pending for sale.	RMB117,200,000 (79.4% interest attributable to the Group: RMB93,056,800) *(please see note 6)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to the Real Estate Ownership Certificate No. 101D Fang Di Zheng 2009 Zi Di 00087 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 21 October 2009, the title to the land portion of the property with a site area of 38,375.90 sq m is vested in the Joint Venture for terms expiring on 30 October 2048 and 30 October 2078 for commercial and residential uses respectively.

5. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

6. As advised by the Group, residential portion of the property with a total gross floor area of approximately 4,902 sq m have been sold at a total consideration of RMB47,734,079. According to the Group's instruction, this sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

(iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

(iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
16	Unsold portion of Lot B20-5/01 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises unsold residential units of Tower 1 to Tower 3 of Lot B20-5/01 of the Development with a total gross floor area of 9,365.91 sq m and 88 car parking spaces completed in about 2012. The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing. The property is held under a land use right term expiring 30 October 2078 for urban residential use.	The property is currently vacant and pending for sale.	RMB115,000,000 (79.4% interest attributable to the Group: RMB91,310,000) *(please see note 6)*

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to three Real Estate Ownership Certificates Nos. 101D Fang Di Zheng 2011 Zi Di 00073 to 00075 all issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 30 May 2011, the title to the land portion of the property with a site area of 28,219.80 sq m is vested in the Joint Venture for a term expiring on 30 October 2078 for urban residential use.

5. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

6. As advised by the Group, residential portion of the property with a total gross floor area of approximately 5,453 sq m have been sold at a total consideration of RMB62,353,863. According to the Group's instruction, this sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;

(iii) The property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

(iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
17	Various unsold portions of Wuhan Tiandi Yongqing Street Jiang'an District Wuhan Hubei Province The PRC	Wuhan Tiandi (the "Development") is a comprehensive development to be developed by various phases comprising residential clusters, office towers, luxury hotels, serviced apartments, shopping arcades, carparks and public facilities. The Development is situated in Jiang'an District comprising Site A and Site B with respective site areas of approximately 191,590 sq m and 288,433 sq m together add-up with a total site area of 480,023 sq m. Site A is situated on the southern site of Huangpu Road whereas Site B is situated on the northern side of Huangpu Road. The property comprises two unsold residential units in Lot B9 of the Development with a total gross floor area of approximately 434 sq m. In addition, the property also comprises 5 car parking spaces in Lot A9 of the Development. The Development is located at Jiang'an District in Wuhan and bounded by Yanjiang Main Road and Lugouqiao Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes a few minutes' walking distance to the Huangpu Road Light Rail Station from the Development. Portion of the property is held under a land use right term expiring on 25 September 2081 for residential and green area uses whilst the land use right of remaining portion of the property is assumed to be held for 70 years for residential use.	The property is currently vacant and pending for sale.	RMB11,100,000 (75% interest attributable to the Group: RMB8,325,000) *(please see note 4)*

Notes:

1. Pursuant to the Business Licence No. 0912582 dated 10 October 2012 issued by the Wuhan Commerce and Administration Bureau, Wuhan Shui On Tiandi Property Development Co., Ltd. ("Wuhan Shui On") was incorporated with a registered capital of US$273,600,000 for a valid period from 2 August 2005 to 2 August 2075. The scope of business includes construction, development, operation, sales, leasing, consultancy and property management of real estate.

2. Pursuant to the State-owned Land Use Right Certificate No. Wu Guo Yong (2011) Di 480 issued by the People's Government of Wuhan dated 20 October 2011, the title to the land (Lot B9/11/20) with a site area of 55,182.69 sq m is vested in the Wuhan Shui On for a term expiring on 25 September 2081 for residential and green area uses.

3. Pursuant to the Completion Certificate for Hand Over No. Wu Fang Kai Bei Zi [2012] 124 dated 26 November 2012, Lot B9 of the Development with a total gross floor area of 67,170.40 sq m and basement gross floor area of 17,717.95 sq m has been completed and handed over.

4. As advised by the Group, the two residential units in Lot B9 of the property with a total gross floor area of approximately 434 sq m has been sold at a total consideration of RMB10,178,608. According to the Group's instruction, this sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

5. As advised by the Group, the interest of Wuhan Shui On attributable to the Group has been changed from 100% to 75%.

6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) Wuhan Shui On was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) Wuhan Shui On has legally obtained the land use right of the property and the ownership of the building erected thereon. Wuhan Shui On is the sole owner of the property;

   (iii) The property can be legally transferred, leased, mortgaged or handled in other ways by Wuhan Shui On according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

Group IV — Property interests held by the Group under development

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
18	Shanghai Rui Hong Xin Cheng (Lot 6) Hong Kou District Shanghai The PRC	Shanghai Rui Hong Xin Cheng ("RHXC") is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza. The property comprises Lot 6 of RHXC with a site area of approximately 36,636 sq m. According to the information provided, the property is planned to be developed into a residential development and will provide the following approximate gross floor areas:	The property is currently under construction and scheduled to be completed by second quarter of 2014.	RMB4,523,000,000 (79.01% interest attributable to the Group: RMB3,573,622,300) *(please see note 16)*

Use	**Gross Floor Area**
	sq m
Residential	118,469
Commercial	9,351
Commercial (basement)	9,871
Clubhouse	4,362
Public facility	6,258
Car park (basement) (817 nos.)	38,297
Total:	186,608

RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II.

The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited ("Party A") and Hollyfield Holdings Limited ("Party B") dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Shanghai Rui Hong Xin Cheng Co., Ltd. (上海瑞虹新城有限公司) (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issuance of business licence
(iii)	Total investment amount	:	RMB1,700,000,000 (currently change to RMB8,800,000,000)
(iv)	Registered capital	:	RMB567,000,000 (currently change to RMB6,700,000,000) (Party A: 1%, Party B: 99%)

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence No. 310000400269438 (Shiju) dated 31 October 2012, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 31 October 2012 to 1 July 2071.

4. Pursuant to the Certificate of Approval No. Shang Wai Zi Hu He Zuo Zi (2001) 1370 dated 9 January 2013, the Joint Venture with a registered capital of RMB6,700,000,000 and a total investment amount of RMB8,800,000,000 is allowed to operate for a period of 70 years.

5. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Selfers Limited and Shanghai Zhong Hong (Group) Company Limited (together referred to as "Party C") on 8 April 1996, Party C was granted with a land use right of a land with a site area of 340,418 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:

(i)	Use	:	Residential
(ii)	Land use term	:	70 years
(iii)	Permitted total gross floor area	:	1,200,000 sq m
(iv)	Green area	:	30%
(v)	Land grant fee	:	RMB21,236,662

6. Pursuant to the supplementary contract Hu Fang Di (1999) Chu Rang He Tong Bu Zi No. 15 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Rui Chen Property Co., Ltd. (a joint venture formed between Selfers Limited and Shanghai Zhong Hong (Group) Company Limited), dated 12 March 1999, the land grant fee as stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1999) Chu Rang He Tong Wai Zi Di 7 was changed from RMB21,236,662 to RMB1,998,254.

7. Pursuant to the supplementary contract Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi No. 7 entered into between the Shanghai Hong Kou District Real Estate and Land Resources Administration Bureau and the Joint Venture dated 13 June 2002, the purchaser in the contract stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 was changed to the Joint Venture, and the site area was changed from 340,418 sq m to 271,924 sq m.

8. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2011) Di 005245 issued by the Shanghai Planning, Land and Administration Bureau dated 30 May 2011, the title to the land (Lot 6) with a site area of approximately 36,636 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

9. Pursuant to the Construction Land Use Planning Permit No. Hu Hong Di (2001) 026 issued by the Shanghai Hong Kou District Urban Planning Administrative Bureau dated 27 July 2001, Lot 1, 2, 3, 4, 6, 7, 8, 9 and 10 of RHXC with a total site area of 294,450 sq m was permitted to be developed.

10. Pursuant to the agreement entered into between the Joint Venture and Shanghai Power Company Urban District Power Supply Company (上海市電力公司市區供電公司) on 17 November 2003, a substation will be constructed within Lot 6 of RHXC and the agreement contains, inter alia, the following salient conditions:

    (i) The site area of the substation is approximately 1,792 sq m;
    (ii) The Joint Venture is responsible for the relocation cost of the substation and the power company is responsible for the construction cost; and
    (iii) Upon completion, the building ownership and the respective land use right of the substation will belong to the power company.

11. Pursuant to the Construction Engineering Planning Permit No. Hu Hong Jian (2011) FA31010920110992 issued by the Shanghai Hong Kou District Planning and Land Administrative Bureau dated 3 June 2011, the property with a total gross floor area of 186,081.42 sq m (including basement gross floor area of 57,138.60 sq m and countable gross floor area of 128,000 sq m) was permitted to be constructed.

