THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

GuoLine Overseas Limited
(Incorporated in Bermuda with limited liability)

國浩集團有限公司
Guoco Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

COMPOSITE OFFER AND RESPONSE DOCUMENT

VOLUNTARY CASH OFFER BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF GUOLINE OVERSEAS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF GUOCO GROUP LIMITED (OTHER THAN THOSE ALREADY HELD BY GUOLINE OVERSEAS LIMITED)

Financial Adviser to GuoLine Overseas Limited

Standard Chartered

Standard Chartered Bank (Hong Kong) Limited

Independent Financial Adviser to the Independent Board Committee

SOMERLEY LIMITED

Guoco Shareholders should inform themselves of and observe any applicable legal or regulatory requirements. See "Important Notice" beginning on page 3 of this Composite Document and "Availability of the Offer" beginning on page 17 of this Composite Document.

Capitalised terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" in this Composite Document. A letter from Standard Chartered Bank containing, among other things, the details of the terms and conditions of the Offer is set out on pages 10 to 20 of this Composite Document. A letter from the Board is set out on pages 21 to 27 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Guoco Shareholders in respect of the Offer is set out on pages 28 to 29 of this Composite Document. A letter from Somerley containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 30 to 71 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on 30 May 2013 or such later time or date as the Offeror may determine and announce, with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the paragraph headed "3. General Information – 3.5 General matters relating to the Offer – (a) Availability of the Offer" of the letter from Standard Chartered Bank in this Composite Document before taking any action. It is the responsibility of each overseas Guoco Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Guoco Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

30 April 2013

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EXPECTED TIMETABLE

The timetable set out below is indicative only and any changes to the timetable will be announced by the Offeror and Guoco.

Despatch date of this Composite Document and the accompanying Form of Acceptance	30 April 2013
Opening date of the Offer	30 April 2013
First Closing Date *(Note 1)*	30 May 2013
Latest time for acceptance of the Offer on the first Closing Date *(Note 2)*	4:00 p.m. on 30 May 2013
Announcement of the results of the Offer as at the first Closing Date on the website of the Stock Exchange	7:00 p.m. on 30 May 2013
Latest date for posting of remittances to Guoco Shareholders in respect of valid acceptances received by the first Closing Date *(Note 3)*	10 June 2013
Latest time and date by which the Conditional Offer Alternative can become or be declared unconditional	7:00 p.m. on 28 June 2013
Latest time and date for the Offer to remain open for acceptance *(Note 4)*	4:00 p.m. on 29 August 2013

Notes:

1. The Offer will close for acceptances at 4:00 p.m. on 30 May 2013 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Guoco Shareholders who have not accepted the Offer. If, in the course of the Offer, the Offeror revises the terms of the Offer, all the Guoco Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

3. The date specified above is based on the assumption that, in respect of the valid acceptances tendered under the Conditional Offer Alternative, the Conditional Offer Alternative becomes, or is declared, unconditional, on the first Closing Date.

   Remittances in respect of the Basic Offer Price payable to Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative prior to the Privatisation Condition having been satisfied or waived will be despatched to such Guoco Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the receipt by the Registrar of all the relevant documents to render the acceptance under the Unconditional Offer Alternative complete and valid. If the Privatisation Condition is satisfied or waived, remittances in respect of the Additional Cash Consideration will be despatched to such Guoco Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the day on which the Privatisation Condition is satisfied or waived.

Remittances in respect of the Basic Offer Price plus the Additional Cash Consideration payable to Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative following the Privatisation Condition having been satisfied or waived will be despatched to such Guoco Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the receipt by the Registrar of all the relevant documents to render the acceptance under the Unconditional Offer Alternative complete and valid.

Remittances in respect of the Enhanced Offer Price payable to Guoco Shareholders who tender valid acceptances under the Conditional Offer Alternative will be despatched to such Guoco Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the later of (i) the date on which the Privatisation Condition is satisfied or waived and the Conditional Offer Alternative becomes, or is declared, unconditional; and (ii) the receipt by the Registrar of all relevant documents to render the acceptance under the Conditional Offer Alternative complete and valid.

Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be despatched to the accepting Guoco Shareholders by ordinary post at their own risk.

4. Acceptance of the Unconditional Offer Alternative by Guoco Shareholders shall be irrevocable and may not be withdrawn except where a right to withdraw is granted in circumstances required by the Executive under Rule 19 of the Takeovers Code.

   Acceptance of the Conditional Offer Alternative by Guoco Shareholders shall be irrevocable and may not be withdrawn except where a right to withdraw is granted in circumstances required by the Executive under Rule 19 of the Takeovers Code or in compliance with Rule 17 of the Takeovers Code which provides that such Guoco Shareholders shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (being the 20th Business Day from the date this Composite Document is posted) if the Conditional Offer Alternative has not by then become unconditional or has lapsed.

   The Offer may not remain open for acceptance for more than four months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise the powers of compulsory acquisition, in which event it must do so without delay.

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

Notice to U.S. Holders of the Shares

The Offer is being made for the securities of a company incorporated in Bermuda with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules and otherwise in accordance with the requirements of Hong Kong law. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of the Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of the Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of the Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and Guoco are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of the Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Notice to Holders of the Shares Outside of Hong Kong and the U.S.

The making and implementation of the Offer to holders of Shares who are not resident in Hong Kong or the U.S. may be affected by the laws of the relevant jurisdictions in which such holders are located. Such holders should inform themselves about and observe any applicable legal or regulatory requirements.

For further discussion, see the section headed "3. General Information – 3.5 General matters relating to the Offer – (a) Availability of the Offer" of the letter from Standard Chartered Bank in this Composite Document.

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

"2012 Final Dividend"	means the final dividend of HK$1.70 per Share for the financial year ended 30 June 2012 which was paid by Guoco on 3 December 2012 to the Guoco Shareholders on Guoco's register of members as at the close of the Books Closure Date;
"acting in concert"	has the meaning ascribed to it in the Takeovers Code;
"Additional Cash Consideration"	means the additional cash consideration of HK$12.00 per Share payable to Guoco Shareholders that have tendered valid acceptances under the Unconditional Offer Alternative if the Privatisation Condition is satisfied or waived;
"AFCW"	means Asian Financial Common Wealth (PTC) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned indirect subsidiary of Guoco;
"Announcement"	means the joint announcement issued by the Offeror and Guoco on 12 December 2012 pursuant to Rule 3.5 of the Takeovers Code;
"associate"	has the meaning ascribed to it in the Takeovers Code;
"Basic Offer Price"	means the price of HK$88.00 per Share payable to Guoco Shareholders that have tendered valid acceptances under the Unconditional Offer Alternative, regardless of whether or not the Privatisation Condition is satisfied or waived;
"Board"	means the board of directors of Guoco;
"Books Closure Date"	means 21 November 2012;
"Business Day"	means a day on which securities listed on the Stock Exchange are traded;
"CCASS"	means the Central Clearing and Settlement System established and operated by HKSCC;
"CL"	means Chaghese Limited, a company incorporated in the Cayman Islands with limited liability and a company wholly-owned by Mr. Quek Leng Chan;

"Closing Date"	means the first closing date of the Offer, being the 20th Business Day after the date on which this Composite Document is posted, or any subsequent closing date as may be announced by the Offeror and approved by the Executive;
"Companies Act"	means the Companies Act 1981 of Bermuda;
"Composite Document"	means this document, comprising the Offer Document and the Response Document and related appendices thereto;
"Concert Party(ies)"	means AFCW, CL, Mr. Quek Leng Chan, Mr. Kwek Leng Hai, Mr. Kwek Leng San, Mr. Quek Leng Chye, GCL and any other parties acting in concert with the Offeror, as determined in accordance with the Takeovers Code;
"Conditional Offer Alternative"	means the voluntary conditional cash offer contained in this Composite Document made by Standard Chartered Bank on behalf of the Offeror to acquire all the Offer Shares subject to the Privatisation Condition being satisfied or waived at the Enhanced Offer Price of HK$100.00 per Share;
"Disinterested Shares"	means Shares other than those which are owned by the Offeror or the Concert Parties;
"Enhanced Offer Price"	means the price of HK$100.00 per Share (equivalent to the sum of the Basic Offer Price and the Additional Cash Consideration) payable to Guoco Shareholders that have tendered valid acceptances under the Conditional Offer Alternative if the Privatisation Condition is satisfied or waived;
"Executive"	means the Executive Director of the Corporate Finance Division of the SFC and any of his delegates;
"Form of Acceptance"	means the form of acceptance and transfer in respect of the Offer accompanying this Composite Document;
"GCL"	means GuoLine Capital Limited, a company incorporated in Bermuda with limited liability and a wholly-owned indirect subsidiary of Hong Leong;
"Guoco"	means Guoco Group Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange;
"Guoco Directors"	means the directors of Guoco;

"Guoco Group"	means Guoco and its subsidiaries;
"Guoco Shareholder(s)"	means registered holders of the Shares;
"HK$"	means Hong Kong Dollars, the lawful currency of Hong Kong;
"HKSCC"	means Hong Kong Securities Clearing Company Limited;
"HKSCC Nominees"	means HKSCC Nominees Limited;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"Hong Leong"	means Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia with limited liability;
"Hong Leong Directors"	means the directors of Hong Leong;
"Independent Board Committee"	means the independent committee of the Board established pursuant to Rule 2.1 of the Takeovers Code and comprising Mr. Volker Stoeckel and Mr. Roderic N.A. Sage;
"Independent Financial Adviser" or "Somerley"	means Somerley Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, the independent financial adviser to the Independent Board Committee in relation to the Offer;
"Independent Guoco Shareholder(s)"	means the Guoco Shareholders other than the Offeror and the Concert Parties;
"Independent Property Valuers"	means CBRE Limited, Christie + Co, Gerald Eve LLP, Cushman & Wakefield Spain Ltd and The Hallstrom Group Inc.;
"Last Trading Date"	3 December 2012, being the final day of trading prior to suspension of trading in the Shares and the last trading day for the Shares before the date of the Announcement;
"Latest Practicable Date"	26 April 2013, being the latest practicable date prior to the posting of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document;

"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	means 28 June 2013, which is 60 calendar days after the posting of this Composite Document, unless the date has been extended by the Offeror with the consent of Guoco and, to the extent applicable, the consent of the Executive;
"Offer"	means the Unconditional Offer Alternative and the Conditional Offer Alternative made by Standard Chartered Bank on behalf of the Offeror to acquire all the Offer Shares;
"Offer Document"	means the document required to be issued by, or on behalf of, the Offeror to all Guoco Shareholders in accordance with the Takeovers Code containing, *inter alia*, details of the Offer and the terms and conditions of the Offer and forming part of this Composite Document;
"Offer Period"	has the meaning ascribed to it in the Takeovers Code; and commencing from 12 December 2012, being the date of the Announcement up to and including the Closing Date;
"Offer Share(s)"	means any and all of the Shares, other than those already held by the Offeror but including Shares held by the Concert Parties;
"Offeror"	means GuoLine Overseas Limited, a company incorporated in Bermuda with limited liability and a wholly-owned indirect subsidiary of Hong Leong;
"Offeror Directors"	means the directors of the Offeror;
"Offeror Group"	means the Offeror and its subsidiaries (excluding the Guoco Group);
"Privatisation Condition"	means the condition that valid acceptances of the Offer have been received (and not, where permitted, withdrawn, as referred to in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document) by the Closing Date in respect of the Offer Shares which constitute not less than 90% of the Disinterested Shares;
"Registrar"	means Computershare Hong Kong Investor Services Limited, located at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;

"Response Document"	means the document required to be issued by Guoco to the Guoco Shareholders in accordance with the Takeovers Code containing, *inter alia*, the board circular of Guoco and forming part of this Composite Document;
"Second Announcement"	means the joint announcement issued by the Offeror and Guoco on 23 April 2013 in relation to the revision to the offer set out in the Announcement;
"SFC"	means the Securities and Futures Commission of Hong Kong;
"SFO"	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"Shares"	means the ordinary shares of US$0.50 each in the issued share capital of Guoco;
"Standard Chartered Bank"	means Standard Chartered Bank (Hong Kong) Limited, the financial adviser to the Offeror. Standard Chartered Bank is a licensed corporation under the SFO, licensed to carry out for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning ascribed to it in the Listing Rules;
"Takeovers Code"	means The Code on Takeovers and Mergers of Hong Kong;
"U.S." or "United States"	means the United States of America;
"Unconditional Offer Alternative"	means the voluntary unconditional cash offer contained in this Composite Document made by Standard Chartered Bank on behalf of the Offeror to acquire all the Offer Shares at the Basic Offer Price of HK$88.00 per Share, plus, subject to the Privatisation Condition being satisfied or waived, the Additional Cash Consideration of HK$12.00 per Share;
"US$"	means U.S. Dollars, the lawful currency of the United States of America; and
"%"	per cent or percentage.

Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.

For the purposes of the disclosures in Appendix II to this Composite Document, all amounts denominated in US$ have been translated (for information only) into HK$ using the following exchange rates:

For the year ended	*Exchange Rate*
30 June 2012	*US$1.00: HK$7.75585*
30 June 2011	*US$1.00: HK$7.78245*
30 June 2010	*US$1.00: HK$7.78440*

For the six months ended	*Exchange Rate*
31 December 2012	*US$1.00: HK$7.75115*
31 December 2011	*US$1.00: HK$7.76855*

Such translation shall not be construed as a representation that amounts of US$ were or may have been converted at the rates set out above.

Standard Chartered

Standard Chartered Bank (Hong Kong) Limited

30 April 2013

To the Guoco Shareholders

Dear Sir or Madam,

VOLUNTARY CASH OFFER BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF GUOLINE OVERSEAS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF GUOCO GROUP LIMITED (OTHER THAN THOSE ALREADY HELD BY GUOLINE OVERSEAS LIMITED)

1. INTRODUCTION

On 23 April 2013, the Offeror and Guoco jointly announced that Standard Chartered Bank would, on behalf of the Offeror, make a voluntary unconditional cash offer and a voluntary conditional cash offer in parallel to acquire all of the issued Shares in the share capital of Guoco (other than those already held by the Offeror).

This letter forms part of this Composite Document and sets out certain background information on the Offeror, the reasons for and benefits of the Offer and the intentions of the Offeror. The terms of the Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Your attention is also drawn to the letter from the Board on pages 21 to 27, the letter from the Independent Board Committee on pages 28 to 29 and the letter from Somerley on pages 30 to 71 in this Composite Document.

2. THE OFFER

2.1 Consideration for the Offer

Pursuant to the Offer, Standard Chartered Bank, on behalf of the Offeror, offers to acquire the Offer Shares on the basis of the Unconditional Offer Alternative or the Conditional Offer Alternative.

Pursuant to the Unconditional Offer Alternative, the Offeror offers to acquire the Offer Shares at the Basic Offer Price of HK$88.00 per Share plus, if the Privatisation Condition is satisfied or waived, the Additional Cash Consideration of HK$12.00 per Share.

Pursuant to the Conditional Offer Alternative, the Offeror offers to acquire the Offer Shares, subject to the Privatisation Condition being satisfied or waived, at the Enhanced Offer Price of HK$100.00 per Share.

Guoco Shareholders accepting the Offer may tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative, and they may do so in respect of some or all of their Shares. Guoco Shareholders will therefore be entitled to tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative in respect of some of their Shares and under the Conditional Offer Alternative or the Unconditional Offer Alternative, respectively, in respect of some or all of the remainder of their Shares.

Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will conclude a sale in respect of their Shares regardless of whether or not the Privatisation Condition is satisfied or waived. If the Privatisation Condition is not satisfied or waived, such Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will be entitled to the Basic Offer Price only. Unless the Offeror has waived the Privatisation Condition, such Guoco Shareholders will receive the Additional Cash Consideration only if the number of valid acceptances of the Offer is sufficient to satisfy the Privatisation Condition. If the Privatisation Condition is satisfied or waived, the aggregate consideration payable under the Unconditional Offer Alternative will be HK$100.00 per Share (being the sum of the Basic Offer Price and the Additional Cash Consideration) which equals the Enhanced Offer Price (payable to Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative only if the Privatisation Condition is satisfied or waived).

Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative will conclude a sale in respect of their Shares only if the Privatisation Condition is satisfied or waived, in which case such Guoco Shareholders will receive the Enhanced Offer Price. If the number of valid acceptances of the Offer is not sufficient to satisfy the Privatisation Condition, Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative will not sell their Shares and they will not be entitled to any consideration unless the Offeror has waived the Privatisation Condition.

The maximum aggregate consideration per Share payable to Guoco Shareholders accepting the Offer if the Privatisation Condition is satisfied or waived will be HK$100.00 per Share.

The total consideration per Share payable to Guoco Shareholders under the Offer, in different scenarios, is summarised below:

		Total consideration payable per Share in different scenarios:	
		Privatisation Condition is NOT satisfied or waived	**Privatisation Condition IS satisfied or waived**
Acceptance of:	**Unconditional Offer Alternative**	**HK$88.00**	**HK$100.00**
	Conditional Offer Alternative	**HK$0.00**	**HK$100.00**

The Offeror announced on 23 April 2013 that it would not further increase the consideration payable to Guoco Shareholders under the Offer. Guoco Shareholders and/or potential investors in Guoco should be aware that, following the making of that statement, the Offeror is not allowed to increase the consideration payable to Guoco Shareholders under the Offer as a result of Rule 18.3 of the Takeovers Code (save in wholly exceptional circumstances permitted thereunder).

2.2 Comparison of Value

The Basic Offer Price and Enhanced Offer Price represent:

(a) a discount of approximately 5.1% to and a premium of approximately 7.8% over the closing price of HK$92.75 per Share as quoted on the Stock Exchange on the Latest Practicable Date, respectively;

(b) a discount of approximately 9.7% to and a premium of approximately 2.6% over the closing price of HK$97.45 per Share as quoted on the Stock Exchange on the last trading day (being 22 April 2013) for the Shares prior to the date of the Second Announcement, respectively;

(c) a premium of approximately 24.8% and 41.8%, respectively, over the closing price of HK$70.50 per Share as quoted on the Stock Exchange on the Last Trading Date;

(d) a premium of approximately 24.7% and 41.7%, respectively, over the volume weighted average closing price of approximately HK$70.55 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Date;

(e) a premium of approximately 25.3% and 42.4%, respectively, over the volume weighted average closing price of approximately HK$70.39 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$70.22 per Share;

(f) a premium of approximately 25.4% and 42.6%, respectively, over the volume weighted average closing price of approximately HK$71.42 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$70.15 per Share;

(g) a premium of approximately 26.0% and 43.2%, respectively, over the volume weighted average closing price of approximately HK$71.35 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$69.82 per Share;

(h) a premium of approximately 28.8% and 46.4%, respectively, over the volume weighted average closing price of approximately HK$69.89 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$68.33 per Share;

(i) a premium of approximately 35.3% and 53.8%, respectively, over the volume weighted average closing price of approximately HK$66.68 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$65.02 per Share;

(j) a discount of approximately 33.6% and 24.6%, respectively, to Guoco's adjusted consolidated net asset value of approximately HK$132.62 per Share, being Guoco's audited consolidated net asset value of approximately HK$134.32 per Share (calculated based on Guoco's audited consolidated net asset value attributable to Guoco Shareholders of approximately HK$44,198 million as at 30 June 2012 as shown in the audited financial statements of Guoco as of 30 June 2012 and 329,051,373 Shares in issue as at 30 June 2012) less the 2012 Final Dividend; and

(k) a discount of approximately 18.8% and 7.7%, respectively, to Guoco's audited consolidated net tangible asset value of approximately HK$108.38 per Share, calculated based on the aforementioned Guoco's audited consolidated net asset value (less the 2012 Final Dividend) of HK$132.62 per Share less HK$24.24 per Share, being the sum of the audited consolidated intangible assets and goodwill amounts of HK$7,446 million and HK$529 million, respectively, as at 30 June 2012 as shown in the audited financial statements of Guoco as of 30 June 2012, divided by the 329,051,373 Shares in issue as at 30 June 2012.

2.3 Highest and lowest prices

During the period commencing six months preceding the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK$97.45 on 22 April 2013 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$57.15 on 14 June 2012.

2.4 Total consideration

On the basis of the Enhanced Offer Price of HK$100.00 per Share (payable if the Privatisation Condition is satisfied or waived) and 329,051,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Guoco is valued at approximately HK$32,905,137,300. After taking into account the 235,348,529 Shares already held by the Offeror, the Offer is valued at approximately HK$9,370,284,400 based on the Enhanced Offer Price and 93,702,844 Offer Shares.

On the basis of the Basic Offer Price of HK$88.00 per Share (assuming that the Privatisation Condition is neither satisfied nor waived) and 329,051,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Guoco is valued at approximately HK$28,956,520,824. After taking into account the 235,348,529 Shares already held by the Offeror, the Offer is valued at approximately HK$8,245,850,272 based on the Basic Offer Price and 93,702,844 Offer Shares.

2.5 Confirmation of financial resources

The Offeror intends to finance the cash required for the Offer from a combination of debt financing provided by Standard Chartered Bank (in its capacity as banker to the Offeror) and internal cash resources of the Offeror. Under the terms of the loan documentation, the Offer Shares acquired by the Offeror under the Offer will be pledged in favour of Standard Chartered Bank as security for the obligations of the Offeror under the loan documentation. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of Guoco.

Standard Chartered Bank, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offer.

2.6 Conditionality of the Offer

(a) Unconditional Offer Alternative

The Unconditional Offer Alternative is made on a wholly unconditional basis and, as such, all valid acceptances for the Offer Shares tendered under the Unconditional Offer Alternative may not be withdrawn except in circumstances required by the Executive under Rule 19 of the Takeovers Code.

Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative will be entitled to the Additional Cash Consideration only if the Privatisation Condition is satisfied or waived.

(b) Conditional Offer Alternative

The Conditional Offer Alternative is conditional upon the satisfaction or waiver of the Privatisation Condition. The Privatisation Condition requires that valid acceptances of the Offer are received (and not, where permitted, withdrawn, as referred to in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document) at or before 4:00 p.m. (Hong Kong time) on the Closing Date in respect of the Offer Shares which constitute not less than 90% of the Disinterested Shares.

Based on there being 83,942,940 Disinterested Shares as at the Latest Practicable Date, the Privatisation Condition will be satisfied if valid acceptances of the Offer are received (and not, where permitted, withdrawn, as referred to in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document) in respect of 75,548,646 Disinterested Shares or more.

Guoco Shareholders who tender valid acceptances under the Conditional Offer Alternative are entitled to withdraw their acceptances after 21 days from the first Closing Date (being the 20th Business Day from the date this Composite Document is posted), if the Conditional Offer Alternative has not by then become unconditional. This entitlement to withdraw shall be exercisable until the earlier of (i) such time as the Conditional Offer Alternative becomes, or is declared, unconditional as to acceptances; and (ii) the Long Stop Date (or such later date as the Offeror and Guoco may agree and, to the extent applicable, to which the Executive may consent).

(c) *Privatisation Condition to be waivable*

The Offeror reserves the right to waive the Privatisation Condition. The Privatisation Condition will have to be satisfied or waived on or before the Long Stop Date (or such later date as the Offeror and Guoco may agree and, to the extent applicable, to which the Executive may consent), failing which the Conditional Offer Alternative will lapse. Guoco has no right to waive the Privatisation Condition.

WARNING:

Guoco Shareholders and/or potential investors in Guoco should be aware that the completion of the Conditional Offer Alternative is subject to the Privatisation Condition being satisfied or waived, and therefore the Conditional Offer Alternative may or may not become unconditional and be completed. Guoco Shareholders and/or potential investors in Guoco should therefore exercise caution when dealing in Shares or any rights in respect of them. Persons who are in doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. GENERAL INFORMATION

3.1 Information on the Offeror and Hong Leong

The Offeror is a company incorporated in Bermuda with limited liability on 16 September 1993. Its principal activity is investment holding.