12. Pursuant to two Construction Works Commencement Permits Nos. 0101HK0728D14 and 0101HK0728D15 both issued by the Shanghai Construction Management Office dated 15 June 2011 and 24 August 2011 respectively, foundation works and construction works of the property with a total gross floor area of 186,081 sq m were permitted to be commenced.

13. Pursuant to two Shanghai Commodity Housing Pre-sale Permits Nos. Hong Kou Fang Guan (2012) Yu Zi 577 and Hong Kou Fang Guan (2013) Yu Pi Zi 89 dated 22 December 2012 and 27 March 2013 respectively, pre-sale of portion of the property with a total gross floor area of 96,074.21 sq m was permitted.

14 As advised by the Group, the total construction cost incurred and outstanding construction cost of the property as at the valuation date was approximately RMB729,500,000 and RMB881,600,000 respectively. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the gross development value of the proposed development of the property, assuming it were complete as at the valuation date, was estimated approximately as RMB6,223,000,000.

15. As advised by the Company, the commercial portion of the property with a total gross floor area of approximately 19,222 sq m and 122 commercial car parks of the property are for your investment purpose. As per your specific terms of instruction to provide the breakdown of market values for the aforesaid portions, the apportioned values of the said commercial portion and commercial car parks as at the valuation date were approximately RMB354,000,000 and RMB18,000,000 respectively. Accordingly, as advised by the Group, the outstanding construction costs of the said commercial portion and commercial car parks as at the valuation date were approximately RMB104,000,000 and RMB7,900,000 respectively and in our opinion, the gross development values of the said portions, assuming they were complete as at the valuation date, were estimated approximately as RMB530,000,000 and RMB31,000,000 respectively.

16. As advised by the Group, residential portion of the property with a total gross floor area of approximately 78,937 sq m was pre-sold at a total consideration of RMB3,645,574,008. According to the Group's instruction, the pre-sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

17. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) The Joint Venture has legally obtained the land use right of the property and is the sole owner of the land use right of the property;

    (iii) the Joint Venture has obtained all necessary approvals, permits and registration for the construction of the property and the construction is complied with relevant regulations;

    (iv) The property is subject to a mortgage in favour of Standard Chartered Bank (China) Limited, Shanghai Branch and the consideration is RMB1,200,000,000; and

    (v) The land use right and construction works of the property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
19	Shanghai Rui Hong Xin Cheng (Lot 1, 2, 3, 7, 9 and 10) Hong Kou District Shanghai The PRC	Shanghai Rui Hong Xin Cheng ("RHXC") is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.	The property is currently occupied by dilapidated or rundown buildings due to be demolished.	RMB14,508,000,000 (79.01% interest attributable to the Group: RMB11,462,770,800)

The property comprises Lot 1, 2, 3, 7, 9 and 10 of RHXC. The total site area of the property is approximately 167,762 sq m.

According to the information provided, the property is planned to be developed into a massive composite development for residential, office, commercial and hotel uses, and will provide the following approximate gross floor areas:

Lot 1

Use	**Gross Floor Area**
	sq m
Residential	108,800
Commercial	800
Clubhouse	2,200
Public facility	150
Total:	111,950

It will also comprise 1,002 car parking spaces.

Lot 2

Use	**Gross Floor Area**
	sq m
Residential	103,430
Commercial	1,500
Clubhouse	1,500
Public facility	150
Total:	106,580

It will also comprise 951 car parking spaces.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013

Lot 3

Use	Gross Floor Area
	sq m
Commercial	48,036
Hotel	10,280
Public facility	250
Sub-total:	58,566
Commercial (basement)	14,000
Total:	72,566

It will also comprise 438 car parking spaces.

Lot 7

Use	Gross Floor Area
	sq m
Residential	158,438
Commercial	1,000
Clubhouse	3,000
Public facility	150
Total:	162,588

It will also comprise 1,440 car parking spaces.

Lot 9 & 10

Use	Gross Floor Area
	sq m
Residential	81,070
Commercial	81,000
Office	203,053
Clubhouse	1,000
Public facility	2,050
Sub-total:	368,173
Commercial (basement)	26,800
Total:	394,973

It will also comprise 2,308 car parking spaces.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
	RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II. The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.		

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited ("Party A") and Hollyfield Holdings Limited ("Party B") dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Shanghai Rui Hong Xin Cheng Co., Ltd. (上海瑞虹新城有限公司) (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issuance of business licence
(iii)	Total investment amount	:	RMB1,700,000,000 (currently change to RMB8,800,000,000)
(iv)	Registered capital	:	RMB567,000,000 (currently change to RMB6,700,000,000) (Party A: 1%, Party B: 99%)

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence No. 310000400269438 (Shiju) dated 31 October 2012, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 31 October 2012 to 1 July 2071.

4. Pursuant to the Certificate of Approval No. Shang Wai Zi Hu He Zuo Zi (2001) 1370 dated 9 January 2013, the Joint Venture with a registered capital of RMB6,700,000,000 and a total investment amount of RMB8,800,000,000 is allowed to operate for a period of 70 years.

5. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Selfers Limited and Shanghai Zhong Hong (Group) Company Limited (together referred to as "Party C") on 8 April 1996, Party C was granted with a land use right of a land with a site area of 340,418 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:

(i)	Use	:	Residential
(ii)	Land use term	:	70 years
(iii)	Permitted total gross floor area	:	1,200,000 sq m
(iv)	Green area	:	30%
(v)	Land grant fee	:	RMB21,236,662

6. Pursuant to the supplementary contract Hu Fang Di (1999) Chu Rang He Tong Bu Zi No. 15 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Rui Chen Property Co., Ltd. (a joint venture formed between Selfers Limited and Shanghai Zhong Hong (Group) Company Limited), dated 12 March 1999, the land grant fee as stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1999) Chu Rang He Tong Wai Zi Di 7 was changed from RMB21,236,662 to RMB1,998,254.

7. Pursuant to the supplementary contract Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi No. 7 entered into between the Shanghai Hong Kou District Real Estate and Land Resources Administration Bureau and the Joint Venture dated 13 June 2002, the purchaser in the contract stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 was changed to the Joint Venture, and the site area was changed from 340,418 sq m to 271,924 sq m.

8. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011967 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (north portion of Lot 1) with a site area of approximately 3,656 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

9. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011968 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (south portion of Lot 1) with a site area of approximately 11,549 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

10. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011966 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 2) with a site area of approximately 30,458 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

11. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011965 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 3) with a site area of approximately 26,144 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

12. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011962 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 7) with a site area of approximately 34,369 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

13. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011960 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (East portion of Lot 9) with a site area of approximately 13,442 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

14. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011959 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (West portion of Lot 9) with a site area of approximately 8,819 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

15. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011958 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 10) with a site area of approximately 39,325 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.

16. Pursuant to the Construction Land Use Planning Permit No. Hu Hong Di (2001) 026 issued by the Shanghai Hong Kou District Urban Planning Administrative Bureau dated 27 July 2001, Lot 1, 2, 3, 4, 6, 7, 8, 9 and 10 of RHXC with a total site area of 294,450 sq m was permitted to be developed.

17. Pursuant to two extension of relocation permits Nos. Hu Fang Guan Chai Pi [2012] 22914 and 22916 both issued by the Shanghai Housing Security and Management Bureau dated 15 October 2012, the expiry date for relocation work of Lot 2 (phase 1) and Lot 3 of the property was agreed to be extended to 1 November 2013.

18. Pursuant to the extension of relocation permit No. Hu Fang Guan Chai Pi [2012] 30049 issued by the Shanghai Housing Security and Management Bureau dated 27 December 2012, the expiry date for relocation work of Lot 2 (Phase 2) of the property was agreed to be extended to 21 January 2014.

19. Pursuant to the extension of relocation permit No. Hu Fang Guan Chai Pi [2013] 01305 issued by the Shanghai Housing Security and Management Bureau dated 15 January 2013, the expiry date for relocation work of Lot 10 of the property was agreed to be extended to 19 February 2014.

20. Pursuant to the extension of relocation permit No. Hu Fang Guan Chai Pi [2013] 02431 issued by the Shanghai Housing Security and Management Bureau dated 20 February 2013, the expiry date for relocation work of Lot 9 of the property was agreed to be extended to 9 March 2014.

21. In our opinion, the gross development value of the proposed developments of the property, assuming a total construction cost (including professional fee) of approximately RMB7,190,000,000 and it were complete as at the valuation date, was estimated approximately as RMB31,826,000,000.

22. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) The Joint Venture has legally obtained the land use right of the property and is the sole owner of the land use right of the property;

    (iii) The land use right of the property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

    (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
20	Lot 167 A & B of Shanghai Rui Hong Xin Cheng Hong Kou District Shanghai The PRC	Shanghai Rui Hong Xin Cheng ("RHXC") is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,806 sq m. The whole development will be constructed in phases and comprise a total gross floor area of approximately 1,870,000 sq m. Upon, completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.	The property is currently occupied by dilapidated or rundown buildings due to be demolished.	RMB3,413,000,000 (79.81% interest attributable to the Group: RMB2,723,915,300) *(please see note 7)*

The property comprises Lot 167 A & B of RHXC. The total site area of the property is approximately 59,493 sq m.

According to the information provided, the property is planned to be developed into a massive composite development for residential, office, commercial and school uses, and will provide the following approximate gross floor areas:

Use	Gross Floor Area
	sq m
Residential	82,750
Office	69,200
Commercial	50,000
Clubhouse	2,000
Public facility	550
Sub-total:	204,500
Commercial (basement)	28,000
Total*:	232,500

The property will also comprise 1,180 car parking spaces.

** As advised by the Company, a school with a gross floor area of about 8,200 sq m will also be constructed on Lot 167 A & B of RHXC and the total gross floor area of 232,500 sq m as mentioned above does not contain the school area. (Please see note 7 for details)*

RHXC is located at Hong Kou District in Shanghai and bounded by Linping Road, Feihong Road, Xingang Road and Dongshahonggang Road. The locality is a residential area comprising mainly residential buildings and shopping facilities. The Linping Road Metro Station is directly linked to of RHXC Phase II.

The property is held under two land use right terms expiring on 28 July 2073 and 21 July 2073 for residential use.

Notes:

1. Pursuant to the Business Licence No. 310109000317280 (Shiju) dated 3 June 2010, Shanghai Baili Property Development Co., Ltd. was incorporated with a registered capital of RMB100,000,000 for a valid period from 29 August 2002 to 2 June 2073.

2. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (2003) Chu Rang He Tong Hong Zi 79 entered into between the Shanghai Hongkou District Real Estate and Land Resources Administration Bureau and Shanghai Baili Property Development Co., Ltd. on 29 May 2003, the latter party was granted the land use right of a plot of land with a total site area of 25,716 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:

(i)	Site area	:	25,716 sq m (granted area: 19,411 sq m and education area: 6,305 sq m)
(ii)	Location	:	west of Dongshahonggang Road and north of Quyang Road in Hongkou District
(iii)	Use	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	≦4.0
(vi)	Total Gross Floor Area	:	≦77,644 sq m
(vii)	Green area ratio	:	≦35% of site area
(viii)	Building covenant	:	the construction work of the proposed development must be commenced on or before 31 December 2003 and completed on or before May 2005
(ix)	Land use right premium	:	RMB8,583,294

3. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (2003) Chu Rang He Tong Hong Zi 78 entered into between the Shanghai Hongkou District Real Estate and Land Resources Administration Bureau and Shanghai Baili Property Development Co., Ltd. on 29 May 2003, the latter party was granted the land use right of a plot of land with a total site area of 33,114 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:

(i)	Site area	:	33,114 sq m
(ii)	Location	:	west of Dongshahonggang Road and south of Quyang Road in Hongkou District
(iii)	Use	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	≦4.0
(vi)	Total Gross Floor Area	:	≦132,456 sq m
(vii)	Green area ratio	:	≦35% of site area
(viii)	Building covenant	:	the construction work of the proposed development must be commenced on or before 31 December 2003 and completed on or before May 2005
(ix)	Land use right premium	:	RMB7,983,743

4. Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Hong Zi (2003) Di 016563 issued by the Shanghai Housing and Land Resources Administration Bureau dated 22 July 2003, the title to portion of the property with a site area of approximately 25,716 sq m is vested in Shanghai Baili Property Development Co., Ltd. for a term of 70 years from 29 July 2003 and expiring in 28 July 2073 for residential use.

5. Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Hong Zi (2008) Di 015853 issued by the Shanghai Housing and Land Resources Administration Bureau dated 5 December 2008, the title to portion of the property with a site area of approximately 33,777 sq m is vested in Shanghai Baili Property Development Co., Ltd. for a term of 70 years from 22 July 2003 and expiring in 21 July 2073 for residential use.

6. In our opinion, the gross development of the proposed developments of the property upon completion, assuming a total construction cost (including professional fee) of approximately RMB1,880,000,000 and it were complete as at the valuation date, was estimated approximately as RMB7,928,000,000.

7. As the scope of valuation included the school, in the course of our valuation, we have taken into account the construction cost of the school with a gross floor area of approximately 8,200 sq m required to be expended for the development of the property.

8. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) Shanghai Baili Property Development Co., Ltd. was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) Shanghai Baili Property Development Co., Ltd. has legally obtained the land use right of the property and is the sole owner of the land use right of the property;

   (iii) The land use right of the property can be legally transferred, leased, mortgaged or handled in other ways by Shanghai Baili Property Development Co., Ltd. according to relevant laws and regulations; and

   (iv) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
21	Lot 116 Taipingqiao Area Huang Pu District Shanghai The PRC	Shanghai Taipingqiao Project is a large-scale redevelopment project and is a mixed use property development project located at the city centre of Shanghai - the Taipingqiao Area in Huang Pu District. It is located one block south of Huai Hai Zhong Road and at the intersection of Shanghai's major urban freeways. The property is part of Shanghai Taipingqiao Project with a site area of approximately 20,000 sq m. According to the information provided to us, the property is planned to be developed into a residential development with a total gross floor area of 90,000 sq m and 400 car parking spaces. The property is located at Taipingqiao area in Huang Pu District of Shanghai and bounded by Fuxing Zhong Road, Hefei Road and Jinan Road. The locality is a luxury residential area comprising mainly luxury residential buildings, hotels. shopping facilities and office buildings. It takes a few minutes' walking distance to famous shopping facilities named "Shanghai Xintiandi" and the Xintiandi Metro Station from the property. The land use right term of the property is assumed to be granted for a term of 70 years for residential use commencing from the date of issuance of the real estate ownership certificate.	The property is being occupied by dilapidated buildings due to be demolished.	RMB5,261,000,000 (49.98% interest attributable to the Group: RMB2,629,447,800) *(please see note 4)*

Notes:

1. Pursuant to the Business Licence No. 310000400594673 (Shi Ju) dated 13 August 2013, Shanghai Jun Xing Property Development Co., Ltd. ("Shanghai Jun Xing") was incorporated with a registered capital of RMB3,411,300,000 for a valid period from 5 March 2009 to 4 March 2079 and the scope of business is to engage in development, construction, sale and lease of various properties within the granted lands and to provide property management services.

2. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1997) Chu Rang He Tong Wai Zi 24 entered into among the Shanghai Real Estate and Land Resources Administration Bureau, Legend City ("Party A") and Shanghai Fuxing Construction and Development Company Limited ("Party B") on 19 July 1997 and its supplementary contract No. Hu Gui Tu Zi (2010) Chu Rang He Tong Bu Zi Di 18 entered into among the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Jun Xing on 22 June 2010, Shanghai Jun Xing was granted the land use right of a plot of land known as Lot 116 in Huang Pu District with a site area of 25,684 sq m. The Contract for Grant of State-owned Land Use Right and its supplementary contract to Lot 116 contains, inter alia, the following salient conditions:

(i)	Use	:	residential
(ii)	Land use term	:	70 years
(iii)	Plot ratio	:	≦5
(iv)	Total gross floor area	:	≦128,420 sq m
(v)	Permitted site coverage	:	≦45% of site area
(vi)	Building covenant	:	the construction work of the proposed development must be completed on or before 31 December 2004
(vii)	Land use right premium	:	RMB23,419,656
(viii)	Land use rent	:	RMB1 per sq m per annum

3. In our opinion, the gross development value of the proposed development of the property, assuming a total construction cost (including professional fee) of approximately RMB2,054,900,000 and it were completed as at the valuation date, was estimated approximately as RMB9,998,000,000.

4. Pursuant to the information provided, in order to obtain land use right certificate, the applicant has an obligation to pay for deed tax of 3% on the consideration of the property. As per your specific terms of instruction to provide the market value of the property including the deed tax which is considered to be RMB5,418,830,000 as at the date of valuation.

5. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) Shanghai Jun Xing was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

   (ii) The Contract for Grant of State-owned Land Use Right and its supplementary contract and the Demolition and Resettlement Agreement are legal and valid;

   (iii) Shanghai Jun Xing has fully settled the land premium and cost for demolition and resettlement works;

   (iv) According to the condition of application for title certificate as stipulated in the Contract for Grant of State-owned Land Use Right, after Shanghai Jun Xing has fully settled the cost for demolition and resettlement works according to the Demolition and Resettlement Agreement, and submitted application documents to the Land Administrative Department as required by relevant laws and regulations, and duly processed necessary application procedures, there is no legal obstacles for Shanghai Jun Xing in obtaining the relevant land use right certificate of the property;

   (v) After obtaining the land use right certificate, Shanghai Jun Xing can legally use, mortgage, transfer and lease the land use right of the property; and

   (vi) The property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
22	Phases 2 and 3 of Lot B11-1/02 of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises Phases 2 and 3 of Lot B11-1/02 of the Development with a total site area of approximately 35,905 sq m. The area details of the property upon completion are listed as follows:	The property is currently under construction and scheduled to be completed by second quarter of 2016.	RMB1,272,000,000 (59.5% interest attributable to the Group: RMB756,840,000) *(please see note 20)*

Use	Gross Floor Area
	sq m
Office	258,868
Retail	104,256
Hotel	25,296
Car park (2,700 nos.)	113,439
Total:	501,859

The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing.

The property is held under a land use right term expiring on 30 October 2048 for commercial and servicing uses.

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to an authorization document endorsed by the Mayor of the People's Government of Chongqing dated 19 August 2003, the District Representative of the People's Government of Yu Zhong District is authorized to sign a cooperation agreement with Hong Kong Shui On Group.

5. Pursuant to the cooperation agreement entered into between the People's Government of Chongqing Yu Zhong District ("Party C") and Party B on 19 August 2003, both parties agreed to jointly develop a site with an area of approximately 1,250,000 sq m (currently change to 1,210,039 sq m). The salient conditions of the agreement are, inter alia, listed below:

(i) The agreed cost for the development is composed of land premium and relocation cost.

(ii) Both parties agreed to form a joint venture company in charge of the development of which the investment ratio of Party C and Party B should be 1% and 99% respectively.

(iii) Party B can invite other investor to participate in the project as long as it complies with the requirements of relevant planning departments.

(iv) The project should be constructed in phases and the demolition and relocation works should be completed within 4 years and the whole development should be completed within 12 years.

(v) The 4 years condition stated above expired on 30 June 2008.

(vi) The standard of demolition and relocation costs is RMB1,200,000/mu which is valid for 4 years commencing from 31 December 2003.

(vii) After the above-mentioned period, relocation cost will be adjusted according to the People's Bank of China announced interest rate on one year term.

(viii) The joint venture company/ Party B should apply for a rent application for several parcels of lands before the end of 2010.

(ix) The joint venture company and/or Party B shall not obtain real estate development loans in settling relocation and resettlement costs without obtaining a written approval from either Party C or the China Party of the joint venture company.

(x) After the joint venture company obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to a third party or disposal of such right is not permitted prior to the written confirmation by Party C or the China partner of the joint venture company. The joint venture company/ Party B should not transfer the land use right for speculation purpose.

(xi) Either party to the agreement should neither transfer the whole or any part of the agreement without prior written consent by other party.

(xii) Demolition and relocation works should be commenced before 31 December 2003 covering an area of approximately 500 mu.

(xiii) Party C is responsible for obtaining relevant land use right certificate, and the land use right term should be 40 years for commercial, 70 years for residential and 50 years for composite use.

6. Pursuant to the authorization agreement endorsed by the Mayor of the People's Government of Yu Zhong District dated 19 November 2003, the directing department for the development and construction of Hua Long Qiao Pian Qu ("Party D") is authorized to represent the People's Government of Yu Zhong District to handle the development of the site including demolition, relocation, joint venture, development, construction and other administration, economic and legal affairs.

7. According to the information provided, tentative time schedule for resettlement is stated in various relocation agreements which have superceded the schedule as mentioned in note 5 above.

8. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2005) He Zi (Zhong Qu) Di 92 and its amendment both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture on 3 March 2005 and 8 June 2007 respectively, the former party agreed to grant the Joint Venture the land use right of portion of the Development (Phase 2) with a site area of approximately 537,532 sq m at a consideration of RMB1,593,808,260 (RMB682,378,760 for land grant fee and RMB911,429,500 for relocation cost) for a land use right term of 40 years for commercial use, 70 years for residential use and 50 years for composite use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

9. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2007) He Zi (Zhong Qu) Di 48 and its amendment both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture on 6 March 2007 and 24 August 2009 respectively, the former party agreed to grant the Joint Venture the land use right of portion of the Development (Phase 3) with a site area of approximately 333,134 sq m at a consideration of RMB1,150,914,795 (RMB200,480,224 for land grant fee, RMB950,351,287 for relocation cost and RMB83,284 for others) for a land use right term of 40 years for commercial use and 50 years for residential use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

10. Pursuant to the Resettlement and Relocation Agreement entered into between the Joint Venture and Party D on 3 March 2005, the relocation cost for portion of the Development with a site area of approximately 761 mu (currently change to 806 mu) was agreed as RMB913,200,000.

11. Pursuant to the Resettlement and Relocation Agreement entered into between the Joint Venture and Party D on 6 March 2007, the relocation cost for portion of the Development with a site area of approximately 561.45 mu was agreed at RMB949,777,100.

12. Pursuant to the Compensation Agreement entered into between the Joint Venture and Party D on 4 July 2008, the compensation cost of RMB500,000,000 was used for relocation and construction of public facilities.

13. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng D2009 Zi Di 00046 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 14 May 2009, the title to the land portion of the property (B11-1/02-2) with a site area of 21,991.1 sq m is vested in the Joint Venture for a term expiring on 30 October 2048 for commercial and servicing uses.

14. Pursuant to the Real Estate Ownership Certificate No. 101 Fang Di Zheng D2009 Zi Di 00045 issued by the Chongqing Real Estate and Land Resources Administration Bureau dated 22 May 2009, the title to the land portion of the property (B11-1/02-3) with a site area of 14,574.6 sq m is vested in the Joint Venture for a term expiring on 30 October 2048 for commercial and servicing uses.

15. Pursuant to the Construction Land Use Planning Permit Certificate No. De Zi Di Jian 500103200800324 issued by the Chongqing Planning Bureau dated 5 September 2008, the property with a site area of 56,729 sq m was permitted to be developed.

16. Pursuant to two Construction Engineering Planning Permit Certificates Nos. Jian Zi Di Jian 500103201100002 and 500103201100003 both issued by the Chongqing Planning Bureau dated 18 January 2011, the property with a total gross floor area of 488,677.32 sq m was permitted to be constructed.

17. Pursuant to the Construction Works Commencement Permit No. 500103201110200101 issued by the Chongqing Yu Zhong District Construction Committee dated 20 January 2011, the piling works of the property was permitted to be commenced.

18. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006. Currently, interest of the Joint Venture attributable to the Group is 59.5% as advised by the Group.

19. As advised by the Group, the construction cost incurred and the outstanding construction cost of the property as at the valuation date were approximately RMB583,600,000 and RMB5,228,900,000 respectively. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming it were complete as at the valuation date, was estimated approximately as RMB8,922,000,000.

20. In the course of our valuation, we have assumed that all land premium, costs of public utility services and relocation costs of the property have been fully settled.

21. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of the property and is the sole owner of the land use right of the property;

(iii) The Joint Venture has obtained all necessary approvals, permits and registration for the construction of the property and the construction is complied with relevant regulations;

(iv) Phase 2 of the property is subject to a mortgage in favour of Agricultural Bank of China Company Limited, Chongqing Yubei Branch and the consideration is RMB460,000,000 and its land use right can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract;

(v) The land use right of Phase 3 of the property can be legally transferred, leased, mortgaged or handled in other ways by the Joint Venture according to relevant laws and regulations; and

(vi) Phase 3 of the property is free from mortgages, charges and other encumbrances.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
23	Various lots of Chongqing Tiandi Hualongqiao Development Area Yu Zhong District Chongqing The PRC *(please refer to note 23 below for details)*	Chongqing Tiandi (the "Development") is situated in Yu Zhong District covering a site with area of approximately 1,210,039 sq m. The Development is bounded by No. 24 Hua Cun and No. 132 Hua Long Qiao Cun on the east, No. 82-2 Hong Yan Cun and No. 377 Jiao Nong Cun on the west, a railway route under the ridges on the south and the southern coast of Jia Ling Jiang on the north. The whole development is proposed to be finished in 2018. The Development will provide a board range of facilities that include: merchandise mart, luxury hotels, intelligent office buildings as well as residential clusters, dining, shopping and entertainment amenities. The property comprises various lots of the Development *(please refer to note 23 below for details)* with a total site area of approximately 707,436 sq m. The property will be developed by different phases and the area details are listed as follows:	Lots B20-5/01, B18/02, B12-3/02, B12-4/02, and B20-3/01 of the property are under construction and scheduled to be completed in between fourth quarter of 2013 to fourth quarter of 2014 whilst the remaining portion of the property is either vacant site or being occupied by a number of low to medium rise buildings.	RMB5,173,500,000 (79.4% interest attributable to the Group: RMB4,107,759,000) *(please see notes 23 and 24)*

Use	**Gross Floor Area**
	sq m
Retail	248,821
Residential	1,027,971
Office	310,390
Hotel	49,700
Service apartment	28,400
Club house	6,949
Club house (basement)	336
School	20,104
Car park (10,449 nos.)	360,141
Ancillary facilities	31,923
Total:	2,084,735

The Development is located at Yu Zhong District in Chongqing and bounded by Jialingjiang Binjiang Road and Longyin Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes about 10 minutes' driving distance to city centre of Chongqing.