The Offeror is a wholly-owned indirect subsidiary of Hong Leong. Mr. Quek Leng Chan has a direct and deemed interest of 49.27% in Hong Leong through various holding companies. Mr. Kwek Leng Kee also has a direct and deemed interest of 36.04% in Hong Leong through various holding companies. Hong Leong is an investment holding company, the subsidiaries of which are engaged in the businesses of financial services, manufacturing and distribution, property development and investment, and hospitality and leisure.

3.2 Reasons for and benefits of the Offer

The Offeror is of the view that:

(a) the proposed privatisation of Guoco, if successful, will simplify the shareholding structure of Guoco and improve corporate efficiency. Full ownership of Guoco by the Offeror will facilitate integration between the Offeror Group and Guoco and will provide the Offeror Group with greater flexibility to support the future business development of Guoco and its subsidiaries; and

(b) if successful, the proposed privatisation of Guoco is also expected to lead to cost savings through the simplification of the structure and dispensation of costs associated with compliance and maintaining the listing of the Shares, allowing Guoco to solely focus its resources on business operations.

The Offeror Directors are of the view that the Offer is beneficial to the holders of Offer Shares for the following reasons:

(i) **The Offer provides an opportunity for holders of Offer Shares to realise their investment in Shares in return for cash.** For the 12 months up to and including the Latest Practicable Date, the daily average trading volume of the Shares was 186,675 Shares, or approximately 0.06% of the number of total issued Shares as at the Latest Practicable Date. Given that the Shares are generally thinly traded, there is limited opportunity for holders of Offer Shares to divest their investment in Guoco. Therefore, the Offer presents an immediate opportunity for the holders of Offer Shares to realise their investment in Guoco for cash.

(ii) **The Enhanced Offer Price provides an additional incentive for holders of Offer Shares to tender their acceptances under the Offer.** If the Privatisation Condition is satisfied or waived, all holders of Offer Shares who have tendered their acceptances under the Offer will receive either the Enhanced Offer Price or the Basic Offer Price plus the Additional Cash Consideration (which is equivalent to the Enhanced Offer Price).

(iii) **The Conditional Offer Alternative increases the options available to holders of Offer Shares.** Under the Unconditional Offer Alternative, the unconditional exit opportunity at the Basic Offer Price remains available to holders of Offer Shares (with the Additional Cash Consideration payable subject to the satisfaction or waiver of the Privatisation Condition). By offering the Conditional Offer Alternative, the Offeror creates an additional, albeit conditional, exit opportunity at the Enhanced Offer Price for those holders of Offer Shares who decide not to tender their acceptances under the Unconditional Offer Alternative.

(iv) **An alternative general offer for the Shares is unlikely.** Given that the Offeror holds approximately 71.52% of the issued share capital of Guoco, it is unlikely that the holders of Offer Shares will receive any general offers from third parties to acquire the Shares without the approval of the Offeror, which holds such Shares as a long-term investment.

3.3 Intentions of the Offeror

The Offeror intends to continue with the existing businesses of the Guoco Group and does not intend to introduce major changes to the Guoco Group's businesses (including redeployment of fixed assets of the Guoco Group) save that the Offeror may from time to time review strategic options with regard to the business, structure and/or direction of the Guoco Group and may implement such changes arising from such review.

The Offeror does not intend to make material changes to the continued employment of the employees of the Guoco Group, save for changes which may be appropriate taking into account Guoco's non-listed status following the privatisation.

3.4 Compulsory acquisition and withdrawal of listing

Subject to compliance with the relevant requirements under the Companies Act and the Offeror acquiring not less than 90% of the Disinterested Shares within the period of four months after posting the Composite Document as required by Rule 2.11 of the Takeovers Code, the Offeror intends to exercise its rights under Section 102 or Section 103 of the Companies Act to compulsorily acquire those Shares not acquired by the Offeror pursuant to the Offer, and following which an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Written notice of the Offeror's exercise of its right of compulsory acquisition as described above will be provided by the Offeror to those Guoco Shareholders who do not accept the Offer in accordance with the Companies Act.

Whilst it is the intention of the Offeror to privatise Guoco, the Offeror's ability to exercise its right of compulsory acquisition is dependent on the level of acceptances of the Offer reaching the prescribed level under the Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied. If the Offeror is unable to effect the compulsory acquisition set out above, the Offeror will take steps (as and when appropriate) to ensure that there is sufficient public float. In the event that compulsory acquisition and withdrawal of listing of Guoco do not take place, there can be no assurance that the Shares will trade at or above the Basic Offer Price in the future.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Guoco, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

WARNING:

If the level of acceptances of the Offer reaches the prescribed level under the Companies Act and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares will be suspended from the final Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

3.5 General matters relating to the Offer

(a) Availability of the Offer

The making and implementation of the Offer to Guoco Shareholders who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which such Guoco Shareholders are located. Such Guoco Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas Guoco Shareholders wishing to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Acceptance of the Offer by any overseas Guoco Shareholder will constitute a warranty by such overseas Guoco Shareholder that (i) they are permitted under all applicable laws to receive and accept the Offer and any revision thereof, (ii) they have observed all applicable laws and regulations of the relevant jurisdictions in connection with such acceptance, including obtaining any governmental or other consent which may be required and (iii) they have complied with any other necessary formality and have paid any issue, transfer or other taxes due in such jurisdiction(s) and that such acceptance shall be valid and binding in accordance with all applicable laws.

The Offer is being made for the securities of a company incorporated in Bermuda with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules and otherwise in accordance with the requirements of Hong Kong law. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of the Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of the Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of the Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and Guoco are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of the Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In the event that the receipt of the Composite Document by overseas Guoco Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Offeror Directors regard as duly onerous or burdensome, the Composite Document will not be despatched to such overseas Guoco Shareholders, subject to the grant by the Executive of waivers pursuant to Note 3 to Rule 8 of the Takeovers Code.

The Offeror will comply with the requirements of the Takeovers Code in respect of overseas Guoco Shareholders.

(b) Taxation

Guoco Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Offeror, Guoco or any of their respective directors or any persons involved in the Offer accepts responsibility for any tax effects on or liabilities of any person or persons as a result of their acceptance of the Offer.

(c) Further agreements or arrangements

As at the Latest Practicable Date:

(i) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Offeror and which might be material to the Offer;

(ii) there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer;

(iii) none of the Offeror nor any of the Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Guoco; and

(iv) no irrevocable commitment to accept the Offer has been received by the Offeror or any of the Concert Parties.

(d) Completion of the Offer

The latest time at which the Offeror can declare the Conditional Offer Alternative unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the 60th day after the posting of this Composite Document (or such later date as the Offeror and Guoco may agree and, to the extent applicable, to which the Executive may consent). Therefore, if the Privatisation Condition is neither satisfied nor waived on or before the Long Stop Date (or such later date as the Offeror and Guoco may agree and, to the extent applicable, to which the Executive may consent), the Conditional Offer Alternative will lapse. The Offeror will issue an announcement in relation to the extension or expiry of the Conditional Offer Alternative in accordance with the Takeovers Code and the Listing Rules by 7:00 p.m. (Hong Kong time) on the Closing Date.

If the Privatisation Condition is satisfied or waived on or before the Long Stop Date, Guoco Shareholders will be notified by an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter. In that case, the Conditional Offer Alternative and the Unconditional Offer Alternative will remain open for acceptance for not less than 14 days after the Conditional Offer Alternative has become or been declared unconditional and at least 14 days' notice in writing will be given before the Offer is closed to those Guoco Shareholders who have accepted neither the Conditional Offer Alternative nor the Unconditional Offer Alternative.

The Unconditional Offer Alternative will close for acceptance on the date on which the Conditional Offer Alternative closes for acceptance or the Conditional Offer Alternative lapses, whichever occurs earlier.

The first Closing Date of the Offer is 30 May 2013, which is the 20th Business Day from the date this Composite Document is posted.

If, in the course of the Offer, the Offeror revises the terms of the Offer, all the Guoco Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

As the Offeror intends to exercise its rights under Section 102 or Section 103 of the Companies Act (subject to compliance with the relevant requirements of the Takeovers Code) to compulsorily acquire those Shares not acquired by the Offeror pursuant to the Offer (details of which are set out in the section headed "3.4 Compulsory acquisition and withdrawal of listing" in this letter), the Offer may not remain open for acceptance for more than four months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

An announcement in respect of the results of the Offer will be published on the website of the Stock Exchange by 7:00 p.m. on 30 May 2013 and by 7:00 p.m. on each subsequent Closing Date (if any).

4. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Board on pages 21 to 27 of this Composite Document, the letter from the Independent Board Committee on pages 28 to 29 of this Composite Document and the letter from Somerley on pages 30 to 71 of this Composite Document in relation to their respective recommendations and advice with respect to the Offer.

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

Yours faithfully,
For and on behalf of
Standard Chartered Bank (Hong Kong) Limited
Lodewijk Meens
Managing Director
Mergers & Acquisitions

國浩集團有限公司
Guoco Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

Executive directors:
Quek Leng Chan – *Executive Chairman*
Kwek Leng Hai – *President, CEO*
Tan Lim Heng

Non-executive director:
Kwek Leng San

Independent non-executive directors:
Volker Stoeckel
Roderic N.A. Sage

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal office:
50th Floor, The Center
99 Queen's Road Central
Hong Kong

30 April 2013

To the Guoco Shareholders

Dear Sir or Madam,

VOLUNTARY CASH OFFER BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF GUOLINE OVERSEAS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF GUOCO GROUP LIMITED (OTHER THAN THOSE ALREADY HELD BY GUOLINE OVERSEAS LIMITED)

1. INTRODUCTION

On 23 April 2013, the Offeror and Guoco jointly announced that Standard Chartered Bank would, on behalf of the Offeror, make a voluntary unconditional cash offer and a voluntary conditional cash offer in parallel to acquire all of the issued Shares in the share capital of Guoco (other than those already held by the Offeror).

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Guoco Group, the Offeror and the Offer, (ii) a letter from Standard Chartered Bank containing, among other things, details of the Offer, (iii) a letter from the Independent Board Committee containing its recommendation and advice to the Independent Guoco Shareholders in relation to the Offer, (iv) a letter from Somerley containing its advice to the Independent Board Committee in relation to the Offer, and (v) an accompanying Form of Acceptance.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Mr. Volker Stoeckel and Mr. Roderic N.A. Sage (each being an independent non-executive Guoco Director), was established by the Board to make a recommendation to the Independent Guoco Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance. As Mr. Kwek Leng San is a non-executive Guoco Director and a director of the Offeror and he also holds Offer Shares, he is regarded as being interested in the Offer and does not form part of the Independent Board Committee.

Somerley has, with the approval of the Independent Board Committee, been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer.

3. THE OFFER

3.1 Consideration for the Offer

According to its letter contained in this Composite Document, Standard Chartered Bank, on behalf of the Offeror, offers to acquire the Offer Shares on the basis of the Unconditional Offer Alternative or the Conditional Offer Alternative.

Pursuant to the Unconditional Offer Alternative, the Offeror offers to acquire the Offer Shares at the Basic Offer Price of HK$88.00 per Share plus, if the Privatisation Condition is satisfied or waived, the Additional Cash Consideration of HK$12.00 per Share.

Pursuant to the Conditional Offer Alternative, the Offeror offers to acquire the Offer Shares, subject to the Privatisation Condition being satisfied or waived, at the Enhanced Offer Price of HK$100.00 per Share.

Guoco Shareholders accepting the Offer may tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative, and they may do so in respect of some or all of their Shares. Guoco Shareholders will therefore be entitled to tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative in respect of some of their Shares and under the Conditional Offer Alternative or the Unconditional Offer Alternative, respectively, in respect of some or all of the remainder of their Shares.

Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will conclude a sale in respect of their Shares regardless of whether or not the Privatisation Condition is satisfied or waived. If the Privatisation Condition is not satisfied or waived, such Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will be entitled to the Basic Offer Price only. Unless the Offeror has waived the Privatisation Condition, such Guoco Shareholders will receive the Additional Cash Consideration only if the number of valid acceptances of the Offer is sufficient to satisfy the Privatisation Condition. If the Privatisation Condition is satisfied or waived, the aggregate consideration payable under the Unconditional Offer Alternative will be HK$100.00 per Share (being the sum of the Basic Offer Price and the Additional Cash Consideration) which equals the Enhanced Offer Price (payable to Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative only if the Privatisation Condition is satisfied or waived).

Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative will conclude a sale in respect of their Shares only if the Privatisation Condition is satisfied or waived, in which case such Guoco Shareholders will receive the Enhanced Offer Price. If the number of valid acceptances of the Offer is not sufficient to satisfy the Privatisation Condition, Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative will not sell their Shares and they will not be entitled to any consideration, unless the Offeror has waived the Privatisation Condition.

The maximum aggregate consideration per Share payable to Guoco Shareholders accepting the Offer if the Privatisation Condition is satisfied or waived will be HK$100.00 per Share.

The total consideration per Share payable to Guoco Shareholders under the Offer, in different scenarios, is summarised below:

Total consideration payable per Share in different scenarios:

		Privatisation Condition is NOT satisfied or waived	**Privatisation Condition IS satisfied or waived**
Acceptance of:	**Unconditional Offer Alternative**	**HK$88.00**	**HK$100.00**
	Conditional Offer Alternative	**HK$0.00**	**HK$100.00**

The Offeror announced on 23 April 2013 that it would not further increase the consideration payable to Guoco Shareholders under the Offer. Guoco Shareholders and/or potential investors in Guoco should be aware that, following the making of that statement, the Offeror is not allowed to increase the consideration payable to Guoco Shareholders under the Offer as a result of Rule 18.3 of the Takeovers Code (save in wholly exceptional circumstances permitted thereunder).

3.2 Comparison of Value

The Basic Offer Price and Enhanced Offer Price represent:

(a) a discount of approximately 5.1% to and a premium of approximately 7.8% over the closing price of HK$92.75 per Share as quoted on the Stock Exchange on the Latest Practicable Date, respectively;

(b) a discount of approximately 9.7% to and a premium of approximately 2.6% over the closing price of HK$97.45 per Share as quoted on the Stock Exchange on the last trading day (being 22 April 2013) for the Shares prior to the date of the Second Announcement, respectively;

(c) a premium of approximately 24.8% and 41.8%, respectively, over the closing price of HK$70.50 per Share as quoted on the Stock Exchange on the Last Trading Date;

(d) a premium of approximately 24.7% and 41.7%, respectively, over the volume weighted average closing price of approximately HK$70.55 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Date;

(e) a premium of approximately 25.3% and 42.4%, respectively, over the volume weighted average closing price of approximately HK$70.39 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$70.22 per Share;

(f) a premium of approximately 25.4% and 42.6%, respectively, over the volume weighted average closing price of approximately HK$71.42 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$70.15 per Share;

(g) a premium of approximately 26.0% and 43.2%, respectively, over the volume weighted average closing price of approximately HK$71.35 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$69.82 per Share;

(h) a premium of approximately 28.8% and 46.4%, respectively, over the volume weighted average closing price of approximately HK$69.89 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$68.33 per Share;

(i) a premium of approximately 35.3% and 53.8%, respectively, over the volume weighted average closing price of approximately HK$66.68 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$65.02 per Share;

(j) a discount of approximately 33.6% and 24.6%, respectively, to Guoco's adjusted consolidated net asset value of approximately HK$132.62 per Share, being Guoco's audited consolidated net asset value of approximately HK$134.32 per Share (calculated based on Guoco's audited consolidated net asset value attributable to Guoco Shareholders of approximately HK$44,198 million as at 30 June 2012 as shown in the audited financial statements of Guoco as of 30 June 2012 and 329,051,373 Shares in issue as at 30 June 2012) less the 2012 Final Dividend; and

(k) a discount of approximately 18.8% and 7.7%, respectively, to Guoco's audited consolidated net tangible asset value of approximately HK$108.38 per Share, calculated based on the aforementioned Guoco's audited consolidated net asset value (less the 2012 Final Dividend) of HK$132.62 per Share less HK$24.24 per Share, being the sum of the audited consolidated intangible assets and goodwill amounts of HK$7,446 million and HK$529 million, respectively, as at 30 June 2012 as shown in the audited financial statements of Guoco as of 30 June 2012, divided by the 329,051,373 Shares in issue as at 30 June 2012.

3.3 Highest and lowest prices

During the period commencing six months preceding the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK$97.45 on 22 April 2013 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$57.15 on 14 June 2012.

3.4 Total consideration

On the basis of the Enhanced Offer Price of HK$100.00 per Share (payable if the Privatisation Condition is satisfied or waived) and 329,051,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Guoco is valued at approximately HK$32,905,137,300. After taking into account the 235,348,529 Shares already held by the Offeror, the Offer is valued at approximately HK$9,370,284,400 based on the Enhanced Offer Price and 93,702,844 Offer Shares.

On the basis of the Basic Offer Price of HK$88.00 per Share (assuming that the Privatisation Condition is neither satisfied nor waived) and 329,051,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Guoco is valued at approximately HK$28,956,520,824. After taking into account the 235,348,529 Shares already held by the Offeror, the Offer is valued at approximately HK$8,245,850,272 based on the Basic Offer Price and 93,702,844 Offer Shares.

3.5 Conditionality of the Offer

(a) Unconditional Offer Alternative

The Unconditional Offer Alternative is made on a wholly unconditional basis and, as such, all valid acceptances for the Offer Shares tendered under the Unconditional Offer Alternative may not be withdrawn except in circumstances required by the Executive under Rule 19 of the Takeovers Code.

Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative will be entitled to the Additional Cash Consideration only if the Privatisation Condition is satisfied or waived.

(b) Conditional Offer Alternative

The Conditional Offer Alternative is conditional upon the satisfaction or waiver of the Privatisation Condition. The Privatisation Condition requires that valid acceptances of the Offer are received (and not, where permitted, withdrawn, as referred to in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document) at or before 4:00 p.m. (Hong Kong time) on the Closing Date in respect of the Offer Shares which constitute not less than 90% of the Disinterested Shares.

Based on there being 83,942,940 Disinterested Shares as at the Latest Practicable Date, the Privatisation Condition will be satisfied if valid acceptances of the Offer are received (and not, where permitted, withdrawn, as referred to in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document) in respect of 75,548,646 Disinterested Shares or more.

Guoco Shareholders who tender valid acceptances under the Conditional Offer Alternative are entitled to withdraw their acceptances after 21 days from the first Closing Date (being the 20th Business Day from the date this Composite Document is posted), if the Conditional Offer Alternative has not by then become unconditional. This entitlement to withdraw shall be exercisable until the earlier of (i) such time as the Conditional Offer Alternative becomes or is declared unconditional as to acceptances; and (ii) the Long Stop Date (or such later date as the Offeror and Guoco may agree and, to the extent applicable, to which the Executive may consent).

(c) Privatisation Condition to be waivable

The Offeror reserves the right to waive the Privatisation Condition. The Privatisation Condition will have to be satisfied or waived on or before the Long Stop Date (or such later date as the Offeror and Guoco may agree and, to the extent applicable, to which the Executive may consent), failing which the Conditional Offer Alternative will lapse. Guoco has no right to waive the Privatisation Condition.

WARNING:

Guoco Shareholders and/or potential investors in Guoco should be aware that the completion of the Conditional Offer Alternative is subject to the Privatisation Condition being satisfied or waived, and therefore the Conditional Offer Alternative may or may not become unconditional and be completed. Guoco Shareholders and/or potential investors in Guoco should therefore exercise caution when dealing in Shares or any rights in respect of them. Persons who are in doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor or other professional advisers.

Further details of the Offer including, among other things, the terms and conditions of and the procedures for acceptance and settlement for the Offer are set out in the letter from Standard Chartered Bank in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

4. INFORMATION ON THE GUOCO GROUP

Guoco is incorporated in Bermuda with limited liability and is listed on the Stock Exchange. It is an investment holding and investment management company. Its operating subsidiaries, associated companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom. The Guoco Group has four core businesses, namely (i) principal investment; (ii) property development and investment; (iii) hospitality and leisure business; and (iv) financial services.

Your attention is drawn to the financial information, property valuation and general information of the Guoco Group set out in Appendices II, III and IV to this Composite Document, respectively.

5. INTENTION OF THE OFFEROR REGARDING THE GUOCO GROUP

Your attention is drawn to the letter from Standard Chartered Bank in this Composite Document that sets out the intention of the Offeror regarding its future plans for the Guoco Group. The Board (other than the Guoco Directors who are also directors of the Offeror and are regarded as being interested in the Offer) is pleased to note the intention of the Offeror and is of the view that the Offeror's plan in respect of the Guoco Group is in the best interest of Guoco and the Guoco Shareholders as a whole.

6. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

It is stated in the letter from Standard Chartered Bank that, subject to compliance with the relevant requirements under the Companies Act and the Offeror acquiring not less than 90% of the Disinterested Shares within the period of four months after posting this Composite Document as required by Rule 2.11 of the Takeovers Code, the Offeror intends to exercise its rights under Section 102 or Section 103 of the Companies Act to compulsorily acquire those Shares not acquired by the Offeror pursuant to the Offer, and following which an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

WARNING:

If the level of acceptances of the Offer reaches the prescribed level under the Companies Act and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares will be suspended from the final Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

7. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 28 to 29 of this Composite Document, which sets out its recommendations to the Independent Guoco Shareholders in relation to the Offer and (ii) the letter from Somerley on pages 30 to 71 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendations.

Yours faithfully,
For and on behalf of the Board of
GUOCO GROUP LIMITED
Tan Lim Heng
Director

國浩集團有限公司
Guoco Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

30 April 2013

To the Independent Guoco Shareholders

Dear Sir or Madam,

VOLUNTARY CASH OFFER BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF GUOLINE OVERSEAS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF GUOCO GROUP LIMITED (OTHER THAN THOSE ALREADY HELD BY GUOLINE OVERSEAS LIMITED)

We refer to the Composite Document dated 30 April 2013 issued jointly by Guoco and the Offeror of which this letter forms part. Terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Guoco Shareholders are concerned and to make a recommendation as to acceptance. We have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Guoco Shareholders.

Somerley has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer.

We draw your attention to the letter from Standard Chartered Bank set out on pages 10 to 20 of this Composite Document which contains, *inter alia*, information about the Offer, and the letter from Somerley set out on pages 30 to 71 of this Composite Document which contains the details of its advice and the principal factors taken into consideration in arriving at its recommendation in respect of the Offer.

We also draw your attention to the letter from the Board set out on pages 21 to 27 of this Composite Document and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Shares.

Having taken into account the advice of Somerley, we consider that:

(a) in respect of the Conditional Offer Alternative, the Enhanced Offer Price of HK$100.00 per Share to be fair and reasonable so far as the Independent Guoco Shareholders are concerned and recommend the Independent Guoco Shareholders to accept the Conditional Offer Alternative. Independent Guoco Shareholders who opt to accept the Conditional Offer Alternative are reminded that they can only realise their Shares at HK$100.00 per Share if the Privatisation Condition is satisfied or waived by the Offeror;

(b) in respect of the Unconditional Offer Alternative, the Basic Offer Price of HK$88.00 per Share to be not fair and reasonable so far as the Independent Guoco Shareholders are concerned and recommend the Independent Guoco Shareholders not to accept the Unconditional Offer Alternative. Independent Guoco Shareholders who nevertheless opt to accept the Unconditional Offer Alternative are reminded that by doing so they will sell their Shares at HK$88.00 per Share, with the possibility, but only the possibility, of receiving a further HK$12.00 per Share in due course.

Independent Guoco Shareholders who wish to take advantage of the present circumstances to realise their investment in Guoco should monitor the Share price closely, as it may be volatile, and may consider selling their Shares in the market. The closing Share price at the Latest Practicable Date was HK$92.75 per Share, higher than the Basic Offer Price of HK$88.00 per Share, although below the Enhanced Offer Price of HK$100.00 per Share, which suggests at this initial stage a degree of uncertainty in the market as to whether the Privatisation Condition can be fulfilled.

Notwithstanding our recommendations, the Independent Guoco Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
The Independent Board Committee

Mr. Volker Stoeckel **Mr. Roderic N.A. Sage**

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

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

30 April 2013

To: The Independent Board Committee of Guoco Group Limited

Dear Sirs,

VOLUNTARY CASH OFFER BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF GUOLINE OVERSEAS LIMITED TO ACQUIRE ALL OF THE ISSUED SHARES IN THE SHARE CAPITAL OF GUOCO GROUP LIMITED (OTHER THAN THOSE ALREADY HELD BY GUOLINE OVERSEAS LIMITED)

THE OFFER AND THE PRIVATISATION CONDITION

We refer to our appointment to advise the Independent Board Committee in connection with the Offer. Details of the Offer are contained in the composite offer document (the "**Composite Document**") dated 30 April 2013, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 12 December 2012, as disclosed in the Announcement, the Offeror and Guoco jointly announced that Standard Chartered Bank would, on behalf of the Offeror, make a voluntary unconditional cash offer to acquire all of the issued shares in the share capital of Guoco (other than those already held by the Offeror). On 23 April, 2013, as disclosed in the Second Announcement, the Offeror and Guoco jointly announced revisions to the proposed terms of the original offer as set out in the Announcement, the effect of which will be to make a revised unconditional cash offer and a new conditional cash offer in parallel to acquire all of the issued Shares in the share capital of Guoco (other than those already held by the Offeror). **Guoco Shareholders should read the arrangements for the Offer carefully as they are unusual for a Hong Kong offer.**

The effect of the revisions as set out in the Second Announcement, as well as the Composite Document, is to split the Offer into two alternatives. The first alternative, called the Unconditional Offer Alternative, retains the price of HK$88.00 per Share as originally set out in the Announcement. Accepting Guoco Shareholders will receive an extra HK$12.00 per Share, i.e. a total of HK$100.00 per Share, if, but only if, the Privatisation Condition is satisfied or waived.

The Privatisation Condition is in our view quite a difficult condition to satisfy. It requires that valid acceptances of the Offer are received in respect of 90% of the 83,942,940 Disinterested Shares. Put the other way round, this means that if holders of approximately 8.4 million or more Offer Shares reject the Offer or simply take no action, the Privatisation Condition will not be satisfied. Based on Guoco's register of members as at the Latest Practicable Date, several Independent Guoco Shareholders each held more than 8.4 million Shares and so opposition by any of them could prevent the satisfaction of the Privatisation Condition. In such circumstances, the aggregate consideration of HK$100.00 per Share would only be paid if the Privatisation Condition is waived by the Offeror, which the Offeror is under no obligation to do. **Guoco Shareholders accepting the Unconditional Offer Alternative will definitely sell their Shares, but will receive only HK$88.00 per Share, if the Privatisation Condition is not satisfied or waived.**

The Conditional Offer Alternative of HK$100.00 per Share is conditional on the Privatisation Condition being satisfied, which as we mentioned above, may be difficult. If this condition is not satisfied or waived by the Offeror, acceptors of the Conditional Offer Alternative will have their Shares returned to them. **They will not have sold their Shares at HK$88.00 each.**

In our opinion, this is the critical difference between the two alternatives. Acceptors of the Unconditional Offer Alternative will definitely sell their Shares, either at HK$88.00 per Share, or at HK$100.00 per Share if the Privatisation Condition is satisfied or waived. Acceptors of the Conditional Offer Alternative on the other hand will sell their Shares only if the Privatisation Condition is satisfied or waived and then only at HK$100.00 per Share.

The Independent Board Committee, comprising both the independent non-executive Guoco Directors, namely Mr. Volker Stoeckel and Mr. Roderic N.A. Sage, has been established to make a recommendation to the Independent Guoco Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Guoco Shareholders are concerned and whether the Independent Guoco Shareholders should accept the Offer. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise them in this regard.

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

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Guoco Directors, which we have assumed to be true, accurate and complete at the time they were made and up to the date of the Composite Document. We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete at the time they were made and remain so at the date of the Composite Document. Independent Guoco Shareholders will be informed as soon as practicable if we become aware of any material change to such information. We have reviewed, among other things, the Announcement, the Second Announcement, the independent property valuation reports as set out in Appendix III to the Composite Document (the "**Valuation Reports**"), the annual reports of Guoco for the two years ended 30 June 2012 and the interim report of Guoco for the six months ended 31 December 2012. We have discussed with the Independent Property Valuers the methodologies, bases and assumptions adopted for the Valuation Reports. We have also discussed with the Guoco Directors the

"Material Change Statement" and the basis on which it is made, as set out in paragraph 5 of Appendix II to the Composite Document. We have sought and received confirmation from the Guoco Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Guoco Group, nor have we carried out any independent verification of the information supplied.

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

PRINCIPAL TERMS OF THE OFFER

Pursuant to the Offer, Standard Chartered Bank, on behalf of the Offeror, offers to acquire the Offer Shares on the basis of the Unconditional Offer Alternative or the Conditional Offer Alternative set out below:

For the Unconditional Offer Alternative **for each Offer Share (unconditional)**	**HK$88.00 in cash** (the "**Basic Offer Price**")
plus, if the Privatisation Condition is satisfied or waived, **for each Offer Share the additional cash consideration of**	**HK$12.00 in cash** (the "**Additional Cash Consideration**")
For the Conditional Offer Alternative **for each Offer Share (conditional on a minimum of 90% acceptances of Disinterested Shares being received by the Offeror)**	**HK$100.00 in cash** (the "**Enhanced Offer Price**")

Guoco Shareholders accepting the Offer may tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative, and they may do so in respect of some or all of their Shares. Guoco Shareholders will therefore be entitled to tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative in respect of some of their Shares under the Conditional Offer Alternative or the Unconditional Offer Alternative, respectively, in respect of some or all of the remainder of their Shares.

Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will conclude a sale in respect of their Shares regardless of whether or not the Privatisation Condition is satisfied or waived. If the Privatisation Condition is not satisfied or waived, such Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will be entitled to the Basic Offer Price of HK$88.00 per Share only. Unless the Offeror has waived the Privatisation Condition, such Guoco Shareholders will receive the Additional Cash Consideration of HK$12.00 per Share only if the number of valid acceptances of the Offer is sufficient to satisfy the Privatisation Condition. If the Privatisation Condition is satisfied or waived, the aggregate consideration payable under the Unconditional Offer Alternative will be HK$100.00 per Share (being the sum of the Basic Offer Price of HK$88.00 per Share and the Additional Cash Consideration of HK$12.00 per Share) which equals the Enhanced Offer Price of HK$100.00 per Share (payable to Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative only if the Privatisation Condition is satisfied or waived).

Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative will conclude a sale in respect of their Shares only if the Privatisation Condition is satisfied or waived, in which case such Guoco Shareholders will receive the Enhanced Offer Price of HK$100.00 per Share. If the number of valid acceptances of the Offer is not sufficient to satisfy the Privatisation Condition, Guoco Shareholders tendering their acceptances under the Conditional Offer Alternative will not sell their Shares and they will not be entitled to any consideration, unless the Offeror has waived the Privatisation Condition.

The maximum aggregate consideration per Share payable to Guoco Shareholders accepting the Offer only if the Privatisation Condition is satisfied or waived will be HK$100.00 per Share.

The Offeror announced that it would not further increase the consideration payable to Guoco Shareholders under the Offer. Guoco Shareholders and/or potential investors in Guoco should be aware that, following the making of that statement, the Offeror is not allowed to increase the consideration payable to Guoco Shareholders under the Offer as a result of Rule 18.3 of the Takeovers Code (save in wholly exceptional circumstances permitted thereunder). Under Rule 31.1 of the Takeovers Code, if the Conditional Offer Alternative does not become unconditional, the Offeror may not normally put forward a similar proposal for at least 12 months from the date on which the Offer lapses.

On the basis of the Enhanced Offer Price of HK$100.00 per Share (payable if the Privatisation Condition is satisfied or waived) and 329,051,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Guoco is valued at approximately HK$32,905.1 million. After taking into account the 235,348,529 Shares already held by the Offeror, the Offer is valued at approximately HK$9,370.3 million based on the Enhanced Offer Price and 93,702,844 Offer Shares.

On the basis of the Basic Offer Price of HK$88.00 per Share (assuming the Privatisation Condition is neither satisfied nor waived) and 329,051,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Guoco is valued at approximately HK$28,956.5 million. After taking into account the 235,348,529 Shares already held by the Offeror, the Offer is valued at approximately HK$8,245.9 million based on the Basic Offer Price and 93,702,844 Offer Shares.

The Unconditional Offer Alternative is unconditional and, in particular, is not conditional upon any minimum level of acceptances being received nor subject to any other conditions. Unless extended, the Offer will close on 30 May 2013. The Conditional Offer Alternative is subject to the Privatisation Condition.

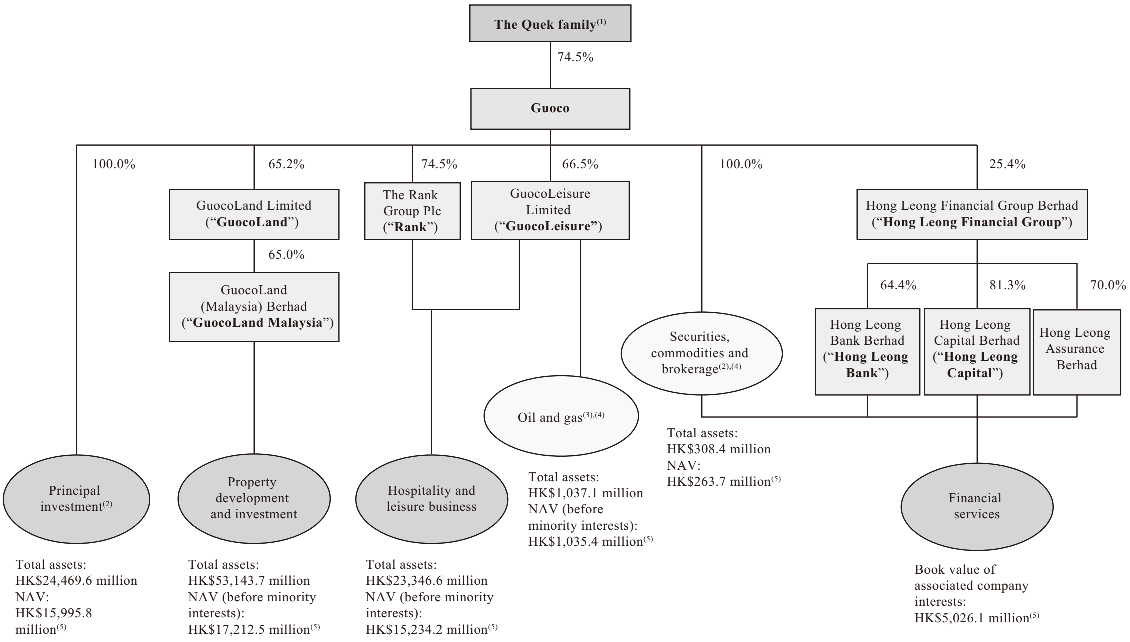
PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Guoco Group and organisational structure

The Guoco Group is principally engaged in (i) principal investment; (ii) property development and investment; (iii) hospitality and leisure business; and (vi) financial services. Set out below is the simplified organisation chart of the Guoco Group including its listed subsidiaries and associates and their respective principal businesses:

FIGURE 1: SIMPLIFIED ORGANISATION CHART OF THE GUOCO GROUP



Notes:

(1) Through various intermediate holding companies, Guoco is ultimately and beneficially controlled as to about 74.5% by the Offeror and the Concert Parties (the "**Quek Family**").

(2) Guoco holds these divisions directly, as opposed to holding through listed subsidiaries and associates.

(3) GuocoLeisure holds the rights to certain royalties from the production of oil and natural gas in the Bass Strait oil trust in Australia.

(4) These two divisions are considered non-core given the relatively small contribution to Guoco's NAV.

(5) The segmental total assets and NAV (before minority interests) figures above as at 30 June 2012 were taken from the annual report of Guoco for the year ended 30 June 2012.

Set out below is the background information of each of the core divisions of the Guoco Group:

(a) Principal investment

The Guoco Group's principal investment division covers equity and direct investments as well as treasury operations. The Guoco Group's equity and direct investment portfolio covers global capital markets and comprises primarily "large cap" equity investment in Asia, Europe and North America. In this portfolio, the largest single investment is in The Bank of East Asia, Limited ("**BEA**"). The Guoco Group's treasury division focuses on global economic conditions, forex and interest rate trends and strategic trading ideas.

(b) Property development and investment

GuocoLand, a company listed on Main Board of the Singapore Exchange and owned by Guoco as to 65.2%, is engaged in property development and investment. Guoco acquired control of GuocoLand (then known as First Capital Corporation Limited) in 1988. Over the years, GuocoLand expanded from its Singapore base into new markets including Malaysia, Vietnam and China. In Malaysia, it operates through a 65.0% owned subsidiary, GuocoLand Malaysia, which is listed on Bursa Malaysia. GuocoLand Malaysia is also engaged in hotel resort holdings business.

A large proportion of the Composite Document is devoted to an up-to-date independent property valuation of Guoco Group's property interests which are set out in Appendix III, including the hotels referred to in sub-paragraph (c) below. Independent Guoco Shareholders are recommended to read this appendix, which contains much detailed information, while bearing in mind that these properties are held through separately listed public companies with their own policies. Guoco does not control the properties directly.

(c) Hospitality and leisure business

GuocoLeisure and Rank are the two listed subsidiaries of Guoco engaged in the hospitality and leisure business. Guoco acquired control of GuocoLeisure (then known as BIL International Limited) via a mandatory general offer in 2005 and currently owns approximately 66.5% interest in GuocoLeisure. GuocoLeisure has a primary listing on the Main Board of the Singapore Exchange with a secondary listing on the New Zealand Exchange. GuocoLeisure's core operating assets include 39 hotels (with over 9,000 rooms) in the United Kingdom and Malaysia under two brands, the deluxe "Guoman" brand and the premium "Thistle" brand. It also owns Clermont Club, a licensed casino in the United Kingdom and a property development investment on the island of Molokai in the Hawaiian Islands. In addition to its core hospitality and leisure business, GuocoLeisure holds rights to certain royalties from the production of oil and natural gas in the Bass Strait in Australia.

Guoco accumulated over a number of years an interest in Rank, a company listed on the London Stock Exchange, and following a general offer made in 2011 Guoco now holds about 74.5% interests in Rank. Rank is a leading European gaming company and its assets include (i) Mecca Bingo, an operator of bingo clubs in the United Kingdom; (ii) Grosvenor Casinos, an operator of casinos in the United Kingdom and Belgium; and (iii) Enracha (new brand for the Spanish business previously called Top Rank España), an operator of bingo clubs in Spain. On 12 May 2012, Rank announced that it had conditionally agreed to acquire the entire issued share capital of Gala Casinos Limited subject to the receipt of merger control clearance in the United Kingdom. The proposed acquisition included 23 operating casinos and 3 non-operating casino licences in the United Kingdom, the leasehold titles and one freehold title associated with these casinos and three non-operating licences. This agreement lapsed on 19 September 2012. However, it was announced on 6 March 2013 that Rank had entered into a new conditional acquisition agreement in respect of Gala Casino 1 Limited for the purchase of 19 out of the 23 operating casinos and 3 non-operating casino licences comprised within the original acquisition proposal. Following completion of the new conditional acquisition agreement, Rank will become the largest casino operator in the United Kingdom by number of casinos with 54 operating venues and 12 non-operating casino licences.

(d) Financial services

The Guoco Group directly operates a stock and futures broking and corporate advisory business in Hong Kong. However, its financial services business is primarily conducted through Hong Leong Financial Group, a company listed on Bursa Malaysia. Guoco acquired 25% interest in Hong Leong Financial Group in 1993 and currently owns approximately 25.4%. It is accounted for as an associate, so while Guoco can exercise influence on management, it does not control it.

Hong Leong Bank, the 64.4% owned subsidiary of Hong Leong Financial Group listed on Bursa Malaysia, operates a network of over 300 branches in Malaysia with overseas branches in Singapore and Hong Kong and a wholly owned subsidiary in Vietnam, providing comprehensive services in personal financial services, treasury, corporate and commercial banking. It has a presence in China via an interest of 19.99% in the Bank of Chengdu Co., Limited and 49% in Sichuan Jincheng Consumer Finance Limited Liability Company.

Hong Leong Financial Group's other financial services interests are held through Hong Leong Capital which is also listed on Bursa Malaysia. Hong Leong Capital is principally engaged in investment banking, stock broking and futures broking businesses, unit trust management, fund management and the sale of unit trusts. Upon the close of a conditional voluntary offer to acquire the shares of Hong Leong Capital on 25 February 2013, Hong Leong Financial Group currently holds an 81.3% interest in Hong Leong Capital.

Comments

Guoco is already firmly controlled by the Quek Family, which controls about 74.5% of Guoco's issued share capital.

The Guoco Group bundles together a disparate portfolio of assets and businesses. Property (including hotels), investments and financial services (including through associates) are at its core, but it also controls a significant gaming business through Rank. Apart from the principal investment division, nearly all these core businesses are carried on through separately listed companies, in different jurisdictions such as Singapore, Malaysia, the United Kingdom and New Zealand. **We have not been able to find another holding company listed in Hong Kong with a similar range of businesses held through a similar structure.**

Each of Guoco's listed subsidiaries is run by its own management in accordance with its own policies. This is unlike the situation where a listed company owns, through wholly owned subsidiaries, the assets which can be controlled, bought and sold entirely at its own discretion. The structure of Guoco creates restrictions on the control of its assets as apart from its own board and shareholder approvals, it also needs to obtain its non-wholly owned subsidiaries' board and shareholder approvals and to consider appropriate listing rules and minority requirements of various countries. We are of the view that the Guoco Group's diverse business activities and layered investment holding structure restricts the attractiveness of its Shares to investors due to a lack of clarity. Investors/shareholders may place more value on a group with focused business activities and a simpler organisation structure.

2. Rationale for and benefits of the Offer

Statement by the Offeror and its financial adviser

As set out in the letter from Standard Chartered Bank in the Composite Document above, it is the intention of the Offeror to privatise Guoco. However, the Offeror's ability to exercise rights of compulsory acquisition is dependent on the level of acceptances reaching the prescribed level under the Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied (i.e. the Privatisation Condition).

The Offeror is of the view that:

(a) the proposed privatisation of Guoco, if successful, will simplify the shareholding structure of Guoco and improve corporate efficiency. Full ownership of Guoco by the Offeror will facilitate integration between the Offeror Group and Guoco and will provide the Offeror Group with greater flexibility to support the future business development of Guoco and its subsidiaries; and

(b) if successful, the proposed privatisation of Guoco is also expected to lead to cost savings through the simplification of the structure and dispensation of costs associated with compliance and maintaining the listing of the Shares, allowing Guoco to solely focus its resources on business operations.

The Offeror Directors are of the view that that the Offer is beneficial to the holders of Offer Shares for the following reasons:

(i) **The Offer provides an opportunity for holders of Offer Shares to realise their investment in Shares in return for cash.** For the 12 months up to and including the Latest Practicable Date, the daily average trading volume of the Shares was 186,675 Shares, or approximately 0.06% of the number of total issued Shares as at the Latest Practicable Date. Given that the Shares are generally thinly traded, there is limited opportunity for holders of Offer Shares to divest their investment in Guoco. Therefore, the Offer presents an immediate opportunity for the holders of Offer Shares to realise their investment in Guoco for cash.

(ii) **The Enhanced Offer Price provides an additional incentive for holders of Offer Shares to tender their acceptances under the Offer.** If the Privatisation Condition is satisfied or waived, all holders of Offer Shares who have tendered their acceptances under the Offer will receive either the Enhanced Offer Price or the Basic Offer Price plus the Additional Cash Consideration (which is equivalent to the Enhanced Offer Price).

(iii) **The Conditional Offer Alternative increases the options available to holders of Offer Shares.** Under the Unconditional Offer Alternative, the unconditional exit opportunity at the Basic Offer Price remains available to holders of Offer Shares (with the Additional Cash Consideration payable subject to the satisfaction or waiver of the Privatisation Condition). By offering the Conditional Offer Alternative, the Offeror creates an additional, albeit conditional, exit opportunity at the Enhanced Offer Price for those holders of Offer Shares who decide not to tender their acceptances under the Unconditional Offer Alternative.

(iv) **An alternative general offer for the Shares is unlikely**. Given that the Offeror holds approximately 71.52% of the issued share capital of Guoco, it is unlikely that the holders of Offer Shares will receive any general offers from third parties to acquire the Shares without the approval of the Offeror, which holds such Shares as a long-term investment.

If the Offeror is unable to effect the compulsory acquisition, the Offeror will take steps (as and when appropriate) to ensure that there is sufficient public float.

Comments

The facilitation of business integration mentioned in (a) and (b) above is a benefit to the Offeror so provides no particular reason for Independent Guoco Shareholders to support this privatisation proposal. Independent Guoco Shareholders should however be aware that there can be no assurance that the Shares will trade at or above the Basic Offer Price in the event the compulsory acquisition and withdrawal of listing of Guoco do not take place. This is further discussed in the sections below.

3. Analyses of the financial information of the Guoco Group

(a) Income statement

Set out below are the summarised consolidated income statements of Guoco for the three years ended 30 June 2012 and the six months ended 31 December 2011 and 2012.

TABLE 1: SUMMARISED CONSOLIDATED INCOME STATEMENTS OF GUOCO

	Six months ended 31 December		Year ended 30 June		
	2012	2011	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	6,017.4	5,650.9	12,756.6	7,662.1	5,924.7
Cost of sales	(3,103.1)	(2,839.9)	(6,770.7)	(3,639.1)	(2,990.4)
Other attributable costs	(113.9)	(90.4)	(224.2)	(179.6)	(153.4)
Subtotal	2,800.4	2,720.6	5,761.7	3,843.4	2,780.9
Other revenue	335.9	396.2	613.8	565.7	404.2
Other net income/(losses)	2,769.0	(3,155.8)	(2,880.8)	838.4	1,711.2
Administrative and other operating expenses	(2,510.3)	(2,337.9)	(4,571.8)	(2,279.6)	(1,837.9)
Finance cost	(532.5)	(346.9)	(800.5)	(541.7)	(471.0)
Profit/(loss) from operations	2,862.5	(2,723.8)	(1,877.6)	2,426.2	2,587.4
Valuation surplus of investment properties	–	–	24.8	446.9	35.5
Profit on disposal of an associate	–	–	–	324.8	–
Share of profits of associates	525.9	324.9	760.2	1,686.4	630.9
Share of profits less losses of jointly controlled entities	25.2	8.8	37.4	58.3	15.5
Profit/(loss) before tax	3,413.6	(2,390.1)	(1,055.2)	4,942.6	3,269.3
Tax expense	(63.4)	(173.2)	(167.2)	(341.5)	(133.9)
Profit/(Loss) for the period/year	3,350.2	(2,563.3)	(1,222.4)	4,601.1	3,135.4
Attributable to the Guoco Shareholders	3,347.2	(2,595.1)	(1,293.8)	4,159.4	2,830.6
Dividend for the year/period (HK$ per Share)	–	0.50	2.20	3.20	2.80

(i) Segmental revenue

The full text of the audited consolidated income statements of Guoco for the two years ended 30 June 2012 extracted from the annual report of Guoco for the year ended 30 June 2012 and a summary of the unaudited consolidated income statements of Guoco for the six months ended 31 December 2012 extracted from the interim report of Guoco for the six months ended 31 December 2012 are set out in Appendix II to the Composite Document, to which the attention of the Independent Guoco Shareholders is drawn. Set out below is a summary of Guoco's segmental revenue (from external customers):

(a) For the three years ended 30 June 2012

TABLE 2: FULL YEAR SEGMENTAL REVENUE OF GUOCO

	Principal investment (Note) *HK$'million*	**Property development and investment** *HK$'million*	**Hospitality and leisure business** *HK$'million*	**Securities, commodities and brokerage** *HK$'million*	**Total** *HK$'million*
Segmental revenue for the year ended 30 June 2012	841.2	1,678.6	10,182.1	54.7	12,756.6
Segmental revenue for the year ended 30 June 2011	707.7	2,953.0	3,934.3	67.1	7,662.1
Segmental revenue for the year ended 30 June 2010	415.5	2,791.7	2,651.4	66.1	5,924.7

(b) For the six months ended 31 December 2011 and 2012

TABLE 3: HALF YEAR SEGMENTAL REVENUE OF GUOCO

	Principal investment (Note) *HK$'million*	**Property development and investment** *HK$'million*	**Hospitality and leisure business** *HK$'million*	**Securities, commodities and brokerage** *HK$'million*	**Total** *HK$'million*
Segmental revenue for the six months ended 31 December 2012	296.1	312.5	5,389.4	19.4	6,017.4
Segmental revenue for the six months ended 31 December 2011	257.0	278.9	5,085.2	29.8	5,650.9

Note: Only interest income and dividend income are recognised as revenue of the principal investment division.