Portion of the property with a total site area of 119,419.80 sq m is held under various land use right terms for residential use commercial and servicing uses (*please refer to note 16 below for details*). As per your instructions, the land use right of remaining portion of the property is assumed to be granted for a term of 40 years for commercial, 70 years for residential and 50 years for composite uses commencing from the date of issuance of the real estate ownership certificate.

Notes:

1. Pursuant to the Joint Venture Contract entered into between (Chongqing Yu Zhong State-owned Assets Management Company Limited) ("Party A") and Grand Hope Limited ("Party B") on 18 November 2003 and the approval letter No. Yu Zhong Wai Jing (2006) 91, both parties agreed to incorporate a joint-venture company. The salient conditions as stipulated in the said contract and the approval letter are as follows:

(i)	Name of joint venture company	:	Chongqing Shui On Tian Di Property Development Co., Ltd. (the "Joint Venture")
(ii)	Period of operation	:	70 years from the date of issue of the business licence
(iii)	Total investment amount	:	US$230,000,000 (currently increased to US$525,000,000)
(iv)	Registered capital	:	US$90,500,000 (currently increased to US$385,000,000) (Party A: 1%, Party B: 99%)
(v)	Operation	:	property development, construction, operation and management
(vi)	Profit sharing arrangement	:	the profit after tax and funds is shared according to the investment ratio of the parties

(vii) The demolition and relocation works should be commenced before 31 December 2003.

(viii) After the Joint Venture obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to third party or dispose of such right is not permitted prior to a written confirmation by Party A. The Joint Venture/ Party B should not transfer the land use rights for speculation purpose.

2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence dated 13 September 2012 issued by the Chongqing Commercial Administration Bureau, the Joint Venture was established with a registered capital of US$385,000,000 for a period commencing from 21 November 2003 and expiring on 20 November 2073. The scope of business includes property development, operation and management.

4. Pursuant to an authorization document endorsed by the Mayor of the People's Government of Chongqing dated 19 August 2003, the District Representative of the People's Government of Yu Zhong District is authorized to sign a cooperation agreement with Hong Kong Shui On Group.

5. Pursuant to the cooperation agreement entered into between the People's Government of Chongqing Yu Zhong District ("Party C") and Party B on 19 August 2003, both parties agreed to jointly develop a site with an area of approximately 1,250,000 sq m (currently change to 1,210,039 sq m). The salient conditions of the agreement are, inter alia, listed below:

(i) The agreed cost for the development is composed of land premium and relocation cost.

(ii) Both parties agreed to form a joint venture company in charge of the development of which the investment ratio of Party C and Party B should be 1% and 99% respectively.

(iii) Party B can invite other investor to participate in the project as long as it complies with the requirements of relevant planning departments.

(iv) The project should be constructed in phases and the demolition and relocation works should be completed within 4 years and the whole development should be completed within 12 years.

(v) The 4 years condition stated above expired on 30 June 2008.

(vi) The standard of demolition and relocation costs is RMB1,200,000/mu which is valid for 4 years commencing from 31 December 2003.

(vii) After the above-mentioned period, relocation cost will be adjusted according to the People's Bank of China announced interest rate on one year term.

(viii) The joint venture company/ Party B should apply for a rent application for several parcels of lands before the end of 2010.

(ix) The joint venture company and/or Party B shall not obtain real estate development loans in settling relocation and resettlement costs without obtaining a written approval from either Party C or the China Party of the joint venture company.

(x) After the joint venture company obtaining the land use right, the land should be solely used for self development and the transfer (other than sale of commodity housing), lease, mortgage to a third party or disposal of such right is not permitted prior to the written confirmation by Party C or the China partner of the joint venture company. The joint venture company/ Party B should not transfer the land use right for speculation purpose.

(xi) Either party to the agreement should neither transfer the whole or any part of the agreement without prior written consent by other party.

(xii) Demolition and relocation works should be commenced before 31 December 2003 covering an area of approximately 500 mu.

(xiii) Party C is responsible for obtaining relevant land use right certificate, and the land use right term should be 40 years for commercial, 70 years for residential and 50 years for composite use.

6. Pursuant to the authorization agreement endorsed by the Mayor of the People's Government of Yu Zhong District dated 19 November 2003, the directing department for the development and construction of Hua Long Qiao Pian Qu ("Party D") is authorized to represent the People's Government of Yu Zhong District to handle the development of the site including demolition, relocation, joint venture, development, construction and other administration, economic and legal affairs.

7. Pursuant to the agreement of capital arrangement for demolition and relocation in Phase 1 Red-line District of Hua Long Qiao Pian Qu of Yu Zhong District entered into between the Joint Venture and Party D on 2 December 2003, the salient conditions for the demolition and relocation arrangement of Phase 1 Red-line District are as follows:

(i) The scope of relocation cover an area of approximately 508 mu, 4,762 units to be demolished, approximately 527,614.17 sq m of gross floor area to be demolished.

(ii) The relocation cost to be paid by the Joint Venture is approximately RMB609,600,000.

(iii) Party D promises to complete all demolition and relocation works not more than 4 years after receiving of the relocation cost paid by the Joint Venture.

(iv) Party D should transfer an area of approximately 112 mu within 6 months (before September of 2004) after receiving the first installment of the relocation cost; transfer an area of approximately 108 mu within 2 years (before March of 2006) after receiving the first installment of the relocation cost; transfer an area of approximately 288 mu within 3 years (before March of 2007) after receiving the first installment of the relocation costs; transfer Chongqing Education School with a site area of approximately 80 mu not later than 30 June 2008.

8. According to the information provided, tentative time schedule for resettlement is stated in various relocation agreements which have superceded the schedule as mentioned in notes 5 and 7 above.

9. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2003) He Zi (Zhong Qu) Di 272 and its amendment both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture in 2003 and 26 July 2006 respectively, the former party agreed to grant the Joint Venture the land use right of the land (Phase 1) with an area of approximately 339,373 sq m at a consideration of RMB868,902,217 (RMB259,302,217 for land grant fee and RMB609,600,000 for relocation cost) for land use right terms of 40 years for commercial use, 70 years for residential use and 50 years for composite use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

10. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2005) He Zi (Zhong Qu) Di 92 and its amendment agreement both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture on 3 March 2005 and 8 June 2007 respectively, the former party agreed to grant the Joint Venture the land use right of the land of portion of the Development with a site area of approximately 537,532 sq m at a consideration of RMB1,593,808,260 (RMB682,378,760 for land grant fee and RMB911,429,500 for relocation cost) for a land use right term of 40 years for commercial use, 70 years for residential use and 50 years for composite use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

11. Pursuant to the Contract for Grant of State-owned Land Use Right No. Yu Di (2007) He Zi (Zhong Qu) Di 48 and its amendment both entered into between the Chongqing Real Estate and Land Resources Administration Bureau and the Joint Venture on 6 March 2007 and 24 August 2009 respectively, the former party agreed to grant the Joint Venture the land use right of portion of the Development (Phase 3) with a site area of approximately 333,134 sq m at a consideration of RMB1,150,914,795 (RMB200,480,224 for land grant fee, RMB950,351,287 for relocation cost and RMB83,284 for others) for a land use right term of 40 years for commercial use and 50 years for residential use. The aforesaid land grant fee will be refunded to the Joint Venture within 30 days after the full payment of the land grant fee. Portion of the property is vested in the said contract.

12. Pursuant to the Confirmation Letter No. Yu Di Jiao Yi Chu (2006) 196 issued by the Chongqing Land Transaction Centre dated 31 December 2006, the land use right of portion of the Development obtained by the Joint Venture with a site area of 333,134 sq m at a total consideration of RMB1,134,540,000 (RMB184,105,429 for land grant fee, RMB950,351,287 for resettlement cost and RMB83,284 for planning fee) have been confirmed.

13. Pursuant to the Resettlement and Relocation Agreement entered into between the Joint Venture and Party D on 3 March 2005, the relocation cost of portion of the Development with a site area of approximately 761 mu (currently change to 806 mu) was agreed as RMB913,200,000.

14. Pursuant to the Resettlement and Relocation Agreement entered into between the Joint Venture and Party D on 6 March 2007, the relocation cost of portion of the Development with a site area of approximately 561.45 mu was agreed as RMB949,777,100.

15. Pursuant to the Compensation Agreement entered into between the Joint Venture and Party D on 4 July 2008, the compensation cost of RMB500,000,000 was used for relocation and construction of public facilities.