Property development and investment and hospitality and leisure business operations altogether contributed about 90% of Guoco's revenue during the period under review. Based on Guoco's accounting policies, only interest income and dividend income are recognised as revenue of principal investment segment.

Guoco posted an increase in revenue of approximately 29.3% to HK$7.7 billion for the year ended 30 June 2011 against HK$5.9 billion for the prior year, mainly due to increased average room rate and improved gaming margin from hospitality and leisure businesses. Revenue growth continued for the year ended 30 June 2012 with a 66.5% increase over the previous year to HK$12.8 billion. The robust growth was driven by the full year revenue from Rank which was accounted for as a subsidiary during the year after Guoco gained control on 7 June 2011. This was partially offset by a slowdown in property sales as a result of various measures to cool the property markets in Singapore and China.

For the six months ended 31 December 2012, the revenue from (i) principal investment, (ii) property development and investment; and (iii) hospitality and leisure business was relatively stable as compared to the same period in prior year.

(ii) Other revenue

Other revenue comprises sublease income, royalty income from Bass Strait oil and gas and hotel management fee. Other revenue increased 40.0% to approximately HK$565.7 million for the year ended 30 June 2011 as compared to approximately HK$404.2 million for the corresponding period in the prior year and increased a further 8.5% to HK$613.8 million for the year ended 30 June 2012. Such increases were mainly due to higher royalty income from Bass Strait oil and gas as a result of higher average crude oil and gas prices and the appreciation of average exchange rate of Australian dollars against US dollars during the year.

For the six months ended 31 December 2012, other revenue dropped 15.2% to HK$335.9 million. The decrease was mainly due to lower royalties received as a result of lower average crude oil price in the period.

(iii) Other net income/(losses)

Other net loss was HK$2.9 billion for the year ended 30 June 2012 (against other net income of HK$0.8 billion for the corresponding period in the prior year), mainly due to net unrealised losses on trading financial assets. Guoco's global equities had a disappointing year with major global equity markets recording negative returns when market sentiment was affected by the Euro-zone debt crisis, a faltering US recovery and intensified slowdown in growth of the Chinese economy.

For the six months ended 31 December 2012, other net income was HK$2.8 billion, mainly due to the net realised and unrealised gains on trading financial assets as a result of the recovery of financial markets in the last six months of 2012.

(iv) Administrative and other operating expenses

Administrative and other operating expenses for the year ended 30 June 2012 were twice those for the previous year to HK$4.6 billion, due to the first year of consolidation of the full-year results of Rank.

Administrative and other operating expenses for the six months ended 31 December 2012 were HK$2.5 billion, representing a 7.4% increase as compared to the previous corresponding period, which is mainly due to the increase in Rank's operating costs.

(v) Net profit/(loss)

Guoco reported a net loss attributable to the Guoco Shareholders of approximately HK$1.3 billion for the year ended 30 June 2012 as compared to a net profit attributable to the Guoco Shareholders of approximately HK$4.2 billion in the prior year. Set out below is a breakdown of profit/(loss) before tax for the three years ended 30 June 2012:

TABLE 4: FULL YEAR SEGMENTAL PROFIT/(LOSS) BEFORE TAX OF GUOCO

	Principal investment *HK$'million*	Property development and investment *HK$'million*	Hospitality and leisure business *HK$'million*	Oil and gas *HK$'million*	Securities, commodities and brokerage *HK$'million*	Financial services *HK$'million*	Total *HK$'million*
Segmental profit/(loss) before tax for the year ended 30 June 2012	(2,278.5)	(571.7)	670.9	381.3	4.9	737.9	(1,055.2)
Segmental profit/(loss) before tax for the year ended 30 June 2011	1,629.3	971.2	894.2	304.2	14.3	1,129.4	4,942.6
Segmental profit/(loss) before tax for the year ended 30 June 2010	1,746.2	583.1	254.5	224.5	13.1	447.9	3,269.3

For the year ended 30 June 2010, principal investment contributed HK$1.7 billion, representing 53.4% of total profit before tax. For the year ended 30 June 2011, Guoco's profit before tax grew 51.2% to HK$4.9 billion. Such increase was due to (i) the higher sales of properties in Singapore; (ii) improved average room rates and higher gaming margins; and (iii) the increase in the share of Hong Leong Financial Group's profit, which reported a surplus transfer of Hong Leong Assurance Bhd Life division of RM175 million and a RM619 million one-time gain on transfer of Hong Leong Assurance Bhd's general insurance business to MSIG Insurance (Malaysia) Bhd. For the year ended 30 June 2012, Guoco reported a loss before tax of HK$1.1 billion due to (i) the significant unrealised segment losses on principal investment of HK$2.3 billion; and (ii) HK$0.6 billion loss in the property division mainly due to the reversal of HK$1.1 billion profits recognised in GuocoLand as a result of adopting the completion of construction method for revenue recognition.

Notwithstanding most of its operating subsidiaries and associates were profitable during the year, Guoco's principal investment division was hit by the volatile market conditions since the third quarter of 2011 such as weak global economic growth, the unresolved Euro-zone debt crisis and weaker corporate earnings worldwide. While Guoco was able to recover half of the HK$2.4 billion net loss reported for the six months ended 31 December 2011, it still incurred a loss for the full year.

Guoco returned to profit for the six months ended 31 December 2012 as a result of the increase in global stock prices which had a significant positive impact on the performance of the principal investment division. Guoco's net profit attributable to the Guoco Shareholders amounted to HK$3.3 billion for the six months ended 31 December 2012 as compared to a net loss attributable to the Guoco Shareholders of approximately HK$2.6 billion in the previous corresponding period. Set out below is a breakdown of profit/(loss) before tax for the six months ended 31 December 2011 and 2012:

TABLE 5: HALF YEAR SEGMENTAL PROFIT/(LOSS) BEFORE TAX OF GUOCO

	Principal investment *HK$'million*	**Property development and investment** *HK$'million*	**Hospitality and leisure business** *HK$'million*	**Oil and gas** *HK$'million*	**Securities, commodities and brokerage** *HK$'million*	**Financial services** *HK$'million*	**Total** *HK$'million*
Segmental profit/(loss) before tax for the six months ended 31 December 2012	2,790.0	(416.5)	370.4	179.9	(6.4)	496.2	3,413.6
Segmental profit/(loss) before tax for the six months ended 31 December 2011	(3,033.0)	(261.5)	298.4	290.2	4.9	310.9	(2,390.1)

(vi) Dividends

We note that Guoco has paid dividends in recent years, even in 2011-2012 when there were losses. The lack of a 2012-2013 interim dividend was in line with Guoco's intention made in the Announcement. The level of dividend and the payout ratio has varied. The dividend paid by Guoco accounted for about 70% of the dividend and interest received by Guoco from the listed subsidiaries and associate and listed investments for the year ended 30 June 2011 and about 50% for the year ended 30 June 2012. The drop in the latest financial year might be due to overall loss of Guoco in the year. The dividend yield, based on the average dividends per Share for the three years ended 30 June 2012 was 3.1%, based on the Basic Offer Price of HK$88.00 per Share. Such dividend yield was the same as the average dividend yield of the Hang Seng Index of 3.1% for the 2010-2012 period. The average dividend yield based on the Enhanced Offer Price of HK$100.00 per Share is 2.73%.

Comments

Following the consolidation of Rank, the hospitality and leisure business has been the largest contributor to revenue (approximately 80% for the year ended 30 June 2012). Revenue from property development and investment business depends significantly on the timing of developments and revenue from principal investment division (from interest and dividends) is relatively minor. Revenue of Hong Leong Financial Group, accounted for as an associate, is not consolidated.

Recent profits/losses have been volatile owing mainly to the results of the principal investment business, which vary with world stock markets, with net unrealised profits/losses in respect of trading financial assets taken through the income statement. This contributed to a group loss before tax of HK$1.1 billion for the year ended 30 June 2012, and in turn to a sharp recovery of HK$3.4 billion in

profit before tax for the six months ended 31 December 2012. Results from the property development and investment business can also be volatile, with a loss before tax of HK$0.6 billion for the year ended 30 June 2012. Results from property activities are affected by factors such as the timing of project completions, which may not coincide with the financial year end, and periodic revaluations of investment properties.

Because of the volatility of profits/(losses) from two of the core businesses – principal investment and property development and investment – we do not consider it valid, or useful for the Independent Guoco Shareholders, to attempt to value these businesses on a multiple of earnings. Because of the significance of these two businesses to Guoco as a whole, this also applies to valuing the Shares. For these reasons, we have concentrated our analysis on balance sheet measures, which tend to be more stable and are covered in the next section, and the other principally market-related factors discussed in the remainder of this letter.

(b) Financial position and property valuation

The full text of the audited consolidated balance sheets of Guoco as at 30 June 2012 and 30 June 2011 extracted from the annual report of Guoco for the year ended 30 June 2012 and a summary of the unaudited consolidated balance sheets of Guoco as at 31 December 2012 and 31 December 2011 extracted from the interim report of Guoco for the six months ended 31 December 2012 are set out in Appendix II to the Composite Document, to which the attention of the Independent Guoco Shareholders is drawn. Set out below are the summarised consolidated balance sheets of Guoco as at 30 June 2010, 30 June 2011, 30 June 2012 and 31 December 2012:

TABLE 6: SUMMARISED CONSOLIDATED BALANCE SHEETS OF GUOCO

	As at 31 December 2012 *HK$' million* (Unaudited)	**As at 30 June 2012** *HK$' million* (Audited)	**As at 30 June 2011** *HK$' million* (Audited)	**As at 30 June 2010** *HK$' million* (Audited)
NON-CURRENT ASSETS				
Investment properties	12,381.0	11,780.3	10,789.9	2,616.6
Other property, plant and equipment	14,772.9	14,335.5	14,271.5	9,948.0
Interest in associates	6,212.9	5,335.5	4,886.3	5,292.3
Interest in jointly controlled entities	921.2	872.7	938.4	836.1
Available-for-sale financial assets	12,731.8	11,553.9	11,178.2	5,965.6
Deferred tax assets	192.6	182.4	112.6	1.2
Intangible assets	7,671.8	7,446.0	8,021.9	1,266.7
Goodwill	539.3	529.1	534.8	265.0
Total non-current assets	55,423.5	52,035.4	50,733.6	26,191.5

	As at 31 December 2012 *HK$' million* (Unaudited)	As at 30 June 2012 *HK$' million* (Audited)	As at 30 June 2011 *HK$' million* (Audited)	As at 30 June 2010 *HK$' million* (Audited)
CURRENT ASSETS				
Development properties	32,839.8	32,323.1	27,471.0	21,393.2
Properties held for sale	1,415.5	1,596.5	1,864.8	1,429.3
Trade and other receivables	2,084.5	3,064.1	4,269.9	2,281.6
Trading financial assets	13,452.6	9,512.3	16,922.5	18,135.6
Cash and short term funds	11,601.1	8,800.1	15,591.4	6,412.2
Total current assets	61,393.5	55,296.1	66,119.6	49,651.9
CURRENT LIABILITIES				
Trade and other payables	6,019.5	5,920.1	5,670.3	5,742.2
Current portion of bank loans and other borrowings	14,113.3	14,968.7	30,369.9	7,414.4
Taxation	903.3	1,025.5	1,440.5	319.2
Provisions and other liabilities	209.2	85.6	128.7	9.8
Total current liabilities	21,245.3	21,999.9	37,609.4	13,485.6
Net current assets	40,148.2	33,296.2	28,510.2	36,166.3
Total assets less current liabilities	95,571.7	85,331.6	79,243.8	62,357.8
NON-CURRENT LIABILITIES				
Non-current portion of bank loans and other borrowings	34,139.7	28,880.7	17,044.8	10,858.6
Amount due to non-controlling interests	786.4	723.4	602.8	–
Provisions and other liabilities	703.3	727.7	665.5	53.4
Deferred tax liabilities	239.2	232.1	695.7	634.7
Total non-current liabilities	35,868.6	30,563.9	19,008.8	11,546.7
Net assets	59,703.1	54,767.7	60,235.0	50,811.1
CAPITAL AND RESERVES				
Share capital	1,275.3	1,276.0	1,280.4	1,280.7
Reserves	47,748.5	42,922.1	47,727.1	42,072.1
Equity attributable to the Guoco Shareholders	49,023.8	44,198.1	49,007.5	43,352.8
Non-controlling interests	10,679.3	10,569.6	11,227.5	7,458.3
TOTAL EQUITY	59,703.1	54,767.7	60,235.0	50,811.1

Set out below is the breakdown of Guoco's assets and liabilities by principal business activities:

TABLE 7: GUOCO'S ASSETS AND LIABILITIES BY PRINCIPAL BUSINESS ACTIVITIES

	Principal investment *HK$'million*	Property development and investment *HK$'million*	Hospitality and leisure business *HK$'million*	Oil and gas *HK$'million*	Securities, commodities and brokerage *HK$'million*	Financial services *HK$'million*	Total *HK$'million*
As at 30 June 2012							
Total assets	24,469.6	53,143.7	23,346.6	1,037.1	308.4	5,026.1	107,331.5
Total liabilities	8,473.8	35,931.2	8,112.4	1.7	44.7	–	52,563.8
Net asset value	15,995.8	17,212.5	15,234.2	1,035.4	263.7	5,026.1	54,767.7
As at 30 June 2011							
Total assets	34,970.1	51,070.1	24,701.2	1,132.9	410.7	4,568.2	116,853.2
Total liabilities	10,443.4	34,882.4	11,172.7	0.8	118.9	–	56,618.2
Net asset value	24,526.7	16,187.7	13,528.5	1,132.1	291.8	4,568.2	60,235.0
As at 30 June 2010							
Total assets	26,946.3	32,855.0	11,884.9	915.3	308.6	2,933.3	75,843.4
Total liabilities	1,510.0	18,941.6	4,519.3	1.1	60.3	–	25,032.3
Net asset value	25,436.3	13,913.4	7,365.6	914.2	248.3	2,933.3	50,811.1

(i) Properties

As at 31 December 2012, property development and investment accounted for over half of the Guoco Group's total assets. Investment properties comprise properties leased to third parties and properties under development and are mainly located in Singapore, China, Malaysia and Hong Kong. They were stated at fair market value in the accounts of the Guoco Group.

The Guoco Group's investment properties increased substantially as at 30 June 2011 to HK$10.8 billion (representing 4 times the level as at 30 June 2010) due to the addition of the commercial component of the Tanjong Pagar site in Singapore with an aim to create a base for recurrent income from leasing the commercial components. GuocoLand undertook 5 integrated developments in Singapore, China, Malaysia and Vietnam, which comprised a mix of development and investment properties. Guoco Group's investment properties grew further by 9.2% to HK$11.8 billion as at 30 June 2012 mainly due to the transfer from development properties and by a further 5.1% to HK$12.4 billion as at 31 December 2012.

Other property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Over 80% is interests in leasehold and freehold land and buildings (including the self use portion of properties of the Guoco Group). The significant increase for the year ended 30 June 2011 was mainly due to the purchase of substantial land sites in Singapore and the acquisition of Rank during the year. The figure as at 31 December 2012 was about the same as at the prior year end.

Development properties and properties held for sale are held as current assets and are stated at the lower of cost and net realisable value, where net realisable value represents the estimated selling price less costs to be incurred in selling the properties. Development properties and properties held for sale showed steady growth of 28.5% and 15.6% as at 30 June 2011 and 2012 as compared to their respective prior year ends. As at 31 December 2012, the figure was about the same as those as at 30 June 2012.

Independent property valuations of these property interests are set out in detail in Appendix III to the Composite Document, a lengthy but important appendix to which the attention of the Independent Guoco Shareholders is drawn. Based on the Valuation Reports, the management of the Group then estimated the revaluation surplus arising from the valuation of property interests attributable to Guoco as at 31 January 2013 to be at approximately HK$5,910.0 million, which is based on the valuation of property interests attributable to Guoco as at 31 January 2013, as set out in Appendix III to the Composite Document, having adjusted for (i) the carrying values of such property interests as of 31 January 2013; and (ii) the relevant potential tax liabilities, as provided by the management of the Guoco Group. As set out in the Valuation Reports, the Independent Property Valuers have applied a mix of direct comparison approach, income capitalisation approach and depreciated replacement cost approach in valuing the properties of the Guoco Group. Details in respect of the valuation methodologies adopted by the Independent Property Valuers are set out in the Valuation Reports.

We have interviewed the Independent Property Valuers and discussed with them the rationale of adopting the different valuation methodologies, bases and assumptions for valuing the different properties held by the Guoco Group and examined the valuation worksheets and sample comparables used by the Independent Property Valuers. Set out below are the summary of valuation methodologies adopted by the Independent Property Valuers in valuing the different properties held by the Guoco Group.

TABLE 8: SUMMARY OF VALUATION METHODOLOGIES

Independent Property Valuer	Property interest	Valuation methodology
CBRE Limited	Property interests held by Guoco, GuocoLeisure and GuocoLand located in China, Hong Kong, Malaysia, Singapore, Vietnam and Fiji. The subject properties are mainly development properties, properties held for sale and investment properties.	The majority of the property interests were valued by direct comparison approach on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession. Comparison is based on prices realised on actual transactions and/or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analysed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. The valuer considered certain leased property interests to have no commercial value primarily due to the prohibition against assignment or sub-letting and/or due to the lack of substantial profit rent.

Independent Property Valuer	Property interest	Valuation methodology
Christie + Co	Property interests held by Guoman Hotels Limited, a wholly-owned subsidiary of GuocoLeisure, located in the United Kingdom. Almost all of the subject properties are hotels.	The property interests were valued by income capitalisation approach. The valuer has also benchmarked the subject properties against transactions recorded in the United Kingdom hotel property market. For this purpose, comparisons of sales evidence of hotels are given on a "per letting bedroom" basis. Sales of comparable hotels have been carefully analysed and weighted against all the respective advantages and disadvantages of the subject properties in order to confirm the market value ascribed by income capitalisation approach.
Gerald Eve LLP	Property interests held by Rank and Clermont Leisure (UK) Limited, a wholly-owned subsidiary of GuocoLeisure, located in the United Kingdom. The subject properties are mainly casinos and bingo halls.	In valuing the property interests, the valuer has adopted the income capitalisation approach to valuation based on the capitalisation of rental income potential from the valuation date at an appropriate investment yield to arrive at the capital value. The valuer has assessed the rental value and capitalisation rate adopted within the valuations by reference to an analysis of comparable properties and its interpretation of prevailing investor requirements or expectations. The valuer has applied an appropriate capitalisation rate to the rental income/profit rent (or rental loss in the case of over rented leasehold properties), based on the risks and rewards associated with the property interests and a purchaser's required rate of return. The valuer has also reflected a potential purchaser's assessment of a day-one opportunity to acquire and occupy a property which has been designed or adapted for its specific use by making a capital addition as appropriate.

Independent Property Valuer	Property interest	Valuation methodology
Cushman & Wakefield Spain Ltd.	Property interests held by Rank located in Spain. The subject properties are mainly bingo halls.	In valuing the subject property interests, the valuer has adopted an income capitalisation approach to valuation based on the capitalisation of the existing and reversionary rental income potential from the date of valuation at an appropriate investment yield to arrive at the capital value. The valuer has assessed the rental value and capitalisation rate to be adopted for the valuation by reference to an analysis of market transactions on comparable properties and its interpretation of prevailing investor requirements or expectations. The valuer has applied an appropriate capitalisation rate to the rental income (or rental loss in the case of over rented leasehold properties), based on the risks and rewards associated with the property interests and a purchaser's required rate of return.
The Hallstrom Group Inc.	Property interests held by Molokai Properties Limited, a wholly-owned subsidiary of GuocoLeisure, located in the island of Molokai in the Hawaiian Islands. The subject properties mainly comprise of vacant lands.	The majority of the subject properties have been primarily valued using a direct comparison approach. This approach is based on the principle that the value of a property is governed by the prices generally being obtained for similar properties in the marketplace. Adjustments are made to compensate for differences between the comparable properties and the subject. Depreciated replacement cost analysis was used in evaluating certain buildings located in the remote village areas of the island of Molokai.

The Independent Property Valuers have adopted principally the direct comparison approach and the income capitalisation approach as valuation methodologies for the valuation of the different properties held by the Guoco Group. They have decided on the use of either approach based on a variety of considerations, namely, among others, the availability of market transactions of similar properties, the nature of the properties (whether it be freehold, short or long leasehold properties, operating leases, etc), the accepted approach of valuing similar properties and the prevailing investor requirements or expectations.

On the above basis, we consider the valuation methodologies, and bases and assumptions adopted for the valuation of the properties of the Guoco Group by the Independent Property Valuers are reasonable.

(ii) Interests in associates and jointly controlled entities

Investments in associates and jointly controlled entities are equity accounted for in the accounts of Guoco, which are initially stated at cost and adjusted for any change of Guoco's share of their net assets and any related impairment loss subsequently. The main associate is Hong Leong Financial Group.

For the year ended 30 June 2011, Rank was derecognised as an associate upon the closing date of the offer for Rank's shares on 7 June 2011. Guoco disposed of its entire interest of 30% in Pepsi-Cola Products Philippines, Inc., to a third party on 16 September 2010, recognising a profit of approximately HK$324.8 million in the income statement.

(iii) Available-for-sale financial assets and trading financial assets

As at 30 June 2012, principal investment accounted for about 22.8% of the Guoco Group's total assets. Available-for-sale financial assets are remeasured at the end of each reporting period with any unrealised gain or loss accumulated separately in fair value reserve. Trading financial assets are also remeasured at the end of each reporting period with any resultant gain or loss being recognised in profit or loss.

Guoco recorded an increase in available-for-sale financial assets of 87.4% to HK$11.2 billion as at 30 June 2011 against HK$6.0 billion as at the previous year end. This was mainly due to Guoco's increase in allocations to equities and leverage in light of the low interest rate environment since the start of the second leg of quantitative easing (QE2) by the US Federal Reserve in the second half of 2010 and the continued accommodative monetary policy and fiscal stimulus in most developed countries. Guoco recorded a slight increase of 3.4% in available-for-sale financial assets to HK$11.6 billion as at 30 June 2012. As global stock prices advanced in the last six months of 2012 on the back of on-going policy support by major central banks, improved economic data from the US, a revival of growth expectations in China and low market valuation, this figure continued to increase by 10.2% to HK$12.7 billion as at 31 December 2012. On the other hand, trading financial assets dropped 6.7% to HK$16.9 billion as at 30 June 2011 as compared to the previous year end. It fell a further 43.8% to HK$9.5 billion as at 30 June 2012 but increased 41.4% to HK$13.5 billion as at 31 December 2012. The changes were due to mark-to-market share price movements and sale and purchase of principal investments during the relevant periods under review.