16. Pursuant to twenty Real Estate Ownership Certificates all issued by the Chongqing Real Estate and Land Resources Administration Bureau, the title to the land portion of the property is vested in the Joint Venture for various terms and the details are listed as below:

Certificate no.	Lot	Site area (sq m)	Use	Land use term expiry	Date of issuance
101 Fang Di Zheng D2008 Zi Di 62	B4	8,627.10	Commercial and servicing	12 August 2048	10 September 2008
101 Fang Di Zheng D2008 Zi Di 63	B5	8,140.70	Residential Commercial and servicing	12 August 2078 12 August 2048	10 September 2008
101 Fang Di Zheng D2008 Zi Di 71	B2-3 & B2-4	9,496.90	Commercial and servicing	12 August 2048	10 December 2008
101 Fang Di Zheng D2008 Zi Di 72	B8/02	14,035.70	Residential Commercial and servicing	30 October 2078 30 October 2048	10 December 2008

Certificate no.	Lot	Site area (sq m)	Use	Land use term expiry	Date of issuance
101 Fang Di Zheng D2008 Zi Di 73	B7/02	8,288.80	Residential Commercial and servicing	30 October 2078 30 October 2048	10 December 2008
101 Fang Di Zheng D2008 Zi Di 82	B16	44,348.10	Residential Commercial and servicing	30 October 2078 30 October 2048	18 December 2008
101 Fang Di Zheng D2009 Zi Di 27	B6/02	10,728.10	Residential Commercial and servicing	30 October 2078 30 October 2048	15 April 2009
101 Fang Di Zheng D2009 Zi Di 47	B10/02	8,930.10	Residential	30 October 2078	27 May 2009
101 Fang Di Zheng D2009 Zi Di 48	B9/02	11,329.50	Residential	30 October 2078	27 May 2009
101 Fang Di Zheng D2010 Zi Di 34	B14-3/02	6,472.60	Residential	30 October 2078	30 June 2010
101 Fang Di Zheng D2010 Zi Di 35	B14-1/02	8,961.50	Commercial and servicing	30 October 2048	30 June 2010
101 Fang Di Zheng D2010 Zi Di 36	B14-4/02	6,564.90	Commercial and servicing	30 October 2048	30 June 2010
101 Fang Di Zheng D2009 Zi Di 70	B15-2/02	30,817.40	Residential	30 October 2078	30 June 2010
101 Fang Di Zheng D2011 Zi Di 49	B24-6/02	36,577.30	Urban residential	31 October 2078	11 April 2011
101 Fang Di Zheng D2011 Zi Di 73	B20-5/01	28,219.80	Urban residential	30 October 2078	30 May 2011
101 Fang Di Zheng D2011 Zi Di 88	B18/02(1)	18,539.20	Urban residential	31 October 2078	17 January 2012
101 Fang Di Zheng D2011 Zi Di 89	B18/02(2)	12,228.30	Urban residential	31 October 2078	17 January 2012
101 Fang Di Zheng D2011 Zi Di 90	B18/02(3)	17,802.70	Urban residential	31 October 2078	17 January 2012
101 Fang Di Zheng D2011 Zi Di 91	B18/02(4)	8,657.10	Urban residential	31 October 2078	17 January 2012
101 Fang Di Zheng D2012 Zi Di 165	B12-3/02 & B12-4/02	26,878.50	Finance and business	30 October 2048	30 November 2012

17. Pursuant to four Construction Land Use Planning Permit Certificates all issued by the Chongqing Planning Bureau, portion of the property was permitted to be developed and the details are listed as below:

Certificate no.	Lot no.	Site area (sq m)	Date of issuance
500103201000015	B20-5/01	31,262	1 March 2010
500103201000035	B18/02	57,225.8	7 April 2010
500103201000037	B12-3/02	12,536.60	9 April 2010
500103201000041	B12-4/02	10,610.00	13 April 2010

18. Pursuant to ten Construction Engineering Planning Permit Certificates all issued by the Chongqing Planning Bureau, portion of the property was permitted to be developed and the details are listed as below:

Certificate no.	Lot no.	Gross floor area (sq m)	Date of issuance
500103201100019	B20-5/01	2,658.90	3 June 2011
500103201100020	B20-5/01	18,844.75	3 June 2011
500103201100036	B18/02	47,448.44	18 November 2011
500103201100037	B18/02	16,961.79	18 November 2011
500103201100038	B18/02	58,315.29	18 November 2011
500103201200005	B12-3/02	44,870.36	5 March 2012
500103201200006	B12-3/02	25,416.47	5 March 2012
500103201200007	B12-3/02	71,376.80	5 March 2012
500103201200008	B12-4/02	62,740.87	5 March 2012
500103201200009	B12-4/02	58,213.13	5 March 2012

19. Pursuant to six Construction Works Commencement Permits all issued by the Chongqing Planning Bureau, construction works of portion of the property was permitted to be commenced and the details are listed as below:

Certificate no.	Lot no.	Gross floor area (sq m)	Date of issuance
500103201107120101	B20-5/01	18,844.75	13 July 2011
500103201108020101	B20-5/01	90,089.23	2 August 2011
500103201208240201	B18/02	120,000	27 August 2012
500103201206200101	B18/02	107,703.4	27 August 2012
500103201212100101	B12-3/02	141,663.63	10 December 2012
500103201212100201	B12-4/02	120,526.37	10 December 2012

20. Pursuant to six Chongqing Commodity Housing Pre-sale Permits all issued by the Chongqing Real Estate and Land Resources Administration Bureau, pre-sale of portion of the property was permitted and the details are listed as below:

Certificate no.	Lot no.	Gross floor area (sq m)	Date of issuance
Yu Guo Tu Fang Guan (2012) Yu Zi Di 507	B20-5/01	18,944.79	17 August 2012
Yu Guo Tu Fang Guan (2012) Yu Zi Di 952	B12-3/02 & B12-4/02	203,654.85	28 December 2012
Yu Guo Tu Fang Guan (2013) Yu Zi Di 169	B20-5/01	19,016.55	20 March 2013
Yu Guo Tu Fang Guan (2013) Yu Zi Di 286	B20-5/01	20,098.15	15 April 2013
Yu Guo Tu Fang Guan (2013) Yu Zi Di 670	B20-5/01	9,970.97	29 August 2013
Yu Guo Tu Fang Guan (2013) Yu Zi Di 723	B18/02	22,040.04	13 September 2013

21. As advised by the Group, the interest of the Joint Venture attributable to the Group is changed from 99% to 79.4% pursuant to two Agreements of shares sale and purchase entered into between Shui On Development (Holdings) Limited and Winnington Capital Limited on 1 September 2006 and Ocean Equity Holdings Limited on 9 September 2006.

22. As advised by the Group, the construction cost incurred of the property as at the valuation date were approximately RMB1,979,400,000. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming a total construction cost (including professional fee) of approximately RMB11,465,000,000, was estimated approximately as RMB20,349,000,000.

23. The property refers to Lot Nos. B2-4/01, B4-2/02, B14-1/02, B20-5/01 (portion), B24-6/02, B24-8/02, B18/02, B16/02, B15-2/02, B24-3/02, B5/02, B6/02, B7/02, B8/02, B9/02, B10/02, B12-3/02, B12-4/02, B13-1/02, B13-2/02, B24-9/02, B14-3/02, B14-4/02, B20-3/01, B2-3/01, B4-1/02, B4-4/02, B11-5/01, B12-2/02, B15-1/02, B17-2/02, B20-2/01, B20-4/01, B20-7/01, B21-1/01, B24-5/02, B24-11/02, B24-12/02, B25-2/04 & A39/02 of the Development.

24. In the course of our valuation, we have assumed that all land premium, costs of public utility services and relocation costs of the property have been fully settled.

25. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Joint Venture was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

(ii) The Joint Venture has legally obtained the land use right of portion of the property as mentioned in note 16 and is the sole owner of the land use right of aforesaid portion of the property;

(iii) The Joint Venture has obtained all necessary approvals, permits and registration for the construction of the property and the construction is complied with relevant regulations;

(iv) Lot B12-3/02 and B12-4/02 of the property as mentioned in note 16 is subject to a mortgage in favour of China Minsheng Banking Corp., Ltd., Chongqing Branch and the consideration is RMB70,000,000;

(v) Lot B6/02 of the property as mentioned in note 16 is subject to a mortgage in favour of China Construction Bank Company Limited, Chongqing Branch and the consideration is RMB330,000,000;

(vi) Lot B9/02 and B10/02 of the property as mentioned in note 16 is subject to a mortgage in favour of Agricultural Bank of China Company Limited, Chongqing Yubei Branch and the consideration is RMB140,000,000;

(vii) Lot B14-1/02 and B14-3/02 of the property as mentioned in note 16 is subject to a mortgage in favour of Agricultural Bank of China Company Limited, Chongqing Yubei Branch and the consideration is RMB100,000,000;

(viii) Lot B24-6/02 of the property as mentioned in note 16 is subject to a mortgage in favour of Agricultural Bank of China Company Limited, Chongqing Yubei Branch and the consideration is RMB150,000,000;

(ix) The remaining portion of the property is free from mortgages, charges and other encumbrances;

(x) Portion of the property as mentioned in note 16 can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contracts;

(xi) The Contracts for Grant of State-owned Land Use Right and its amendments are legal and valid;

(xii) After complying the conditions as stipulated in the Contracts for Grant of State-owned Land Use Right and its amendments, submitted application documents to the Land Administrative Department as required by relevant laws and regulations, and duly processed necessary application procedures, there is no legal obstacles for the Joint Venture in obtaining the land use right certificates of remaining portion of the property; and

(xiii) After obtaining the land use right certificates, the Joint Venture can legally use, mortgage, transfer and lease the land use right of remaining portion of the property.

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2013
24	Various Lots of Wuhan Tiandi Yongqing Street Jiang'an District Wuhan Hubei Province The PRC	Wuhan Tiandi (the "Development") is a comprehensive development to be developed by various phases comprising residential clusters, office towers, luxury hotels, serviced apartments, shopping arcades, carparks and public facilities.	Lots A1 to A3 retail portion, B11 and B13 of the property are under construction and scheduled to be completed in between third quarter of 2013 to fourth quarter of 2014 whilst the remaining portion of the property is vacant site.	RMB6,214,600,000 (75% interest attributable to the Group: RMB4,660,950,000) *(please see note 14)*

The Development is situated in Jiang'an District comprising Site A and Site B with respective site areas of approximately 191,590 sq m and 288,433 sq m together add-up with a total site area of 480,023 sq m. Site A is situated on the southern site of Huangpu Road whereas Site B is situated on the northern side of Huangpu Road.

The property comprises various lots in Site A and Site B, namely A1 to A3, A4-4 and B1 to B8, B10 to B19 and B21, and the proposed area details of each site are listed as follows:

Site A

Use	Gross Floor Area *sq m*
Office	252,270
Retail	109,786
Hotel	50,244
Club house (basement)	898
Total:	413,198

It will also comprise 2,920 car parking spaces.

Site B

Use	Gross Floor Area *sq m*
Residential	477,265
Office	34,500
Retail	93,156
School	33,726
Total:	638,647

It will also comprise 3,182 car parking spaces.

The Development is located at Jiang'an District in Wuhan and bounded by Yanjiang Main Road and Lugouqiao Road. The locality is a residential area comprising mainly residential buildings, shopping facilities and office buildings. It takes a few minutes' walking distance to the Huangpu Road Light Rail Station from the Development.

Portion of the property with title certificates is held under various land use right terms for commercial, servicing, residential, education and green area uses *(for details of the land use right terms, please refer to notes 2 to 6 below)* whilst as per your instructions, the land use right of the remaining portion of the property is assumed to be granted for a term of 70 years for residential use and 40 years for commercial and servicing uses commencing from the date of issuance of the state-owned land use right certificate.

Notes:

1. Pursuant to the Business Licence No. 0912582 dated 10 October 2012 issued by the Wuhan Commerce and Administration Bureau, Wuhan Shui On Tiandi Property Development Co., Ltd. ("Wuhan Shui On") was incorporated with a registered capital of US$273,600,000 for a valid period from 2 August 2005 to 2 August 2075. The scope of business includes construction, development, operation, sales, leasing, consultancy and property management of real estate.

2. Pursuant to the State-owned Land Use Right Certificate No. Wu Guo Yong (2006) Di 696 issued by the People's Government of Wuhan dated 18 August 2006, the title to the land (Lot A1/2/3) with a site area of 44,380.38 sq m is vested in the Wuhan Shui On for a term expiring on 15 August 2046 for commercial and servicing uses (office, commercial and hotel).

3. Pursuant to the State-owned Land Use Right Certificate No. Wu Guo Yong (2008) Di 01 issued by the People's Government of Wuhan dated 3 January 2008, the title to the land (Lot A4-4) with a site area of 4,709.79 sq m is vested in the Wuhan Shui On for a term expiring on 17 December 2047 for commercial and servicing uses.

4. Pursuant to the State-owned Land Use Right Certificate No. Wu Guo Yong (2011) Di 480 issued by the People's Government of Wuhan dated 20 October 2011, the title to the land (Lot B9/11/20) with a site area of 55,182.69 sq m is vested in the Wuhan Shui On for a term expiring on 25 September 2081 for residential and green area uses.

5. Pursuant to the State-owned Land Use Right Certificate No. Wu Guo Yong (2013) Di 2 issued by the People's Government of Wuhan dated 5 January 2013, the title to the land (Lot B13/17) with a site area of 25,822.64 sq m is vested in the Wuhan Shui On for a term expiring on 5 December 2082 for residential and green area uses.

6. Pursuant to the State-owned Land Use Right Certificate No. Wu Guo Yong (2013) Di 73 issued by the People's Government of Wuhan dated 29 March 2013, the title to the land (Lot B7/15) with a site area of 37,278.83 sq m is vested in Wuhan Shui On for terms expiring on 11 September 2082 and 11 September 2052 for residential use and education, green area use respectively.

7. Pursuant to the agreement entered into between Wuhan Land Bank Centre ("Party A") and Super Field Limited ("Party B") on 10 May 2005 and its supplementary agreement entered into among Party A, Party B and Wuhan Shui On on 18 May 2006, the land use rights of the property have been granted to Wuhan Shui On. The salient conditions are stated inter-alia as follows:

(i)	Site area	:	480,023.19 sq m (Site A: 191,589.76 sq m, Site B: 288,433.43 sq m)
(ii)	Wuhan Shui On should construct a school in Site B and transfer to the Wuhan Education Department without consideration after completion.		
(iii)	Land use right premium	:	RMB3,390,000,000 (including the resettlement costs)
(iv)	Land acquisition date	:	Site A: before 30 June 2006 Site B: before 30 September 2011 (As advised by the Company, the deadline for acquire Site B will be postponed to 31 December 2013)

8. Pursuant to four Construction Land Use Planning Permit Certificates all issued by the Wuhan Land Resources and Administration Bureau, portion of the property was permitted to be developed and the details are listed as below:

Certificate no.	Lot no.	Site area (sq m)	Date of issuance
Wu Gui Di (2006) 009	A1-3	191,589.72	23 January 2006
Wu Gui Di (2011) 181	B9,B11,B20	55,185	19 July 2011
Wu Gui Di (2012) 197	B13,B17	25,825	20 July 2012
Wu Gui Di (2012) 291	B7,B15	37,262	25 October 2012

9. Pursuant to three Construction Engineering Planning Permit Certificates all issued by the Wuhan Land Resources and Administration Bureau, portion of the property was permitted to be developed and the details are listed as below:

Certificate no.	Lot no.	Gross floor area (sq m)	Date of issuance
Wu Gui Jian (2011) 365	A1-3	275,233	30 September 2011
Wu Gui Jian (2012) 372	B13,B17	78,455	12 December 2012
Wu Gui Jian (2013) 139	B7,B15	43,608.1	13 June 2013

10. Pursuant to four Construction Works Commencement Permits all issued by the Wuhan Urban and Rural Construction Committee, construction works of portion of the property was permitted to be commenced and the details are listed as below:

Certificate no.	Lot no.	Gross floor area (sq m)	Date of issuance
4201022011050500114BJ4001	B11	67,942	22 December 2011
4201022012070590314BJ4001	B13,B17	78,455	6 January 2013
420102201103280020005140001	A1-3	126,208	28 March 2013
4201022012070590214BJ4002	B7,B15	43,608.1	28 March 2013

11. Pursuant to three Chongqing Commodity Housing Pre-sale Permits all issued by the Wuhan Housing Administration Bureau, pre-sale of portion of the property was permitted and the details are listed as below:

Certificate no.	Lot no.	Gross floor area (sq m)	Date of issuance
Wu Fang Kai Yu Shou (2012) 399	B11	35,333	21September 2012
Wu Fang Kai Yu Shou (2012) 430	B11	19,615	29 September 2012
Wu Fang Kai Yu Shou (2013) 332	B13	56,642	6 September 2013

12. As advised by the Group, the total construction cost incurred of the property as at the valuation date was approximately RMB1,083,700,000. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming a total construction cost (including professional fee) of approximately RMB10,511,000,000 and it were complete as at the valuation date, was estimated approximately as RMB23,143,000,000.