As at 31 December 2012, Guoco held an approximate 14.3% interest in BEA (booked as an available-for-sale financial asset) which is Guoco's largest single principal investment. Out of the total principal investment amount (excluding cash), investment in BEA accounted for approximately 22%, 26% and 42% as at 30 June 2010, 2011 and 2012 respectively and approximately 36% as at 31 December 2012. At the Latest Practicable Date, the majority of other holdings of the available-for-sale financial assets and trading financial assets were in blue chip international equity securities.

(iv) Intangible assets and goodwill

The Guoco Group's intangible assets were approximately HK$1.3 billion as at 30 June 2010, which mainly represented its interest in Bass Strait oil trust, stated at cost less accumulated amortisation and impairment losses. Intangible assets increased from HK$1.3 billion to HK$8.0 billion during the year ended 30 June 2011, including the intangible assets in Rank. The amount decreased to HK$7.4 billion during the year ended 30 June 2012 mainly due to lower AUD and GBP exchange rates against USD as at the year end date, amortisation charges, which were calculated on straight line basis over their original useful lives, and impairment losses. The intangible assets were HK$7.7 billion as at 31 December 2012 representing a small increase of approximately 3.0% due to exchange difference.

Goodwill of the Guoco Group increased HK$269.8 million to HK$534.8 million for the year ended 30 June 2011 due to the goodwill arising from the acquisition of the controlling interests in Rank during the year. Goodwill is tested for impairment at each financial year end and no impairment has been identified during the period under review. Goodwill of the Guoco Group for the year ended 30 June 2012 decreased by 1.1% to HK$529.1 million as a result of minor exchange adjustments.

(v) Cash and short term funds

The Guoco Group's cash and short term funds increased 143.2% to HK$15.6 billion as at 30 June 2011 over the prior year end of HK$6.4 billion. During the year, GuocoLand raised S$532.5 million by way of rights issue in December 2010, which was proportionally taken up by Guoco. The Guoco Group's cash and short term funds decreased to HK$8.8 billion as at 30 June 2012 but increased to HK$11.6 billion as at 31 December 2012. Such increase was mainly due to proceeds from the issue of US$500 million (HK$3.9 billion) medium term notes issued by Guoco.

(vi) Bank loans and other borrowings

As at 31 December 2012, total bank loans and other borrowings were approximately HK$48.3 billion, of which HK$14.1 billion were repayable within the next 12 months. The Guoco Group's total borrowings are mainly denominated in SGD, USD, GBP and RMB. As at 31 December 2012, approximately 66% of the borrowings were at floating rates and the remaining were at fixed rates.

(vii) NAV and NTAV per Share

The net asset value (excluding non-controlling interest, the "**NAV**") and the net tangible asset value (excluding non-controlling interest, intangible assets and goodwill, the "**NTAV**") attributable to the Guoco Shareholders was approximately HK$49.0 billion and HK$40.8 billion respectively as at 31 December 2012.

As mentioned in the paragraph headed "(i) Properties" under the section headed "(b) Financial position and property valuation" above, the land and building of the Guoco Group are stated at cost less accumulated depreciation and any impairment losses, whilst the investment properties are stated at fair value. Therefore, the carrying value of land and building may differ from the most current valuation.

Set out below are the computation of the NAV and NTAV attributable to the Guoco Shareholders having adjusted the revaluation surplus arising from the valuation of property interests attributable to Guoco as at 31 January 2013 to reflect the current value of the property interests of the Guoco Group on the bases discussed above and set out in the Valuation Reports (the "**Reassessed NAV**" or "**Reassessed NTAV**").

TABLE 9: REASSESSED NAV AND REASSESSED NTAV

(Unaudited)	**NAV attributable to the Guoco Shareholders**	**NTAV attributable to the Guoco Shareholders**
As at 31 December 2012 *(HK$'million)*	49,023.8	40,812.7
NAV/NTAV per Share *(HK$)*	149.0	124.0
Add: Revaluation surplus arising from the independent property valuation of property interests attributable to Guoco as at 31 January 2013 *(HK$' million)* *(Note)*	5,910.0	5,910.0
Reassessed figures having adjusted for the current valuation *(HK$' million)*	54,933.8	46,722.7
Number of Shares in issue	329,051,373	329,051,373
Reassessed NAV/NTAV per Share *(HK$)*	**166.9**	**142.0**

Note: Based on the independent property valuation of property interests attributable to Guoco as at 31 January 2013, as set out in the Valuation Reports, having adjusted for (i) the carrying values of such property interests as of 31 January 2013; and (ii) the relevant potential tax liabilities, as provided by the management of the Guoco Group.

On the basis discussed above, the NAV and NTAV per Share, based on the unaudited consolidated balance sheet of Guoco as at 31 December 2012, before the valuations were approximately HK$149.0 and HK$124.0 respectively. The Reassessed NAV and Reassessed NTAV per Share after adjusting for the fair value of the land and buildings, **were approximately HK$166.9 and HK$142.0 respectively.**

Comments

Properties make up the largest category of assets held by the Guoco Group. All the property interests have been independently revalued as at 31 January 2013 by the Independent Property Valuers as set out in Appendix III to the Composite Document.

The market value of principal investment rebounded strongly from 30 June 2012 to 31 December 2012. On the basis of information supplied by Guoco, we estimate that the value of principal investment as at 28 February 2013 has been approximately maintained at the 31 December 2012 level.

Although the bulk of Guoco's book revenue came from the hospitality and leisure business for the last three financial years, it should be noted that this business did not account for the biggest portion of gross or net assets and was not the biggest profit/loss contributor within Guoco. Principal investment and, on occasion, property development and investment business outweighed the hospitality and leisure business in terms of profitability. Only interest and dividends from principal investment have been accounted for as Guoco's revenue; if the proceeds from sale of investments were also taken into account, the turnover of principal investment could have been HK$9,577 million, compared to hospitality and leisure business of HK$10,182 million for the year ended 30 June 2012. Over half of the total assets of the Guoco Group as at 31 December 2012 was attributable to property development and investment. For these reasons, it is difficult to classify a particular sector to which the Shares belong.

In our analysis, we have adopted the NAV per Share, not the NTAV per Share, as our main measure. The value of intangible assets and goodwill represent approximately HK$8.2 billion (about HK$25 per Share). Intangibles and goodwill principally relate to Rank, which operates profitably, and other intangible relates to satisfactory oil and gas royalties being received. **Consequently, we consider the value of intangibles and goodwill is soundly backed.** We note that the Guoco Directors have not considered any impairment appropriate as at 31 December 2012.

As set out in Table 9 above, the Reassessed NAV per Share is HK$166.9. As set out in Figure 4 below, during the last five years, the Shares have consistently traded at a substantial discount to NAV, ranging from about 14% to 66%. One possible reason for a substantial discount is that the majority of the property interests and most of the other assets of Guoco (apart from principal investment) are somewhat "remote", i.e. held through separately listed subsidiaries, decreasing the degree of control and accessibility the parent company has as regards such assets/businesses.

4. Analysis of market price of the Shares

(a) Market price compared to the Basic Offer Price and Enhanced Offer Price

TABLE 10: SHARE PRICE COMPARISONS

		Premium or (discount) over/to	
		HK$88.00 per Share	**HK$100.00 per Share**
(i)	Closing price of HK$70.50 per Share as quoted on the Stock Exchange on the Last Trading Date	24.8%	41.8%
(ii)	The volume weighted average closing price of approximately HK$70.55 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Date	24.7%	41.7%
(iii)	The volume weighted average closing price of approximately HK$70.39 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$70.22 per Share	25.3%	42.4%
(iv)	The volume weighted average closing price of approximately HK$71.42 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$70.15 per Share (the "**Undisturbed Share Price**")	25.4%	42.6%

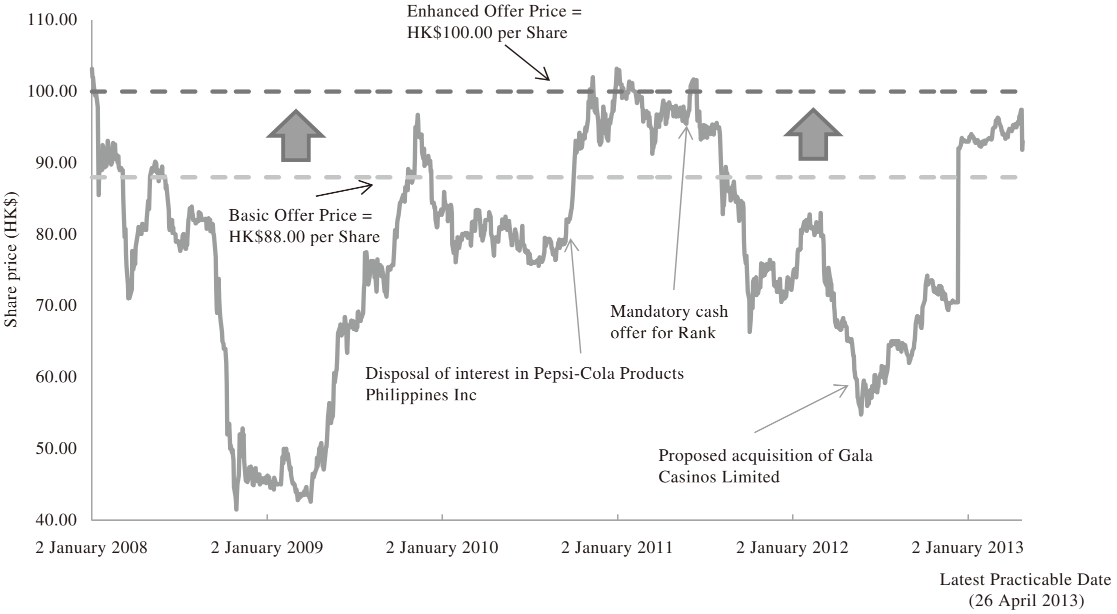
		Premium or (discount) over/to HK$88.00 per Share	 HK$100.00 per Share
(v)	The volume weighted average closing price of approximately HK$71.35 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$69.82 per Share	26.0%	43.2%
(vi)	The volume weighted average closing price of approximately HK$69.89 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$68.33 per Share	28.8%	46.3%
(vii)	The volume weighted average closing price of approximately HK$66.68 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Date less the 2012 Final Dividend for trading days prior to the Books Closure Date resulting in a net price of HK$65.02 per Share	35.3%	53.8%
(viii)	The closing price of HK$92.75 per Share as quoted on the Stock Exchange on the Latest Practicable Date	5.4%	(7.3)%

We consider that the Share price at the Latest Practicable Date and the premium over the Basic Offer price is affected by the Announcement and the Second Announcement. Of the above figures, we regard the premiums in (iv) above of about 25.4% and 42.6% over the Undisturbed Share Price of about HK$70 per Share are possibly the most representative for the Independent Guoco Shareholders to consider. **We note that the premiums in (ii) to (v) above are grouped in the 25–26% range and the 42–43% range represented by the Basic Offer Price and the Enhanced Offer Price respectively. For longer trading periods of 90 and 180 days, the premiums are higher, in the 46%–54% range.**

(b) Closing market prices over a 5-year and 1-year periods

Set out below is a summary of the closing prices of the Shares from 2 January 2008 up to and including the Latest Practicable Date (the "**Review Period**"):

FIGURE 2: SHARE PRICE CHART



During the Review Period, the Shares closed between HK$41.5 per Share and HK$103.2 per Share. The Shares traded above HK$90 per Share during the period from October 2010 to May 2011 and closed above HK$100 per Share for some days in March 2011. The Shares closed at HK$100.00 per Share or higher in 37 days out of 1,313 days during the Review Period.

Guoco announced three notifiable transactions during the Review Period – the disposal of interests in Pepsi-Cola Products Philippines Inc. in September 2010, the mandatory cash offer for Rank in May 2011 and the proposed acquisition of Gala Casinos Limited in May 2012.

During the 12-month period (the "**12-month Review Period**") ending on the Last Trading Day (i.e. 3 December 2012), the Shares traded between HK$54.80 per Share and HK$83.00 per Share. The closing price of the Shares fell below HK$80.00 per Share immediately after the publication of the announcement of the interim results for the six months ended 31 December 2011. For this period, Guoco reported a net loss of approximately HK$2.6 billion, primarily arising from Guoco's principal investment business which was adversely affected by the weakening financial markets. As set out in the chart above, the closing price of the Shares fell further in the following 3 months to HK$54.80 per Share on 23 May 2012 and resumed an uptrend thereafter to HK$63.00 per Share when the announcement of final results for the year ended 30 June 2012 was released.

Thereafter and until just before the release of the Announcement on 12 December 2012, the closing price of the Shares stayed mostly around approximately HK$70 per Share. After the release of the Announcement and up to the Latest Practicable Date, both the lower and upper range of the closing price of the Shares increased to HK$91.85 per Share and HK$97.45 per Share respectively, with the average closing price of the Shares was approximately HK$93.98 per Share.

(c) Trading liquidity

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of such monthly total trading volumes to the total issued share capital and the public float of Guoco from the start of 2012 to the Latest Practicable Date:

TABLE 11: TRADING LIQUIDITY OF THE SHARES

	Monthly total trading volume of the Shares	Percentage of the monthly total trading volume of the Shares to the total issued Shares(1)	Percentage of the monthly total trading volume to the public float(2)
2012			
January	728,451	0.22%	0.88%
February	1,599,312	0.49%	1.93%
March	6,981,576	2.12%	8.44%
April	4,013,825	1.22%	4.85%
May	3,078,255	0.94%	3.72%
June	1,586,673	0.48%	1.92%
July	4,110,878	1.25%	4.97%
August	1,222,383	0.37%	1.48%
September	1,637,206	0.50%	1.98%
October	3,558,177	1.08%	4.30%
November	1,687,514	0.51%	2.04%
December	12,573,463	3.82%	15.20%
2013			
January	6,495,123	1.97%	7.85%
February	1,815,782	0.55%	2.20%
March	1,937,143	0.59%	2.34%
From 1 April 2013 to the Latest Practicable Date	4,772,519	1.45%	5.77%

Source: Bloomberg and the Stock Exchange website

Notes:

(1) The calculation is based on the monthly total trading volumes of the Shares divided by the total issued share capital of Guoco at the end of each month during the review period.

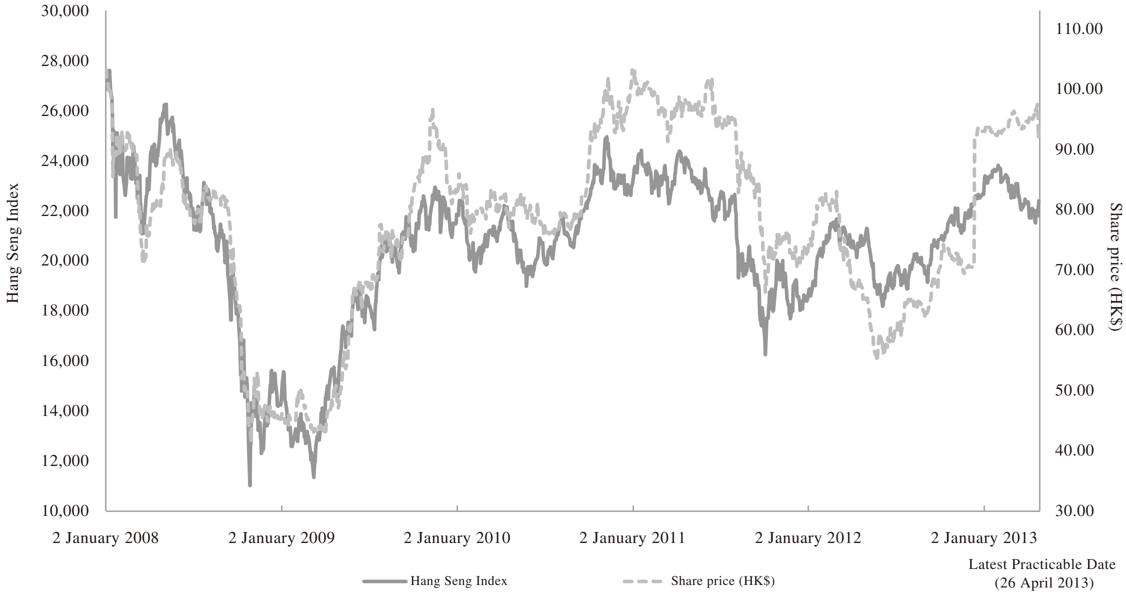
(2) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares in public float of 82,697,407 as at the Latest Practicable Date.

Based on the above table, in our view the liquidity of the Shares was generally thin during the start of 2012 until the surge of trading in December following the Announcement. Other months where the trading was relatively more active may be connected to the announcement of results. **As the Shares cannot be regarded as having been actively traded, the opportunity for the Independent Guoco Shareholders to exit unconditionally at a fixed cash price is potentially a valuable one.**

(d) Comparison of the movements of the Shares and the Hang Seng Index

Set out below is the movement of the closing price of the Shares and the Hang Seng Index during the Review Period:

FIGURE 3: MOVEMENTS OF THE SHARES AND THE HANG SENG INDEX

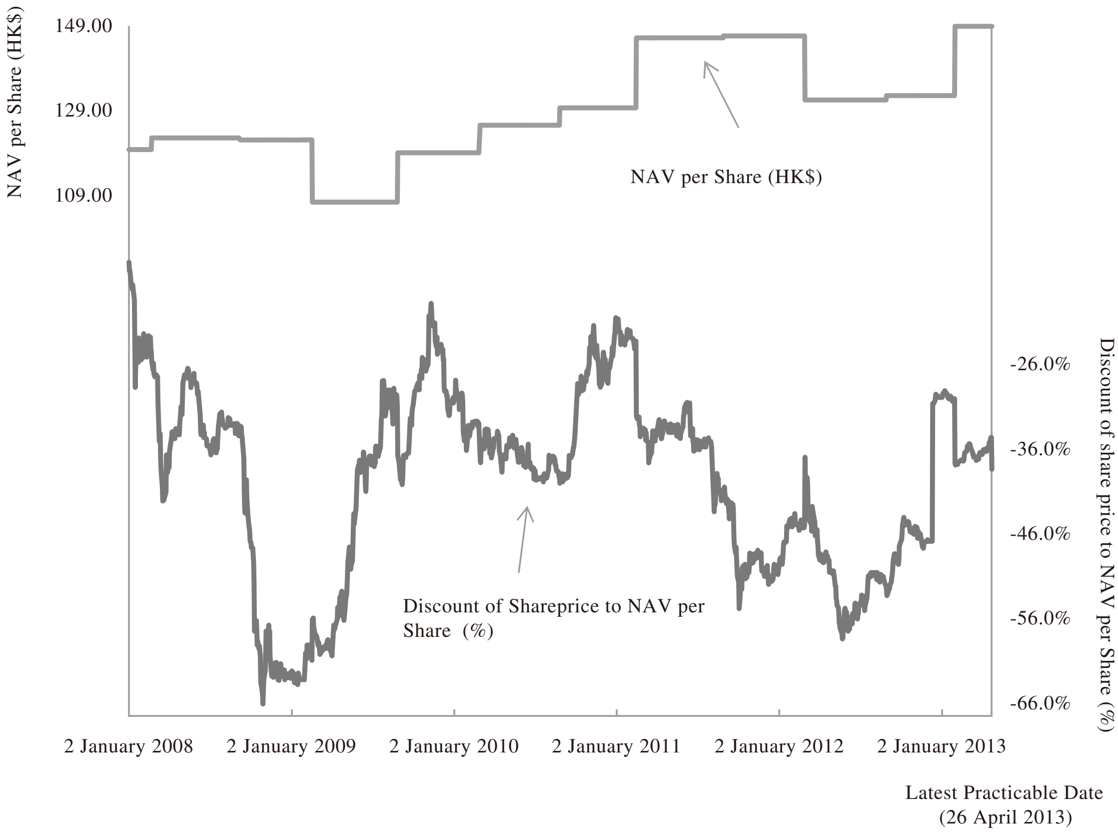


As shown in the above chart, the Share price has moved generally in line with the Hang Seng Index in the past five years. The correlation between the Hang Seng Index and the Share price may be because Guoco's announced profitability is significantly affected by its principal investment business which is mainly invested in listed securities as discussed in section 3 above, and because much of its other businesses are held through listed subsidiaries, although the listings are not in Hong Kong.

The Share price of Guoco failed to match the Hang Seng Index during much of the year 2012 which might be due to poor interim and final results. Net losses of HK$2.6 billion and HK$1.3 billion were incurred for the six months ended 31 December 2011 and the year ended 30 June 2012. The recent over-performance is, in our opinion, due to the Announcement.

(e) Discount of Share price to NAV during a 5-year period

FIGURE 4: MOVEMENTS OF NAV PER SHARE AND THE DISCOUNT OF SHARE PRICE TO NAV PER SHARE



Guoco reports its NAV per Share by way of interim and final results announcement twice a year published 2 to 3 months after the year/period end date. We note that the Share price has moved generally in line with, but some months ahead of, the NAV per Share as announced by Guoco from time to time during the Review Period.

The Shares traded at a discount to the NAV per Share throughout the Review Period (ended on the Last Trading Day) ranging from approximately 13.9% to 66.0%, with an average of approximately 40.1%. A relatively deep discount to NAV per Share was seen in the period from November 2008 to February 2009 when the Hong Kong stock market was in the doldrums after the financial crisis in 2008. Guoco reported its NAV per Share reduced from HK$122.2 to HK$107.5 on 17 February 2009. Another deep discount to NAV per Share was observed in May 2012 when the Hang Seng Index dropped below 19,000 and NAV per Share was HK$132.6 as at 30 June 2012.

During the 12-month period ending in the Last Trading Date, the discount to NAV per Share ranged from 37% to 58%, with an average of about 49%.

Comments

The Basic Offer Price of HK$88.00 per Share and the Enhanced Offer Price of HK$100.00 per Share represent premiums of about 25% and 43% respectively over the Undisturbed Share Price of about HK$70 per Share before the Announcement. During the five year period before the Announcement, the Shares have traded above HK$88.00 per Share for several months, particularly in 2011, and above HK$100 per Share on a small number of occasions. The highest closing price during this five-year period was HK$103.2 per Share. However, throughout the year before the Announcement, the Shares closed below HK$88.00 per Share, with a lowest closing price of HK$54.8 per Share.

The Shares have not, in our opinion, been actively traded in the year before the Announcement which makes the opportunity to exit at a fixed cash price a potentially valuable one.

Throughout the five years before the Announcement, the Shares have consistently traded in the market at a substantial discount to NAV. Over the 12-month period ending in the Last Trading Date, the average discount was approximately 49%.

There is a correlation between the movements in the Hang Seng Index and the Share price, as set out in Figure 3 above. This may be because of the significant principal investment business (excluding cash) of Guoco (22% of total assets at 31 December 2012), or because its other principal businesses are held through listed subsidiaries, even though those subsidiaries are not listed in Hong Kong.

5. Illustration of value of Guoco based on market prices of listed entities

Because of the high proportion of Guoco's assets which are listed and the correlation we have observed between the price performance of the Shares and the Hang Seng Index as described above, we have performed, for illustrative purposes, a calculation of the valuation of Guoco based on the sum of (i) the market value of the shares in its listed subsidiaries and associates and BEA; and (ii) book value of other assets/liabilities of Guoco (excluding all Guoco's assets and liabilities associated with the above listed subsidiaries/associates and BEA) as at 31 December 2012. We have discussed with the management of the Guoco Group the latest financial position of Guoco Group and have concluded that there is no material change of the value of other assets/liabilities (except for those held by GuocoLand, GuocoLeisure, Rank and Hong Leong Financial Group and shares of BEA held by Guoco) since 31 December 2012.