13. As advised by the Company, portion of Lot A1 to A3 of the property with a retail gross floor area of approximately 109,786 sq m together with 1,000 basement car parking spaces are for your investment purpose. As per your specific terms of instruction to provide the breakdown of market value for the aforesaid portion, the apportioned value of the said portion as at the valuation date was approximately RMB1,000,300,000. Accordingly, as advised by the Group, the outstanding construction cost of the said portion as at the valuation date was approximately RMB932,400,000 and in our opinion, the gross development value of the said portion, assuming it were complete as at the valuation date, was estimated approximately as RMB2,564,000,000.

14. As advised by the Group, residential portion of Lot B11 of the property with a total gross floor area of approximately 45,556 sq m has been pre-sold at a total consideration of RMB1,042,802,668. According to the Group's instruction, this pre-sold portion is included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.

15. As advised by the Group, the interest of Wuhan Shui On attributable to the Group has been changed from 100% to 75%.

16. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

    (i) Wuhan Shui On was legally established and has obtained all necessary permits and approvals to operate the existing business and the permits and approvals obtained are valid;

    (ii) Wuhan Shui On has legally obtained the land use right of portion of the property as mentioned in notes 2 to 6 and is the sole owner of the land use right of aforesaid portion of the property;

    (iii) Wuhan Shui On has obtained all necessary approvals, permits and registration for the construction of the property and the construction is complied with relevant regulations;

    (iv) Lot A1-3 of the property is subject to two mortgages in favour of Industrial and Commercial Bank of China Limited, Wuhan Jiang'an Branch and China Merchants Bank, Wuhan Jiefang Park Branch and the consideration is RMB800,000,000 and RMB350,000,000 respectively;

    (v) Lot B13,B17 of the property is subject to a mortgage in favour of China CITIC Bank Corporation Limited, Wuhan Branch and the consideration is RMB200,000,000;

    (vi) Except for the lots as mentioned in note 16 (iv) and (v), the property is free from mortgages, charges and other encumbrances;

    (vii) The Contracts for Grant of State-owned Land Use Right and its supplementary agreement are legal and valid;

    (viii) After complying the conditions as stipulated in the Agreement and its supplementary contract as mentioned in note 7, fully settled all the land use right premium and relevant taxes, submitted application documents to the Land Administrative Department as required by relevant laws and regulations, and duly processed necessary application procedures, there is no legal obstacles for Wuhan Shui On in obtaining the land use right certificate of remaining portion of the property; and

    (ix) After obtaining the land use right certificates, Wuhan Shui On can legally use, mortgage, transfer and lease the land use right of remaining portion of the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

(A) Interests of Directors of the Company

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

(a) *Long position in the shares and the underlying shares of the Company*

	Number of ordinary shares			Interests in the underlying shares		Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date
Name of Directors	**Personal interests**	**Family interests**	**Other interests**	**Share Options (Note 4)**	**Total**	**(Note 5)**
Mr. Vincent H. S. LO	—	1,849,521 (Note 1)	4,571,850,984 (Note 2)	—	4,573,700,505	57.15%
Mr. Freddy C. K. LEE	381,333	244,666 (Note 3)	—	8,582,694 (Note 3)	9,208,693	0.11%
Mr. Daniel Y. K. WAN	—	—	—	7,616,736	7,616,736	0.09%
Dr. William K. L. FUNG	5,511,456	—	—	—	5,511,456	0.06%
Professor Gary C. BIDDLE	305,381	—	—	—	305,381	0.0038%

Notes:

(1) *These interests were beneficially owned by Ms. Loletta CHU (“**Mrs. Lo**”), the spouse of Mr. Vincent H. S. LO (“**Mr. Lo**”). Mr. Lo was deemed to be interested in such shares under Part XV of the SFO.*

(2) These interests were held by Shui On Company Limited (“***SOCL***”) *through its controlled corporations, comprising 1,198,103,792 shares, 1,907,173,267 shares, 183,503,493 shares, 29,847,937 shares, 573,333,333 shares and 679,889,162 shares held by Shui On Properties Limited (“**SOP**”), Shui On Investment Company Limited (“**SOI**”), Chester International Cayman Limited (“**Chester International**”), New Rainbow Investments Limited (“**NRI**”), Lanvic Limited (“**Lanvic**”) and Boswell Limited (“**Boswell**”) respectively. SOCL is held under the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. (“**Bosrich**”). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.*

(3) *Mr. Freddy C. K. LEE was deemed to be interested in 244,666 shares and 1,014,291 share options held by his spouse under Part XV of the SFO.*

(4) *These represent the interests of share options granted to the Directors and/or their associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for shares of the Company.*

(5) *These percentages have been complied based on the total number of issued shares (i.e. 8,001,726,189 shares) at the Latest Practicable Date.*

(b) *Interests in the debentures of the Company*

Name of Director	Nature of Interests	Amount of Debentures
Dr. William K. L. FUNG	Interest of controlled corporation	RMB12,700,000

(c) *Interests in the debentures of the associated corporation of the Company*

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	RMB5,000,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests	USD500,000

Save as disclosed above, at the Latest Practicable Date, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

At the Latest Practicable Date, saved as disclosed in this circular, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

At the Latest Practicable Date, save as disclosed below, none of the Directors of the proposed Directors is a director or employee of a company which had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which had such discloseable interest or short position	Position within such companies
Mr. Lo	SOCL, SOP, SOI, NRI and Boswell	Director
Mr. Frankie Y. L. WONG	SOCL, SOP, SOI and Boswell	Director

3. MATERIAL LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have provided advice referred to or contained in this circular:

Name	Qualification
Platinum Securities Company Limited	A licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Knight Frank Petty Limited	Property valuer
Jin Mao PRC Lawyers	PRC legal adviser

Each of Platinum Securities Company Limited, Deloitte Touche Tohmatsu, Knight Frank Petty Limited and Jin Mao PRC Lawyers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name in the form and context in which they respectively appear.

5. EXPERTS' INTEREST

As at the Latest Practicable Date, each of Platinum Securities Company Limited, Deloitte Touche Tohmatsu, Knight Frank Petty Limited and Jin Mao PRC Lawyers:

(a) did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(b) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012 (being the date to which the latest published audited financial statements of the Company were made up).

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, with any member of the Group, a service agreement which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contract entered into in the ordinary course of business) within the two years preceding the date of this circular:

(a) the underwriting agreement dated 28 March 2013 and entered into between the Company, BNP Paribas Securities (Asia) Limited, Standard Chartered Securities (Hong Kong) Limited, UOB Kay Hian (Hong Kong) Limited and Shui On Company Limited in relation to the issue (the "Rights Issue") by the Company of the new shares ("Rights Shares") at the subscription price of HK$1.84 per Rights Share on the basis of one Rights Share for every three existing shares of the Company;

(b) the irrevocable undertaking dated 28 March 2013 from Shui On Company Limited to the Company, BNP Paribas Securities (Asia) Limited, Standard Chartered Securities (Hong Kong) Limited and UOB Kay Hian (Hong Kong) Limited in relation to the Rights Issue;

(c) the Swap Agreement; and

(d) the JV Agreement.

8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. INTEREST OF DIRECTORS IN COMPETING INTERESTS

Mr. Lo is an executive Director and the Chairman of the Company, as well as the ultimate controlling shareholder, chairman and chief executive officer of SOCL and its subsidiaries (excluding SOCAM Development Limited ("**SOCAM**") and its subsidiaries) (the "**Shui On Group**"). The core businesses of the Shui On Group include property development and investment projects in Hong Kong, New York and the PRC, as more fully described in the section headed "Relationship with the Shui On Group" of the Company's listing prospectus dated 20 September 2006 (the "**Listing Prospectus**"). The Company has entered into a deed of non-competition dated 30 May 2006 with SOCL and Mr. Lo pursuant to which SOCL and Mr. Lo have severally undertaken not to compete with the business of the Company. For more details, see the section headed "Relationship with the Shui On Group" of the Listing Prospectus. In addition, Mr. Lo is also the chairman and controlling shareholder of SOCAM, which is engaged in property development in the PRC.

Saved as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

10. GENERAL

(a) The registered office of the Company is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

(c) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town Grand Cayman KY1-1110, Cayman Islands.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

(e) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.

(f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong from the date of this circular and up to and including 14 November 2013:

(a) the memorandum and articles of association of the Company;

(b) each of the material contracts referred to in the section headed "7. Material Contracts" in this appendix;

(c) the accountants report on the Group Companies from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(d) the letter from Deloitte Touche Tohmatsu regarding the unaudited pro forma financial information of the Group as set out in Appendix IV to this circular;

(e) the annual reports of the Company for the years ended 31 December 2011 and 2012;

(f) the interim report of the Company for the six months ended 30 June 2013;

(g) the valuation report from Knight Frank Petty Limited on the Target Companies, the text of which is set out in Appendix V to this circular;

(h) the written consents referred to in paragraph headed "4. Experts and Consents" of this appendix;

(i) the letter from the Independent Board Committee, the text of which is set out in this circular;

(j) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and

(k) this circular.