TABLE 12: CALCULATION OF MARKET PRICE-RELATED VALUE

	As at 30 June 2012 *(HK$'million)*	As at 31 December 2012 *(HK$'million)*	As at the Latest Practicable Date[(1)] *(HK$'million)*
Market value of the shares of the subsidiaries and associates			
– GuocoLand	7,664	11,755	10,838
– GuocoLeisure	3,309	3,783	4,860
– Rank	4,131	5,284	5,668
– Hong Leong Financial Group	7,980	8,936	10,027
Market value of the shares of BEA held by Guoco	8,775	9,465	9,734
Book value of other assets and liabilities of Guoco (excluding all Guoco's assets and liabilities associated with the above listed subsidiaries/associates and shares of BEA held by Guoco)	9,565(2)	14,086(3)	14,086(3)
Market Price-related Value (as defined below)	**41,424**	**53,309**	**55,213**
Per Share *(HK$)*	**125.9**	**162.0**	**167.8**

Notes:

(1) Market values based on the respective average closing prices as quoted on the relevant stock exchanges for the 30 consecutive trading days up to and including the Latest Practicable Date (in the case of Rank, the trading day before the Latest Practicable Date).

(2) Book value of other assets and liabilities were as at 30 June 2012 (as referenced from the annual report of Guoco for the year ended 30 June 2012) and adjusted for the valuation of properties directly held by Guoco as at 31 January 2013.

(3) Book value of other assets and liabilities were as at 31 December 2012 (as referenced from the interim report of Guoco for the six months ended 31 December 2012) and adjusted for the valuation of properties directly held by Guoco as at 31 January 2013.

Based on the market value of the shares of the listed subsidiaries and associate and BEA and the book value of other assets and liabilities not held by its listed subsidiaries/associate (excluding shares held by Guoco) as at 31 December 2012, the aggregate market value (the "**Market Price-related Value**") of Guoco as at 30 June 2012, as at 31 December 2012 and as at the Latest Practicable Date was approximately HK$41.4 billion, HK$53.3 billion and HK$55.2 billion respectively, equivalent to approximately HK$125.9, HK$162.0 and HK$167.8 per Share respectively.

We wish to emphasise that the existing Board has given no indication that any portion of the business may be for sale. The Offeror has stated that it intends to continue with the existing businesses of the Guoco Group and does not intend to introduce major changes to the Guoco Group's business (including redeployment of fixed assets of the Guoco Group) save that the Offeror may from time to time review strategic options with regard to Guoco Group and may implement such changes arising from such review. **Consequently, the assumption**

that the listed parts of the principal businesses of Guoco may be sold in the market serves for illustrative purposes only. However, it does provide the Independent Guoco Shareholders with another way of looking at the value of Guoco in addition to the Reassessed NAV per Share. The results are not dissimilar.

We also considered undertaking a sum-of-the-parts analysis based on (i) the net assets of each Guoco's principal businesses, or in respect of Rank, the enterprise value; (ii) the discount or premium at which each of these businesses would be likely to be valued in the market if it were held by a separated listed company; and (iii) the discount at which a holding company (i.e. Guoco) would be valued in the market if its assets consisted of a series of listed companies. Having gone through this exercise, we came to the conclusion that such an analysis was too theoretical and depended on too many arguable assumptions to be of useful guidance to the Independent Guoco Shareholders.

Comments

Since a high proportion of Guoco's assets are listed or held through listed companies, we consider the above Market Price-related Values per Share of HK$162.0 – HK$167.8 provide a useful cross-check to the Reassessed NAV per Share of HK$166.9 set out above, producing similar but slightly higher results. The Reassessed NAV per Share is based on book values supplemented by up-to-date independent property valuations as set out in the Valuation Reports, whereas the Market Price-related Value assumes such factors or property values will be broadly reflected in the market price of the relevant shares. Both the Reassessed NAV and the Market Price-related Value would be of more immediate relevance to the Independent Guoco Sharesholders if there was any indication that the Guoco Group might be broken up and the constituent parts sold. However, the existing Board has given no indication of this and the Offeror stated that it intends to continue with the existing businesses of the Guoco Group and does not intend to introduce major changes to the Guoco Group's business (including redeployment of fixed assets of the Guoco Group) save that the Offeror may from time to time review strategic options with regard to Guoco Group and may implement such changes arising from such review.

6. Privatisation precedents

We have compared the Offer to other privatisation proposals in Hong Kong. Due to the volatility of Guoco's profits/losses as discussed in section 3(a) above and the fact that over half of the Guoco Group's total assets as at 31 December 2012 was attributable to property development and investment, Hong Kong listed asset-backed businesses, for which discount to net assets is a commonly used approach for valuation, have been selected to form the basis of the Privatisation Precedents (as defined below). On a best efforts basis, we have identified all the successful privatisation proposals (the "**Successful Privatisation Precedents**") and failed privatisation proposals (the "**Failed Privatisation Precedents**") in the past 10 years (from 1 May 2003 up to and including the Latest Practicable Date, excluding those which took place during the severe acute respiratory syndrome period ("**SARS**") between November 2002 and July 2003 (which represented a period when almost all equity securities in Hong Kong were traded at significant discounts)) involving Hong Kong listed asset-backed businesses (the "**Privatisation Precedents**"). We have performed a comparison of premiums over the then prevailing market prices and the level of discount to consolidated adjusted NAV per share at which the Privatisation Precedents were made. The results are set out below.

TABLE 13: PRIVATISATION PRECEDENTS

Date of initial announcement	Company name	Discount of offer/cancellation price to/over the consolidated adjusted NAV per share	Principal business activities	Premium of offer/cancellation price over the average share price prior to the privatisation proposal			Market capitalisation based on the offer value (HK$'million)	Outcome
				10 trading days	30 trading days	180 trading days		
Failed Privatisation Precedents								
8 May 2012	Frasers Property (China) Ltd. (stock code: 535) ("**Fraser Property**")	46.7%	Property investment, development and management of residential, commercial and business park projects	56.4%	62.8%	68.7%	1,917.8	Failed and unfair opinion expressed by independent financial adviser
13 February 2008	Pacific Century Premium Developments Ltd. (stock code: 432) ("**Pacific Century**")	12.3%	Development and management of premium property and infrastructure projects, investment in premium-grade buildings, in the Asia-Pacific region	26.6%	19.2%	14.8%	6,861.3	Failed
Highest		**12.3%**		**56.4%**	**62.8%**	**68.7%**		
Lowest		**46.7%**		**26.6%**	**19.2%**	**14.8%**		
Average		**29.5%**		**41.5%**	**41.0%**	**41.8%**		

Date of initial announcement	Company name	Discount of offer/cancellation price to/over the consolidated adjusted NAV per share	Principal business activities	Premium of offer/cancellation price over the average share price prior to the privatisation proposal			Market capitalisation based on the offer value (HK$'million)	Outcome
				10 trading days	30 trading days	180 trading days		
Successful Privatisation Precedents								
20 January 2011	Shanghai Forte Land Co. Ltd. (stock code: 2337) ("**Shanghai Forte**")	26.2%	Property development and property investment, as well as development and operation of ancillary property related services	24.6%	34.1%	52.2%	8,852.6	Successful
27 April 2010	Wheelock Properties Ltd. (stock code: 49) ("**Wheelock Properties**")	12.1%	Property development, property investment and investment and others	150.5%	162.1%	157.0%	26,905.3	Successful
19 April 2007	Shimao International Holdings Ltd. (stock code: 649)	19.8%	Property development, property investment and hotel operations	49.4%	45.6%	47.7%	869.0	Successful
19 May 2005	Henderson China Holdings Ltd. (stock code: 246)	36.1%	Property development and investment, project management, property management, finance and investment holding in China	61.0%	64.3%	86.1%	3,982.2	Successful

Date of initial announcement	Company name	Discount of offer/cancellation price to/over the consolidated adjusted NAV per share	Principal business activities	Premium of offer/cancellation price over the average share price prior to the privatisation proposal			Market capitalisation based on the offer value (HK$'million)	Outcome
				10 trading days	30 trading days	180 trading days		
4 November 2004	The Kwong Sang Hong International Ltd. (stock code: 189)	31.7%	Property development and sales of properties, property rental, manufacturing and trading in cosmetics products	23.3%	36.2%	77.3%	1,199.9	Successful
Highest		12.1%		150.5%	162.1%	157.0%		
Lowest		36.1%		23.3%	34.1%	47.7%		
Average(1)		25.2%		61.8%	68.5%	84.1%		
Basic Offer Price		HK$88.00 per Share 47.3%(2) 47.6%(3)		25.3%	25.4%	35. 3%		
Enhanced Offer Price		HK$100.00 per Share 40.1%(2) 40.4%(3)		42.4%	42.6%	53.8%		

Source: Bloomberg and the filings of the relevant companies on the Stock Exchange website

Notes:

(1) When excluding Wheelock Properties, an outlier with premiums of about 151–162%, the average of the premiums over the prevailing 10-day, 30-day and 180-day share prices were 39.6%, 45.1% and 65.8% respectively.

(2) Calculated based on the Reassessed NAV per Share as discussed in section 3 above.

(3) Calculated based on the Market Price-related Value per Share as at the Latest Practicable Date as discussed in section 5 above.

Failed Privatisation Precedents

Of total of 7 Privatisation Precedents, 2 failed – Frasers Property and Pacific Century. For Frasers Property, the offer price represented 56.4% to 68.7% premium over its then prevailing share price and 46.7% discount to its consolidated adjusted NAV per share. Pacific Century's offer price was set at a 14.8% to 26.6% premium over its then prevailing share prices and 12.3% discount to its consolidated adjusted NAV per share. Both premium over the prevailing share prices and discount to consolidated adjusted NAV per share as represented by the offer price and the "trade-off" between them are, in our opinion, key considerations for shareholders in the Privatisation Precedents.

Successful Privatisation Precedents

(i) Premiums over the prevailing share prices

We note that there are 5 Successful Privatisation Precedents. The average premiums in the Successful Privatisation Precedents ranged from 23.3% to 150.5%, 34.1% to 162.1% and 47.7% to 157.0% over their respective 10-day, 30-day and 180-day average share prices with averages of 61.8%, 68.5% and 84.1% respectively. The average premiums in the Successful Privatisation Precedents (excluding Wheelock Properties, which may be considered an outlier) ranged from 23.3% to 61.0%, 34.1% to 64.3% and 47.7% to 86.1% over their respective 10-day, 30-day and 180-day average share prices with averages of 39.6%, 45.1% and 65.8% respectively.

The premiums offered by the Basic Offer Price over the 10-day, 30-day and 180-day average Share price were 25.3%, 25.4% and 35.3%, substantially below each of the averages of all the Successful Privatisation Precedents.

The premiums offered by the Enhanced Offer Price over the 10-day, 30-day and 180-day average Share price were 42.4%, 42.6% and 53.8%, within the range, but below each of the averages, of the Successful Privatisation Precedents.

(ii) Discount to NAV

The discounts to consolidated adjusted NAV per share in the Successful Privatisation Precedents as represented by their respective offer prices ranged from 12.1% to 36.1% with an average discount of 25.2%.

The Basic Offer Price in the Unconditional Offer Alternative represents a 47.3% and 47.6% discount to the Reassessed NAV per Share and the Market Price-related Value per Share respectively, which are higher than the discounts of all the Privatisation Precedents.

The Enhanced Offer Price in the Conditional Offer Alternative represents a 40.1% discount to the Reassessed NAV per Share and a 40.4% discount to the Market Price-related Value per Share, each of which are 4.0% or 4.3% higher than the lower end of the Successful Privatisation Precedents (i.e. 36.1%).

Comments

The above Privatisation Precedents all involved companies which are engaged in property business and therefore differ from Guoco in terms of, for example, mix of business activities, structure, size and geographical spread of assets and operations.

There are a number of reasons why the premium over market prices and the discount to NAV represented by the terms of the Offer may differ from the Privatisation Precedents. The combination of businesses/assets of the Guoco Group and the way they are held involving listed subsidiaries are, in our opinion, unique among Hong Kong listed companies. This is in contrast to the Successful Privatisation Precedents, none of which owns its assets through listed subsidiaries. Of all the Successful Privatisation Precedents, only Shanghai Forte had a corporate structure involving a listed vehicle, which was only held as to approximately 19% by Shanghai Forte and was insignificant in terms of total assets.

7. Intentions of the Offeror regarding compulsory acquisition rights and possible withdrawal of listing

As set out in the letter from Standard Chartered Bank in the Composite Document above, subject to compliance with the relevant requirements under the Companies Act and the Offeror acquiring not less than 90% of the Disinterested Shares within the period of four months after posting the Composite Document as required by Rule 2.11 of the Takeovers Code, the Offeror intends to exercise its rights under Section 102 or Section 103 of the Companies Act to compulsorily acquire those Shares not acquired by the Offeror pursuant to the Offer, and following which an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Written notice of the Offeror's exercise of its right of compulsory acquisition as described above will be provided by the Offeror to those Guoco Shareholders who do not accept the Offer.

Whilst it is the intention of the Offeror to privatise Guoco, the Offeror's ability to exercise rights of compulsory acquisition is dependent on the level of acceptances of the Offer reaching the prescribed level under the Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied. On the basis that the Independent Guoco Shareholders hold approximately 25.5% of the issued Shares, holders of over an aggregate of approximately 2.55% or more of the Offer Shares can, by not accepting the Offer or simply taking no action, prevent the Offeror from exercising rights of compulsory acquisition. Based on Guoco's register of members as at the Latest Practicable Date, we understand there are several Independent Guoco Shareholders with a shareholding of this size. If the Offeror is unable to effect the compulsory acquisition set out above, the Offeror will take steps (as and when appropriate) to ensure that there is sufficient public float. In the event that the compulsory acquisition and withdrawal of listing of Guoco do not take place, there can be no assurance that the Shares will trade at or above the Basic Offer Price in future.

As at the Latest Practicable Date, 82,697,407 Shares are in the hands of the public, representing 25.1% of the entire issued share capital of Guoco. Guoco Shareholders and/or potential investors in Guoco should be aware that if, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend trading in the Shares until a level of sufficient public float is attained, and where the percentage of the public float falls below 15%, the Stock Exchange will normally require suspension of trading in the Shares. For example, trading in the shares of SCMP Group Limited (stock code: 583) have recently been suspended as a result of insufficient public float.

Comments

Following the close of the Offer, if there are significant acceptances of the Unconditional Offer Alternative, the number of Shares which remain in public hands may be insufficient to satisfy the minimum public float requirement under the Listing Rules. **In these circumstances, trading in the Shares may be halted until the required level of sufficient public float is restored. The Offeror has stated that it will take steps (as and when appropriate) to ensure that there is sufficient public float in those circumstances. One method of doing this would be a placing of Shares, which could put short-term pressure on the Share price following the close of the Offer.**

DISCUSSION AND ANALYSIS

(i) The arrangements for the Offer

Guoco is presently controlled as to about 74.5% by the Quek Family. The Offer represents an opportunity for the Independent Guoco Shareholders to sell their Shares. The Offeror has stated it will not increase the consideration and, under the Takeovers Code, it may not do so other than in exceptional circumstances.

The arrangements for the Offer are unusual for Hong Kong. The effect of the revisions as set out in the Second Announcement, as well as the Composite Document, is to split the Offer into two alternatives. The first alternative, called the Unconditional Offer Alternative, retains the price of HK$88.00 per Share as originally set out in the Announcement. Accepting Guoco Shareholders will receive an extra HK$12.00 per Share, i.e. a total of HK$100.00 per Share, if, but only if, the Privatisation Condition is satisfied or waived.

The Privatisation Condition is in our view quite a difficult condition to satisfy. It requires that valid acceptances of the Offer are received in respect of at least 90% of the 83,942,940 Disinterested Shares. Put the other way round, this means that if holders of approximately 8.4 million or more Offer Shares reject the Offer or simply take no action, the aggregate consideration of HK$100.00 per Share will not be paid unless the Privatisation Condition is waived by the Offeror, which the Offeror is under no obligation to do.

The Conditional Offer Alternative of HK$100.00 per Share is conditional on the Privatisation Condition being satisfied, which as mentioned above, may be difficult. If this condition is not satisfied or waived by the Offeror, accepting Guoco Shareholders will have their Shares returned to them.

In summary, acceptors of the Unconditional Offer Alternative will definitely sell their Shares, either at HK$88.00 per Share or at HK$100.00 per Share if the Privatisation Condition is satisfied. Acceptors of the Conditional Offer Alternative on the other hand will sell their Shares only if the Privatisation Condition is satisfied or waived and then only at HK$100.00 per Share.

It is possible for Guoco Shareholders to accept the Unconditional Offer Alternative for part of their Shares and the Conditional Offer Alternative for some or all of their remaining Shares.

Guoco Shareholders should read and, if they so decide, complete the Form of Acceptance carefully to ensure that they fill it in correctly. **GUOCO SHAREHOLDERS MUST EITHER TICK THE APPROPRIATE BOX OR INSERT THE NUMBER OF SHARES FOR WHICH THEY ACCEPT THE OFFER ON PAGE ONE OF THE FORM OF ACCEPTANCE, AND THEN SIGN THE FORM. IF YOU SIGN THE FORM BUT DON'T TICK A BOX OR PUT IN THE NUMBER OF SHARES, YOUR ACCEPTANCE MAY NOT BE TREATED AS VALID.**

The total consideration per Share payable to the Guoco Shareholders under the Offer, in different scenarios, is summarised below:

Total consideration payable per Share in different scenarios:

		Privatisation Condition is NOT satisfied or waived	**Privatisation Condition IS satisfied or waived**
Acceptance of:	**Unconditional Offer Alternative**	**HK$88.00***(1)*	**HK$100.00***(2)*
	Conditional Offer Alternative	**HK$0.00***(3)*	**HK$100.00***(4)*

Notes:

(1) Guoco Shareholders tendering an acceptance under the Unconditional Offer Alternative will conclude a sale in respect of their Shares regardless of whether or not the Privatisation Condition is satisfied or waived. If the Privatisation Condition is NOT satisfied or waived, such Guoco Shareholders tendering their acceptances under the Unconditional Offer Alternative will be entitled to the Basic Offer Price of HK$88.00 per Share only.

(2) If the Privatisation Condition IS satisfied or waived, the aggregate consideration payable under the Unconditional Offer Alternative will be HK$100.00 per Share (being the sum of the Basic Offer Price of HK$88.00 per Share and the Additional Cash Consideration of HK$12.00 per Share) which equals the Enhanced Offer Price of HK$100.00 per Share.

(3) Guoco Shareholders tendering an acceptance under the Conditional Offer Alternative will NOT conclude a sale in respect of their Shares if the Privatisation Condition is NOT satisfied or waived, in which case such Guoco Shareholders will NOT receive any consideration.

(4) Guoco Shareholders tendering an acceptance under the Conditional Offer Alternative will conclude a sale in respect of their Shares only if the Privatisation Condition IS satisfied or waived, in which case such Guoco Shareholders will receive the Enhanced Offer Price of HK$100.00 per Share.

(ii) Factors in reaching our opinion and recommendation

In forming our opinion and recommendation below, we have taken into account all the factors set out under the section headed "Principal factors and reasons" above, none of which can be considered in isolation. We would like to remind Independent Guoco Shareholders in particular of the points summarised below (some of which combine more than one factor):

(a) Premium over Undisturbed Share Price

Conditional Offer Alternative

The premium of the Enhanced Offer Price over the Undisturbed Share Price is 42.6%, or about 46–54% based on 90- and 180-day average prices. This is in our opinion a substantial premium, within the range of the Successful Privatisation Precedents set out in Table 13 and close to the average of 45.1% if the outlier is excluded.

Unconditional Offer Alternative

The premium of the Basic Offer Price over the Undisturbed Share Price is about 25%, which, while not insignificant, is outside the range for the Successful Privatisation Precedents.

(b) Liquidity and public float

The opportunity under the Offer for all the Independent Guoco Shareholders to be able to sell their Shares at a fixed cash price is a potentially valuable one. Based on Table 11 above, the Shares have not, in our opinion, generally been actively traded in the period before the release of the Announcement. The public float, at 25.5%, is currently just above the normal minimum for a company listed in Hong Kong. If for example there are significant acceptances of the Unconditional Offer Alternative, less than 25% of the Shares would be held by the public (within the meaning of the Listing Rules). An insufficient public float may result in a temporary halt in the trading of the Shares on the Stock Exchange.

(c) Discount to Reassessed NAV/Market Price-related Value and structure of the Guoco Group

Conditional Offer Alternative

The discounts of the Enhanced Offer Price to the Reassessed NAV per Share and the Market Price-related Value per Share are 40.1% and 40.4% respectively. This is somewhat higher than the lower end of the range for the Successful Privatisation Precedents (i.e. 36.1%).

Unconditional Offer Alternative

The discounts of the Basic Offer Price to the Reassessed NAV per Share and the Market Price-related Value per Share are 47.3% and 47.6% respectively. These discounts are substantially higher than the range for all the Privatisation Precedents.

In assessing these discounts, we have taken into account the unusual portfolio of assets/businesses held by Guoco, which makes it difficult to classify it into any one sector. In addition, the assets/businesses are principally held through separately listed companies, which decreases the level of control and their accessibility to Guoco. These factors may restrict investor interest and contribute to the 49% discount to NAV at which the Shares have traded in the year before the Announcement.

We consider these factors are consistent with a somewhat higher, but not substantially higher, discount to NAV than applies to the Successful Privatisation Precedents, all of which are property companies holding their assets more directly than Guoco.

(d) Possible drop in Share price after the Offer closes

The possibility of the Privatisation Condition being fulfilled and the temporary existence of an unconditional "put" at HK$88.00 per Share through the Unconditional Offer Alternative may support the Share price for the time being at a level higher than it might otherwise be. The Shares have traded in the market over the last year at an average discount of about 49% to NAV per Share. Applying this discount to the Reassessed NAV per Share of about HK$167 per Share would result in a theoretical price of about HK$85 per Share. As illustrated by Figure 3 above, the Share price has also tracked the Hang Seng Index quite closely. Adjusting the Share price prevailing before the Announcement for the change in the Hang Seng Index between then and the Latest Practicable Date would result in a theoretical Share price in the HK$70–75 per Share range. Any measures taken to restore the public float (if needed) might also put temporary pressure on the market price of the Shares.

(e) "No increase" statement

The Offeror announced that it will not further increase the consideration payable to Guoco Shareholders under the Offer. Guoco Shareholders and/or potential investors in Guoco should be aware that, following the making of that statement, the Offeror is not allowed to increase the consideration payable to Guoco Shareholders under the Offer as a result of Rule 18.3 of the Takeovers Code (save in wholly exceptional circumstances permitted thereunder). Under Rule 31.1 of the Takeovers Code, if the Conditional Offer Alternative does not become unconditional, the Offeror may not normally put forward a similar proposal for at least 12 months from the date on which the Offer lapses.

OPINION AND RECOMMENDATION

In respect of the Unconditional Offer Alternative

Based on the above analysis, we consider the Basic Offer Price of HK$88.00 per Share to be NOT FAIR AND REASONABLE so far as the Independent Guoco Shareholders are concerned and advise the Independent Board Committee to recommend the Independent Guoco Shareholders not to accept the Unconditional Offer Alternative. Independent Guoco Shareholders who nevertheless opt to accept the Unconditional Offer Alternative are reminded that by doing so they will sell their Shares at HK$88.00 per Share, with the possibility, but only the possibility, of receiving a further HK$12.00 per Share in due course.

In respect of the Conditional Offer Alternative

Based on the above analysis, we consider the Enhanced Offer Price of HK$100.00 per Share to be FAIR AND REASONABLE so far as the Independent Guoco Shareholders are concerned and advise the Independent Board Committee to recommend the Independent Guoco Shareholders to accept the Conditional Offer Alternative. Independent Guoco Shareholders who opt to accept the Conditional Offer Alternative are reminded that they can only realise their Shares at HK$100.00 per Share if the Privatisation Condition is satisfied or waived by the Offeror.

Independent Guoco Shareholders who wish to take advantage of the present circumstances to realise their investment in Guoco should monitor the Share price closely, as it may be volatile, and may consider selling their Shares in the market. The closing Share price at the Latest Practicable Date was HK$92.75 per Share, higher than the Basic Offer Price of HK$88.00 per Share, although below the Enhanced Offer Price of HK$100.00 per Share, which suggests at this initial stage a degree of uncertainty in the market as to whether the Privatisation Condition can be fulfilled.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

You have the option to tender your acceptance(s) under the Unconditional Offer Alternative and/or the Conditional Offer Alternative, and you may do so in respect of some or all of your Shares.

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. **In particular, you must indicate in the Form of Acceptance whether you wish to accept the Unconditional Offer Alternative or the Conditional Offer Alternative or both and the number of Shares owned by you which you wish to tender under the Unconditional Offer Alternative and/or the Conditional Offer Alternative.**

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.

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

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

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

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

(d) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Offeror to collect from Guoco or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificates to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

An acceptance of the Offer may not be counted as valid unless:

(a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (c) below have been so received; and

(b) the Form of Acceptance is duly completed (including being marked whether you wish to accept the Unconditional Offer Alternative or the Conditional Offer Alternative or both and the number of Shares owned by you which you wish to tender under the Unconditional Offer Alternative and/or the Conditional Offer Alternative) and signed; and

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

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

(ii) from a registered Guoco Shareholder or his/her/its personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraphs of this paragraph (c)); or

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

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

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

If the Offer is withdrawn, or, in respect of acceptances under the Conditional Offer Alternative, if the Conditional Offer Alternative does not become unconditional or lapses, the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to or make such documents available to the Registrar for collection by the relevant Guoco Shareholder(s).

Subject to the Takeovers Code, acceptance(s) of the Offer may, at the discretion of the Offeror, be treated as valid even if not entirely in order or not accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), but, in such cases, the consideration due will not be despatched until the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) has/have been received by the Registrar.

2. SETTLEMENT

Details of the timing of settlement depend on whether Guoco Shareholders tender their acceptances under the Unconditional Offer Alternative or the Conditional Offer Alternative, and are as follows:

(a) Unconditional Offer Alternative

Remittances in respect of the Basic Offer Price payable to Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative prior to the Privatisation Condition having been satisfied or waived will be despatched as soon as possible but in any event within seven Business Days following the receipt by the Registrar of all relevant documents to render the acceptance under the Unconditional Offer Alternative complete and valid. If the Privatisation Condition is satisfied or waived, remittances in respect of the Additional Cash Consideration will be despatched to such Guoco Shareholders as soon as possible, but in any event within seven Business Days following the day on which the Privatisation Condition is satisfied or waived.

Remittances in respect of the Basic Offer Price plus the Additional Cash Consideration (the sum of which is equivalent to the Enhanced Offer Price) payable to Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative following the Privatisation Condition having been satisfied or waived will be despatched as soon as possible, but in any event within seven Business Days following the receipt by the Registrar of all relevant documents to render the acceptance under the Unconditional Offer Alternative complete and valid.

(b) Conditional Offer Alternative

Remittances in respect of the Enhanced Offer Price payable to Guoco Shareholders who tender valid acceptances under the Conditional Offer Alternative will be despatched as soon as possible, but in any event within seven Business Days following the later of (i) the date on which the Privatisation Condition is satisfied or waived and the Conditional Offer Alternative becomes, or is declared, unconditional as to acceptances; and (ii) the receipt by the Registrar of all relevant documents to render the acceptance under the Conditional Offer Alternative complete and valid.

(c) General

Settlement of the consideration (less seller's ad valorem stamp duty) will be made by cheque as soon as possible and each cheque will be despatched by ordinary post to the address specified on the relevant Guoco Shareholder's Form of Acceptance at his/her/its own risk.

No fractions of a cent will be payable and the amount of cash consideration payable to a Guoco Shareholder who accepts the Offer will be rounded down to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the relevant Form of Acceptance for the Offer must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

If the Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Guoco Shareholders before the Offer is closed. If, during the Offer Period, the Offeror revises the term of the Offer, all Guoco Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised term. The revised Offer must be kept open for at least 14 days following the date on which the revised Offer Document is posted and shall not be closed earlier than the Closing Date.

If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision and extension of the Offer. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:

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

(b) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the Concert Parties before the Offer Period;

(c) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and the Concert Parties; and

(d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Guoco which the Offeror and any of the Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the relevant classes of share capital, and the percentages of voting rights represented by these numbers of Shares.

In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are in all respects in complete and good order and that have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Listing Rules.

5. NOMINEE REGISTRATION

To ensure equality of treatment of all Guoco Shareholders, those Guoco Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

All documents and remittances sent to Guoco Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Guoco Shareholders at their addresses as they appear in the register of members of Guoco, and, in the case of joint Guoco Shareholders, to the Guoco Shareholder whose name appears first in the register of members of Guoco, unless otherwise specified on the relevant Guoco Shareholders' Forms of Acceptance. None of the Offeror, Guoco, Standard Chartered Bank, the Registrar or any of their respective directors or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

6. RIGHT OF WITHDRAWAL

Acceptance of the Unconditional Offer Alternative by Guoco Shareholders shall be irrevocable and may not be withdrawn except where a right to withdraw is granted in circumstances required by the Executive under Rule 19 of the Takeovers Code.

Acceptance of the Conditional Offer Alternative by Guoco Shareholders shall be irrevocable and may not be withdrawn except where a right to withdraw is granted in circumstances required by the Executive under Rule 19 of the Takeovers Code or in compliance with Rule 17 of the Takeovers Code which provides that such Guoco Shareholders shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (being the 20th Business Day from the date this Composite Document is posted) if the Conditional Offer Alternative has not by then become unconditional or has lapsed. Such Guoco Shareholders may withdraw his/her/its acceptance by lodging a notice in writing by him/her/it (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

7. SHARES

Acceptance of the Offer by any Guoco Shareholder will be deemed to constitute a warranty by such Guoco Shareholder that all the Shares to be sold by such Guoco Shareholder under the Offer will be free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive in full dividends and other distributions declared, made or paid, if any, on or after the date of the Announcement.

8. HONG KONG STAMP DUTY

Sellers' ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by each Guoco Shareholder at the rate of 0.1% of the higher of (i) the market value of the Shares; or (ii) HK$100.00 per Share (being, in respect of the Conditional Offer Alternative, the Enhanced Offer Price, and in respect of the Unconditional Offer Alternative, the sum of the Basic Offer Price and the Additional Cash Consideration) for such person's Shares and will be deducted from the cash amount due to such accepting Guoco Shareholder. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and, subject to such deduction aforesaid, will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

Guoco Shareholders who tender valid acceptances under the Unconditional Offer Alternative should note that ad valorem stamp duty will be levied in respect of the Shares tendered under the Unconditional Offer Alternative on the basis of the maximum consideration of HK$100.00 per Share (being the sum of the Basic Offer Price and the Additional Cash Consideration), irrespective of whether the Privatisation Condition is satisfied or waived and whether the Additional Cash Consideration is payable to him/her/it. There will be no refund of the stamp duty paid upfront on the Additional Cash Consideration if the Privatisation Condition is neither satisfied nor waived.

9. GENERAL

(a) All communications, notices, the Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Guoco Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of Guoco, the Offeror, the Registrar or any of their respective directors or agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

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

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

(d) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of a Form of Acceptance will constitute an authority to the Offeror, any director of the Offeror, Standard Chartered Bank or such person or persons as the Offeror may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

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

(g) Any Guoco Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in any relevant jurisdiction by such persons.

(h) In making their decision, Guoco Shareholders must rely on their own examination of the Guoco Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, Guoco, Standard Chartered Bank, Somerley or their respective professional advisers. Guoco Shareholders should consult their own professional advisers for financial, legal, tax or other advice.

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GUOCO GROUP

The following is a summary of the financial results of the Guoco Group for each of the three years ended 30 June 2012, 2011 and 2010 which is extracted from the audited consolidated financial statements of the Guoco Group as set forth in the annual reports of Guoco for the three years ended 30 June 2012, 2011, and 2010.

The auditors of Guoco for each of the three years ended 30 June 2012, 2011 and 2010, KPMG, did not issue any qualified opinion on the financial statements of the Guoco Group for each of the three years ended 30 June 2012, 2011 and 2010.

Guoco had no exceptional or extraordinary items for each of the three years ended 30 June 2012, 2011 and 2010.

	(Audited) For the year ended 30 June		
	2012	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	21,492,748	37,528,009	17,598,886
Profit/(loss) for the year before taxation	(1,055,176)	4,942,555	3,269,293
Tax expenses	(167,162)	(341,502)	(133,907)
Profit/(loss) for the year	(1,222,338)	4,601,053	3,135,386
Attributable to:			
Guoco Shareholders	(1,293,754)	4,159,400	2,830,611
Non-controlling interests	71,416	441,653	304,775
Profit/(loss) for the year	(1,222,338)	4,601,053	3,135,386
Dividends			
Final dividend paid in respect of prior year	(712,530)	(652,644)	(489,701)
Interim dividend paid in respect of current year	(162,252)	(324,209)	(260,847)
	(874,782)	(976,853)	(750,548)

	(Audited) For the year ended 30 June 2012	 2011	 2010
	HK$	*HK$*	*HK$*
Dividend per share			
Final dividend paid in respect of prior year	2.20	2.00	1.50
Interim dividend paid in respect of current year	0.50	1.00	0.80
	2.70	3.00	2.30
	HK$	*HK$*	*HK$*
Earnings/(loss) per share			
Basic	(3.98)	12.80	8.71
Diluted	(3.98)	12.80	8.71

The following is a summary of the financial results of the Guoco Group for the six months ended 31 December 2012 and 2011 which is extracted from the unaudited consolidated financial statements of the Guoco Group as set forth in the interim report of Guoco for the six months ended 31 December 2012.

Guoco had no exceptional or extraordinary items for the six months ended 31 December 2012 and 2011.

	(Unaudited) For the six months ended 31 December	
	2012	**2011**
	HK$'000	*HK$'000*
Turnover	6,316,908	11,958,750
Profit/(loss) for the period before taxation	3,413,592	(2,390,120)
Tax expenses	(63,381)	(173,231)
Profit/(loss) for the period	3,350,211	(2,563,351)
Attributable to:		
Guoco Shareholders	3,347,157	(2,595,086)
Non-controlling interests	3,054	31,735
Profit/(loss) for the period	3,350,211	(2,563,351)
Interim dividend declared	–	164,526
	HK$	*HK$*
Interim dividend declared per share	–	0.50
	HK$	*HK$*
Earnings/(loss) per share		
Basic	10.30	(7.98)
Diluted	10.30	(7.98)

2. AUDITED FINANCIAL INFORMATION

The following is the full text of the audited financial statements of the Guoco Group for the year ended 30 June 2012 extracted from the annual report of Guoco for the year ended 30 June 2012:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2012

	Note	**2012** *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 1(c))*	**2011** *HK$'000* *(Note 1(c))*
Turnover	*5*	2,771,166	4,822,133	21,492,748	37,528,009
Revenue	*5*	1,644,773	984,537	12,756,613	7,662,110
Cost of sales		(872,977)	(467,604)	(6,770,679)	(3,639,105)
Other attributable costs		(28,905)	(23,082)	(224,183)	(179,635)
		742,891	493,851	5,761,751	3,843,370
Other revenue	*6(a)*	79,141	72,691	613,806	565,714
Other net (losses)/income	*6(b)*	(371,442)	107,731	(2,880,848)	838,411
Administrative and other operating expenses		(589,461)	(292,918)	(4,571,771)	(2,279,620)
(Loss)/profit from operations before finance cost		(138,871)	381,355	(1,077,062)	2,967,875
Finance cost	*7(a)*	(103,221)	(69,599)	(800,567)	(541,651)
(Loss)/profit from operations	*14*	(242,092)	311,756	(1,877,629)	2,426,224
Valuation surplus on investment properties		3,198	57,427	24,803	446,923
Profit on disposal of an associate		–	41,727	–	324,738
Share of profits of associates	*7(c)*	98,021	216,695	760,236	1,686,418
Share of profits less losses of jointly controlled entities	*7(c)*	4,824	7,485	37,414	58,252
(Loss)/profit for the year before taxation	*7*	(136,049)	635,090	(1,055,176)	4,942,555
Tax expenses	*8(a)*	(21,553)	(43,881)	(167,162)	(341,502)
(Loss)/profit for the year		(157,602)	591,209	(1,222,338)	4,601,053
Attributable to:					
Shareholders of the Company	*11*	(166,810)	534,459	(1,293,754)	4,159,400
Non-controlling interests		9,208	56,750	71,416	441,653
(Loss)/profit for the year		(157,602)	591,209	(1,222,338)	4,601,053
Appropriations:					
Final dividend paid in respect of prior year		(91,870)	(83,861)	(712,530)	(652,644)
Interim dividend paid in respect of current year		(20,920)	(41,659)	(162,252)	(324,209)
	12	(112,790)	(125,520)	(874,782)	(976,853)
(Loss)/earnings per share		*US$*	*US$*	*HK$*	*HK$*
Basic	*13*	(0.51)	1.64	(3.98)	12.80
Diluted	*13*	(0.51)	1.64	(3.98)	12.80
		US$'000	*US$'000*	*HK$'000*	*HK$'000*
Proposed final dividend	*12*	72,125	93,019	559,387	723,913

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	2012 *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 1(c))*	**2011** *HK$'000* *(Note 1(c))*
(Loss)/profit for the year	(157,602)	591,209	(1,222,338)	4,601,053
Other comprehensive income for the year (after tax and reclassification adjustments)				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	(87,204)	201,327	(676,341)	1,566,817
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	11,385	(22,210)	88,300	(172,848)
Changes in fair value of available-for-sale financial assets	(187,038)	171,139	(1,450,639)	1,331,881
Transfer to profit or loss:				
– disposal of an available-for-sale financial asset	(93,450)	129	(724,784)	1,004
– impairment loss of an available-for-sale financial asset	10,162	–	78,815	–
Release of valuation reserve upon disposal of properties	(36)	–	(279)	–
Actuarial losses on defined benefit obligation	(11,920)	(8,899)	(92,450)	(69,256)
Share of other comprehensive income of associates	(557)	69,178	(4,320)	538,374
Other comprehensive income for the year, net of tax	(358,658)	410,664	(2,781,698)	3,195,972
Total comprehensive income for the year	(516,260)	1,001,873	(4,004,036)	7,797,025
Total comprehensive income for the year attributable to:				
Shareholders of the Company	(474,856)	884,235	(3,682,913)	6,881,513
Non-controlling interests	(41,404)	117,638	(321,123)	915,512
	(516,260)	1,001,873	(4,004,036)	7,797,025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	**2012** *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 1(c))*	**2011** *HK$'000* *(Note 1(c))*
NON-CURRENT ASSETS					
Fixed assets					
– Investment properties	*15*	1,518,898	1,386,440	11,780,345	10,789,900
– Other property, plant and equipment	*15*	1,848,341	1,833,806	14,335,456	14,271,504
Interest in associates	*18*	687,929	627,864	5,335,474	4,886,320
Interest in jointly controlled entities	*19*	112,518	120,584	872,673	938,439
Available-for-sale financial assets	*22*	1,489,702	1,436,338	11,553,905	11,178,229
Deferred tax assets	*34*	23,518	14,469	182,402	112,604
Intangible assets	*16*	960,052	1,030,765	7,446,019	8,021,877
Goodwill	*23*	68,218	68,713	529,089	534,755
		6,709,176	6,518,979	52,035,363	50,733,628
CURRENT ASSETS					
Development properties	*24*	4,167,580	3,529,862	32,323,125	27,470,975
Properties held for sale	*25*	205,842	239,615	1,596,480	1,864,792
Trade and other receivables	*26*	395,069	548,658	3,064,096	4,269,903
Trading financial assets	*27*	1,226,472	2,174,448	9,512,333	16,922,533
Cash and short term funds	*28*	1,134,639	2,003,408	8,800,090	15,591,423
		7,129,602	8,495,991	55,296,124	66,119,626
CURRENT LIABILITIES					
Trade and other payables	*29*	763,309	728,599	5,920,110	5,670,285
Current portion of bank loans and other borrowings	*30*	1,929,996	3,902,353	14,968,759	30,369,867
Taxation	*8(d)*	132,218	185,101	1,025,463	1,440,539
Provisions and other liabilities	*33*	11,032	16,544	85,563	128,753
		2,836,555	4,832,597	21,999,895	37,609,444
NET CURRENT ASSETS		4,293,047	3,663,394	33,296,229	28,510,182
TOTAL ASSETS LESS CURRENT LIABILITIES		11,002,223	10,182,373	85,331,592	79,243,810

	Note	**2012** *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 1(c))*	**2011** *HK$'000* *(Note 1(c))*
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	*31*	3,723,733	2,190,160	28,880,715	17,044,811
Amount due to non-controlling interests		93,267	77,454	723,365	602,782
Provisions and other liabilities	*33*	93,822	85,509	727,669	665,470
Deferred tax liabilities	*34*	29,932	89,401	232,148	695,759
		3,940,754	2,442,524	30,563,897	19,008,822
NET ASSETS		7,061,469	7,739,849	54,767,695	60,234,988
CAPITAL AND RESERVES					
Share capital	*35(c)*	164,526	164,526	1,276,039	1,280,415
Reserves		5,534,157	6,132,653	42,922,092	47,727,066
Equity attributable to shareholders of the Company		5,698,683	6,297,179	44,198,131	49,007,481
Non-controlling interests		1,362,786	1,442,670	10,569,564	11,227,507
TOTAL EQUITY		7,061,469	7,739,849	54,767,695	60,234,988

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 US$'000	2011 US$'000	2012 HK$'000 (Note 1(c))	2011 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Interest in subsidiaries	17	3,820,371	3,134,426	29,630,224	24,393,514
Held-to-maturity financial assets	21	–	185,446	–	1,443,224
Available-for-sale financial assets	22	203	203	1,575	1,580
		3,820,574	3,320,075	29,631,799	25,838,318
CURRENT ASSETS					
Trade and other receivables	26	170	1,484	1,318	11,549
Cash and short term funds	28	215,821	744,731	1,673,875	5,795,832
		215,991	746,215	1,675,193	5,807,381
CURRENT LIABILITIES					
Amounts due to subsidiaries	17	141,017	170,979	1,093,707	1,330,636
Trade and other payables	29	567	3,212	4,398	24,997
		141,584	174,191	1,098,105	1,355,633
NET CURRENT ASSETS		74,407	572,024	577,088	4,451,748
NET ASSETS		3,894,981	3,892,099	30,208,887	30,290,066
CAPITAL AND RESERVES					
Share capital	35	164,526	164,526	1,276,039	1,280,415
Reserves	35	3,730,455	3,727,573	28,932,848	29,009,651
TOTAL EQUITY		3,894,981	3,892,099	30,208,887	30,290,066

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Attributable to the Shareholders of the Company												
	Share capital *US$'000*	Share premium *US$'000*	Capital and other reserves *US$'000*	Contributed surplus *US$'000*	ESOP reserve *US$'000*	Share option reserve *US$'000*	Exchange translation reserve *US$'000*	Fair value reserve *US$'000*	Revaluation reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
At 1 July 2011	164,526	10,493	(62,782)	2,544	(40,933)	8,690	231,280	361,194	9,179	5,612,988	6,297,179	1,442,670	7,739,849
Loss for the year	–	–	–	–	–	–	–	–	–	(166,810)	(166,810)	9,208	(157,602)
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	3,508	–	(140)	(267)	(33,541)	1,215	(140)	–	(29,365)	(57,839)	(87,204)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	(2,446)	–	–	–	(2,446)	13,831	11,385
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	(184,366)	–	–	(184,366)	(2,672)	(187,038)
Transfer to profit or loss:													
– disposal of an available-for-sale financial asset	–	–	–	–	–	–	–	(93,450)	–	–	(93,450)	–	(93,450)
– impairment loss of an available-for-sale financial asset	–	–	–	–	–	–	–	10,162	–	–	10,162	–	10,162
Release of valuation reserve upon disposal of properties	–	–	–	–	–	–	–	–	(36)	–	(36)	–	(36)
Actuarial losses on defined benefit obligation	–	–	–	–	–	–	–	–	–	(7,988)	(7,988)	(3,932)	(11,920)
Share of other comprehensive income of associates	–	–	1,307	–	–	–	(2,126)	691	–	(429)	(557)	–	(557)
Total comprehensive income for the year	–	–	4,815	–	(140)	(267)	(38,113)	(265,748)	(176)	(175,227)	(474,856)	(41,404)	(516,260)
Transfer between reserves	–	–	18,625	–	–	–	–	–	–	(18,625)	–	–	–
Equity settled share-based transactions	–	–	–	–	–	(4,459)	–	–	–	–	(4,459)	(2,449)	(6,908)
Purchase of own shares for share option schemes by a subsidiary	–	–	(997)	–	–	–	–	–	–	–	(997)	(501)	(1,498)
Acquisition of subsidiaries	–	–	(6,690)	–	–	–	–	–	–	–	(6,690)	–	(6,690)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	1,124	1,124	(2,794)	(1,670)
Liquidation of subsidiaries	–	–	(13)	–	–	–	–	–	–	–	(13)	–	(13)
Redemption of convertible bonds of a subsidiary	–	–	(18,537)	–	–	–	–	–	–	18,722	185	–	185
Dividends paid to non controlling interests	–	–	–	–	–	–	–	–	–	–	–	(32,736)	(32,736)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(91,870)	(91,870)	–	(91,870)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	(20,920)	(20,920)	–	(20,920)
At 30 June 2012	164,526	10,493	(65,579)	2,544	(41,073)	3,964	193,167	95,446	9,003	5,326,192	5,698,683	1,362,786	7,061,469

	Attributable to the Shareholders of the Company												
	Share capital *US$'000*	Share premium *US$'000*	Capital and other reserves *US$'000*	Contributed surplus *US$'000*	ESOP reserve *US$'000*	Share option reserve *US$'000*	Exchange translation reserve *US$'000*	Fair value reserve *US$'000*	Revaluation reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
At 1 July 2010	164,526	10,493	(30,612)	2,544	(40,923)	6,326	110,244	184,057	8,653	5,153,879	5,569,187	958,112	6,527,299
Profit for the year	–	–	–	–	–	–	–	–	–	534,459	534,459	56,750	591,209
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	(9,856)	–	(10)	843	105,259	3	526	–	96,765	104,562	201,327
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	18,565	–	–	–	18,565	(40,775)	(22,210)
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	171,082	–	–	171,082	57	171,139
Transfer to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	85	–	–	85	44	129
Actuarial losses on defined benefit obligation	–	–	–	–	–	–	–	–	–	(5,899)	(5,899)	(3,000)	(8,899)
Share of other comprehensive income of associates	–	–	1,234	–	–	–	(2,788)	5,967	–	64,765	69,178	–	69,178
Total comprehensive income for the year	–	–	(8,622)	–	(10)	843	121,036	177,137	526	593,325	884,235	117,638	1,001,873
Transfer between reserves	–	–	4,159	–	–	–	–	–	–	(4,159)	–	–	–
Equity settled share-based transactions	–	–	–	–	–	1,521	–	–	–	–	1,521	790	2,311
Purchase of own shares for share option schemes by a subsidiary	–	–	(478)	–	–	–	–	–	–	–	(478)	(163)	(641)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	397,284	397,284
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	(6,009)	(6,009)	(173,329)	(179,338)
Subscription of shares under rights issue by the trust for ESOP by a subsidiary	–	–	(26,957)	–	–	–	–	–	–	–	(26,957)	150,649	123,692
Partial disposal of interest in subsidiaries	–	–	–	–	–	–	–	–	–	1,472	1,472	15,470	16,942
Rights issue expenses of a subsidiary	–	–	(272)	–	–	–	–	–	–	–	(272)	(145)	(417)
Preference shares buy back by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(1,154)	(1,154)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(22,482)	(22,482)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(83,861)	(83,861)	–	(83,861)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	(41,659)	(41,659)	–	(41,659)
At 30 June 2011	164,526	10,493	(62,782)	2,544	(40,933)	8,690	231,280	361,194	9,179	5,612,988	6,297,179	1,442,670	7,739,849

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	2012 US$'000	2011 US$'000
Operating activities			
(Loss)/profit for the year before taxation		(136,049)	635,090
Adjustments for:			
– Finance cost		103,221	69,599
– Interest income		(23,490)	(28,169)
– Dividend income		(105,449)	(77,266)
– Depreciation		85,523	33,326
– Write-back of impairment loss on property, plant and equipment		(366)	–
– Amortisation of Bass Strait oil and gas royalty		4,452	4,292
– Amortisation of casino licences and brand name		9,561	751
– Equity settled share-based payment (forfeited)/expensed		(6,735)	2,182
– Valuation surplus on investment properties		(3,198)	(57,427)
– Impairment loss on intangible assets		18,177	–
– Impairment loss on an available-for-sale financial asset		59,024	–
– Write-back of allowance for forseeable losses on development properties		(7,594)	(1,403)
– Share of profits of associates		(98,021)	(216,695)
– Share of profits less losses of jointly controlled entities		(4,824)	(7,485)
– Net losses/(gains) on disposal of fixed assets		455	(170)
– Profit on disposal of an associate		–	(41,727)
– Gain on derecognition of an associate		–	(2,126)
Operating (loss)/profit before changes in working capital		(105,313)	312,772
Decrease/(increase) in trade and other receivables		158,257	(182,115)
Decrease in trading financial assets		954,505	155,836
Increase in available-for-sale financial assets		(377,850)	(498,424)
Increase in development properties		(729,125)	(558,166)
Decrease/(increase) in properties held for sale		30,499	(30,680)
Decrease in provisions and other liabilities		(6,310)	(7,455)
Increase/(decrease) in trade and other payables		26,303	(421,831)
Cash used in operations		(49,034)	(1,230,063)
Interest received		20,705	28,730
Dividend received from equity investments		89,786	74,345
Tax paid			
– Hong Kong Profits Tax paid		(3,041)	(2,173)
– Overseas tax paid		(140,200)	(56,865)
– Overseas tax refund		3,761	1,656
Net cash used in operating activities		(78,023)	(1,184,370)

	Note	2012 US$'000	2011 US$'000
Investing activities			
Acquisition of subsidiaries	36(b)	–	107,919
Acquisition of subsidiaries under common control		(8,947)	–
Net repayment from associates		61	711
Net (advance to)/repayment from jointly controlled entities		(319)	2,157
Purchase of fixed assets		(125,324)	(188,416)
Additions in investment properties under development		(30,767)	(885,453)
Purchase of additional interests in associates		–	(114,085)
Purchase of intangible assets		(11,146)	(1,105)
Proceeds from disposal of an associate		–	88,969
Proceeds from disposal of fixed assets		804	1,330
Dividends received from associates		23,771	36,878
Dividends received from jointly controlled entities		5,926	–
Net cash used in investing activities		(145,941)	(951,095)
Financing activities			
Net proceeds from rights issue of a subsidiary		–	150,232
Subscription of shares under rights issue by the trust for ESOP by a subsidiary		–	(27,598)
Purchase of ordinary shares for share option schemes by a subsidiary		(1,498)	–
Proceeds from partial disposal of subsidiaries		–	94,449
Purchase of additional interests in subsidiaries		(1,670)	(9,207)
Net (repayment of)/proceeds from bank loans and other borrowings		(115,596)	3,002,445
Buy-back of mortgage debenture by a subsidiary		(40,167)	(6,408)
Buy-back of preference shares by subsidiaries		–	(1,154)
Redemption of convertible bonds by a subsidiary		(304,531)	–
Loans from non-controlling interests of subsidiaries		14,948	–
Interest paid		(189,707)	(113,576)
Dividends paid to non-controlling interests		(32,736)	(22,482)
Dividends paid to equity shareholders		(112,790)	(125,520)
Net cash (used in)/generated from financing activities		(783,747)	2,941,181
Net (decrease)/increase in cash and cash equivalents		(1,007,711)	805,716
Cash and cash equivalents at 1 July	28	1,710,788	823,720
Effect of foreign exchange rate changes		(12,983)	81,352
Cash and cash equivalents at 30 June	28	690,094	1,710,788

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

Although not required to do so under the Bye-Laws of the Company, these financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost modified by the revaluation of investment properties and the marking to market of certain financial instruments as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Hong Kong dollar amounts

The Hong Kong dollar figures shown in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and statement of financial position are for information only. The Company's functional currency is United States dollars. The Hong Kong dollar figures are translated from United States dollars at the rates ruling at the respective financial year ends.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

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

(ii) *Dividends*

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Revenue arising from pre-sale of properties is recognised in the financial statements upon completion of the development of the property. Provision for foreseeable loss is made in the year in which such loss is determined.

(iv) Revenue arising from the disposal of other properties is recognised when substantially all the conditions of sales have been met and the risks and rewards of ownership have been transferred to the buyers.

(v) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(vi) Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(vii) Commission and brokerage income in respect of trading securities is recognised on a trade date basis when the relevant transactions are executed.

(viii) Casino revenue represents the gaming win before deduction of gaming duty.

(b) Investments

(i) *Investments in debt and equity securities*

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any interest or dividends earned on these investments as these are recognised in accordance with the policies set out in notes 2(a)(i) and 2(a)(ii).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(k)(i)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(a)(ii), and where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(a)(i). When these investments are derecognised or impaired (see note 2(k)(i)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)(i)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(ii) Subsidiaries and non-controlling interests

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(l), (m), (o), (p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(b)(i)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 2(b)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

(iii) *Associates and jointly controlled entities*

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(d) and 2(k)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(b)(i)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(b)(iii)).

In the Company's statement of financial position, investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 2(k)(ii)).

(c) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The Group used a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. The gains or losses on the hedging instrument relating to the effective portion of the hedge were recognised as other comprehensive income while any gains or losses relating to the ineffective portion were recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity would be transferred to the income statement.

(d) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(k)(i)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(f) Fixed assets and depreciation

(i) Properties are stated at cost less accumulated depreciation and impairment loss (see note 2(k)(ii)). Depreciation is calculated to write off the cost of the assets less their estimated residual value using the straight-line method over their estimated useful lives as follows:

- Freehold land is not depreciated.

- Building situated on freehold land are depreciated over their remaining useful economic lives (up to 100 years).

- Land held under operating leases and buildings thereon are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

(ii) Furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment loss (see note 2(k)(ii)). Depreciation is calculated on a straight-line basis to write off the cost of the assets over their estimated useful lives, taken as being between 3 to 15 years.

(iii) Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iv) Gain or loss arising from the retirement or disposal of an item of fixed assets is determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(a)(v).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(k)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(g)) or is held for sale (see note 2(i)).

(i) Properties held for sale

Properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

(j) Development properties

Development properties are stated at the lower of cost and estimated net realisable value, net of progress billings. Land, related acquisition expenses, development expenditure, borrowing costs and other related expenditure are capitalised as part of the cost of development properties.

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries, associates and jointly controlled entities including those recognised using the equity method (see note 2(b)(iii)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.
- For available-for-sale financial assets, the cumulative loss that had been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– intangible assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash- generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 2(l) and accordingly dividends thereon are recognised on an accruals basis in profit or loss as part of finance costs.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of bad and doubtful debts (see note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(v)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bond is converted or redeemed.

If the bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, i.e. having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated into United States dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into United States dollars at the average exchange rates for the year. Items presented in the statement of financial position, including goodwill arising on consolidation of foreign operations acquired, are translated into United States dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in profit or loss as incurred.

The Group also contributed to retirement schemes of its overseas subsidiaries in accordance with their respective requirements and the contributions thereto are charged to profit or loss for the year.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future pension benefits to existing pensioners; those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The amount of the excess of the present value of each fund's liabilities over the fair value of that fund's assets is recognised in profit or loss upon notification to the Group. The discount rate is the yield at the end of the reporting date on AAA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

In the last financial year, the Group has revised its accounting policy to remove the "corridor option" as permitted under HKAS 19 Employee Benefits and recognised all actuarial gains or losses in the period in which those changes occur in the other comprehensive income. Previously, actuarial gains and losses were accumulated in the statement of financial position. Any gains or losses greater than 10% of a scheme's assets or liabilities were written off to profit or loss over the average remaining service lives of the scheme's employees.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in reserves until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(v)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(v)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(v)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(w) Related parties

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

- (a) has control or joint control over the group;
- (b) has significant influence over the group; or
- (c) is a member of the key management personnel of the group or the group's parent.

(ii) An entity is related to the group if any of the following conditions applies:

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

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

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

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

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

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

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

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

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The key assumptions concerning the future and the accounting estimates that have a significant effect on the carrying value of assets and liabilities in the statement of financial position and the profit or loss items are discussed below:

(a) Investment properties (Note 15)

At 30 June 2012 and 2011, investment properties are stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates. In relying on the valuation report prepared by the valuers, management has reviewed the valuation including the assumptions and estimates adopted. Management has exercised its judgement and is satisfied with the method of valuation.

(b) Impairment of assets

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on value-in-use calculations. There are a number of assumptions and estimates involved in the calculations.

(c) Income taxes (Notes 8 & 34)

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on its estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Equity settled share-based transactions (Note 38)

The Black-Scholes option pricing model was applied to estimate the fair value of share options granted by the Company and certain of its subsidiaries. This pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in input assumptions can materially affect the fair value estimate.

(e) Defined benefit retirement plan obligations (Note 37)

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future pension benefits to existing pensioners. Those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The amount of the excess of the present value of each plan's liabilities over the fair value of that plan's assets is recognised in profit or loss upon notification to the Group.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(f) Intangible assets – casino licence and brand name (Note 16)

The valuation of the casino licences and brand name from the Group's acquisition of The Rank Group Plc ("Rank") was based on a value-in-use model from future income expected to be received from Rank's operations. There are a number of assumptions and estimates involved in the calculations.

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain revised HKFRSs and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. The adoption of the revised standards and amendments would have no material impact on the Group's results and financial positions.

The Group has not applied any new/revised standard or interpretation that is not yet effective for the current accounting period (see note 46).

5. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, securities and commodities broking, investment advisory and hotel and gaming operations.

An analysis of the amount of each significant category of turnover and revenue from principal activities during the year is as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Revenue from sale of properties	189,608	353,338
Revenue from hotel and gaming operations	1,299,350	496,325
Interest income		
– from listed securities	225	2,001
– others	23,265	26,168
Dividend income from listed securities	105,449	77,266
Rental income from properties	16,084	19,330
Securities commission and brokerage	4,927	6,489
Others	5,865	3,620
Revenue	1,644,773	984,537
Proceeds from sale of investments in securities	1,126,393	3,837,596
Turnover	2,771,166	4,822,133

Revenue is used in presenting segmental information in note 14.

6. OTHER REVENUE AND NET (LOSSES)/INCOME

(a) Other revenue

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Sublease income	8,607	8,181
Bass Strait oil and gas royalty	53,668	44,399
Hotel management fee	6,055	4,254
Others	10,811	15,857
	79,141	72,691

(b) Other net (losses)/income

	The Group 2012 *US$'000*	 2011 *US$'000*
Net realised and unrealised (losses)/gains on trading financial assets	(384,662)	60,236
Net realised and unrealised losses on derivative financial instruments	(6,784)	(3,330)
Net realised gains on disposal of available-for-sale financial assets	63,047	1,552
Impairment loss on an available-for-sale financial asset	(59,024)	–
Gain on derecognition of an associate *(note 20(b))*	–	2,126
Net gains/(losses) on foreign exchange contracts	13,567	(126)
Other exchange gains	1,140	46,363
Net (losses)/gains on disposal of fixed assets	(455)	170
Other income	1,729	740
	(371,442)	107,731

7. (LOSS)/PROFIT FOR THE YEAR BEFORE TAXATION

(Loss)/profit for the year before taxation is arrived at after charging/(crediting):

(a) Finance cost

	The Group 2012 *US$'000*	 2011 *US$'000*
Interest on bank advances and other borrowings wholly repayable within five years	157,592	87,546
Other borrowing costs	39,571	38,611
Total borrowing costs	197,163	126,157
Less: borrowing costs capitalised into:		
– development properties	(67,381)	(56,558)
– investment properties	(23,170)	–
– property, plant and equipment	(3,391)	–
Total borrowing costs capitalised *(Note)*	(93,942)	(56,558)
	103,221	69,599

Note: The borrowing costs have been capitalised at rates of 0.85% to 7.36% per annum (2011: 0.66% to 6.36%).

(b) Staff cost

	The Group 2012 *US$'000*	 2011 *US$'000*
Contributions to defined contribution retirement plan	6,753	3,314
Expenses recognised in respect of defined benefit retirement plans	474	–
Total retirement costs	7,227	3,314
Equity settled share-based payment (forfeited)/expensed	(6,735)	2,182
Salaries, wages and other benefits	429,998	164,710
	430,490	170,206

(c) Other items

	The Group 2012 *US$'000*	 2011 *US$'000*
Depreciation	85,523	33,326
Write-back of allowance for foreseeable losses on development properties	(7,594)	(1,403)
Impairment loss on intangible assets	18,177	–
Amortisation		
– Bass Strait oil and gas royalty	4,452	4,292
– casino licences and brand name	9,561	751
Operating lease charges		
– properties	61,751	8,874
– others	11,821	3,736
Auditors' remuneration		
– audit services	1,815	1,711
– tax services	483	19
– other services	770	1,071
Donations	719	317
Gross rental income from investment properties	(16,084)	(19,330)
Less: direct outgoings	6,810	4,151
Net rental income	(9,274)	(15,179)
Share of (profits)/losses of associates:		
– listed	(98,134)	(212,087)
– unlisted	113	(4,608)
	(98,021)	(216,695)
Share of profits less losses of jointly controlled entities:		
– unlisted	(4,824)	(7,485)

8. TAX EXPENSES

(a) Tax expenses in the consolidated income statement represents:

	The Group **2012** *US$'000*	 **2011** *US$'000*
Current tax – Hong Kong Profits Tax		
Tax for the year	(9)	(2,908)
(Under)/over-provision in respect of prior years	(865)	171
	(874)	(2,737)
Current tax – Overseas		
Tax for the year	(67,666)	(39,261)
(Under)/over-provision in respect of prior years	(5,326)	4,091
	(72,992)	(35,170)
Deferred tax		
Origination and reversal of temporary differences	57,597	(2,904)
Utilisation of deferred tax asset in relation to tax losses	(4,622)	(2,988)
Effect of changes in tax rate on deferred tax balances	(662)	(82)
	52,313	(5,974)
	(21,553)	(43,881)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year ended 30 June 2012. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	The Group 2012 *US$'000*	 2011 *US$'000*
(Loss)/profit before tax	(136,049)	635,090
Notional tax on (loss)/profit before tax, calculated at the rates applicable to profits in the countries concerned	4,425	(102,047)
Tax effect of non-deductible expenses	(87,768)	(78,863)
Tax effect of non-taxable revenue	53,632	121,144
Tax effect of unused tax losses not recognised	(8,710)	(9,081)
Tax effect of utilisation of tax losses not previously recognised	27,205	21,773
Tax effect of changes in tax rate on deferred tax balances	(662)	(82)
(Under)/over-provision in respect of prior years	(6,191)	4,262
Others	(3,484)	(987)
Actual tax expenses	(21,553)	(43,881)

(c) Tax effects relating to the components of other comprehensive income:

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purposes for the years 2012 and 2011.

(d) Taxation in the statement of financial position represents:

	The Group 2012 *US$'000*	 2011 *US$'000*
Hong Kong Profits Tax	1,314	3,468
Overseas taxation	130,904	181,633
Taxation payable	132,218	185,101
Amount of taxation payable expected to be settled after more than 1 year	62,057	85,173

9. DIRECTORS' REMUNERATION

Directors' emoluments comprises payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid and payable to each Director of the Company for the year ended 30 June 2012 are as below:

	The Group				
Name	**Fees**	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Pension contributions**	**2012 Total emoluments**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Quek Leng Chan	123[(1)]	–	–	–	123
Kwek Leng Hai	122[(1)]	950	3,086	77	4,235
Sat Pal Khattar **	155	–	–	–	155
Kwek Leng San *	31[(1)]	–	–	–	31
Tan Lim Heng	–	417	26	1	444
Volker Stoeckel **	43	–	–	–	43
Ding Wai Chuen [(2)]	–	383	103	15	501
Roderic N. A. Sage **	43	–	–	–	43
	517	1,750	3,215	93	5,575

Notes:

* Non-executive director

** Independent non-executive director

(1) These fees have been assigned in favour of the company where the director is employed or its related corporations

(2) Resigned with effective from 1 June 2012

	The Group				
Name	**Fees**	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Pension contributions**	**2011 Total emoluments**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Quek Leng Chan	110[(1)]	–	–	–	110
Kwek Leng Hai	108[(1)]	950	2,386	78	3,522
Sat Pal Khattar **	145	–	–	–	145
Kwek Leng San *	31[(1)]	–	–	–	31
Tan Lim Heng	–	409	–	1	410
Volker Stoeckel **	42	–	–	–	42
Ding Wai Chuen	–	404	–	16	420
Roderic N. A. Sage **	42	–	–	–	42
	478	1,763	2,386	95	4,722

Notes:

* Non-executive director

** Independent non-executive director

(1) These fees have been assigned in favour of the company where the director is employed or its related corporations

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, one (2011: one) is a director whose remuneration is disclosed in note 9. The remunerations of the other four (2011: four) individuals are as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Salaries, allowances and benefits in kind	2,605	2,395
Discretionary bonuses	1,017	448
Share-based payments	438	1,138
Pension contributions	314	103
	4,374	4,084

The numbers of individuals whose remuneration falls within the following bands are:

	The Group	
	2012	**2011**
	Number of individuals	**Number of individuals**
US$		
700,001–750,000	–	1
850,001–900,000	1	–
900,001–950,000	–	1
950,001–1,000,000	1	1
1,150,001–1,200,000	1	–
1,300,001–1,350,000	1	–
1,500,001–1,550,000	–	1
	4	4

11. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to shareholders of the Company includes a profit of US$117,071,000 (2011: US$165,733,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Year 2010/2011: Final dividend paid of HK$2.20 per ordinary share (Year 2009/2010: HK$2.00 per ordinary share)	91,870	83,861	93,008	84,899
Year 2011/2012: Interim dividend paid of HK$0.50 per ordinary share (Year 2010/2011: HK$1.00 per ordinary share)	20,920	41,659	21,181	42,175
	112,790	125,520	114,189	127,074
Year 2011/2012: Proposed final dividend of HK$1.70 per ordinary share (Year 2010/2011: HK$2.20 per ordinary share)	72,125	93,019	72,125	93,019

The final dividend proposed for the year ended 30 June 2012 of US$72,125,000 (2011: US$93,019,000) is calculated based on 329,051,373 ordinary shares (2011: 329,051,373 ordinary shares) in issue as at 30 June 2012.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period in the accounts.

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders of the Company of US$166,810,000 (2011: profit of US$534,459,000) and the weighted average number of 325,024,511 ordinary shares (2011: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted (loss)/earnings per share

For the year ended 30 June 2012, the diluted loss per share equals the basic loss per share as there is no dilutive potential ordinary share outstanding during the year.

For the year ended 30 June 2011, the calculation of diluted earnings per share was based on the profit attributable to shareholders of the Company of US$534,380,000 and the weighted average number of 325,024,511 ordinary shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

14. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

Segment	**Business activities**	**Operated by**
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia and Vietnam.	Subsidiaries
Hospitality and leisure business:	This business segment owns, leases or manages hotels and operates gaming business in the United Kingdom, Spain and Belgium.	Subsidiaries
Securities, commodities and brokerage:	This segment provides stock and commodities broking and corporate advisory services principally in Hong Kong.	Subsidiaries
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait oil trust in Australia.	Subsidiary
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

The accounting policies of the operating segments are the same as those described in the significant accounting policies in note 2. Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from Year 2010/11.

Information regarding the Group's reportable segments for the purposes of resource allocation and assessment of segment performance for the year is set out below.

(a) Reportable segment revenue and profit or loss, assets and liabilities

Segment revenue and profit or loss

	Principal investment	Property development and investment	Hospitality and leisure business	Securities, commodities and brokerage	Oil and gas	Financial services	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the year ended 30 June 2012							
Turnover	1,234,859	216,426	1,312,823	7,058	–	–	2,771,166
Revenue from external customers	108,466	216,426	1,312,823	7,058	–	–	1,644,773
Inter-segment revenue	1,308	971	–	915	–	–	3,194
Reportable segment revenue	109,774	217,397	1,312,823	7,973	–	–	1,647,967
Operating (loss)/profit	(277,833)	(40,484)	130,654	679	49,164	–	(137,820)
Finance cost	(15,939)	(44,123)	(44,157)	(53)	–	–	(104,272)
Valuation surplus on investment properties	–	3,198	–	–	–	–	3,198
Share of profits of associates	–	2,874	–	–	–	95,147	98,021
Share of profits less losses of jointly controlled entities	–	4,824	–	–	–	–	4,824
(Loss)/profit before taxation	(293,772)	(73,711)	86,497	626	49,164	95,147	(136,049)
For the year ended 30 June 2011							
Turnover	3,928,531	379,441	505,544	8,617	–	–	4,822,133
Revenue from external customers	90,935	379,441	505,544	8,617	–	–	984,537
Inter-segment revenue	3,070	1,019	–	698	–	–	4,787
Reportable segment revenue	94,005	380,460	505,544	9,315	–	–	989,324
Operating profit	171,929	79,785	90,992	1,977	39,485	–	384,168
Finance cost	(5,055)	(26,764)	(40,057)	(144)	(392)	–	(72,412)
Valuation surplus on investment properties	–	57,427	–	–	–	–	57,427
Profit on disposal of an associate	41,727	–	–	–	–	–	41,727
Share of profits of associates	748	6,865	63,963	–	–	145,119	216,695
Share of profits less losses of jointly controlled entities	–	7,485	–	–	–	–	7,485
Profit before taxation	209,349	124,798	114,898	1,833	39,093	145,119	635,090

Segment assets and liabilities

	Principal investment	Property development and investment	Hospitality and leisure business	Securities, commodities and brokerage	Oil and gas	Financial services	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 30 June 2012							
Reportable segment assets	3,154,991	6,699,670	3,010,187	39,759	133,724	–	13,038,331
Interest in associates	–	39,886	–	–	–	648,043	687,929
Interest in jointly controlled entities	–	112,518	–	–	–	–	112,518
Total assets	3,154,991	6,852,074	3,010,187	39,759	133,724	648,043	13,838,778
Reportable segment liabilities	1,092,566	4,632,794	1,045,969	5,765	215	–	6,777,309
As at 30 June 2011							
Reportable segment assets	4,493,459	6,400,760	3,173,962	52,772	145,569	–	14,266,522
Interest in associates	–	40,871	–	–	–	586,993	627,864
Interest in jointly controlled entities	–	120,584	–	–	–	–	120,584
Total assets	4,493,459	6,562,215	3,173,962	52,772	145,569	586,993	15,014,970
Reportable segment liabilities	1,341,923	4,482,185	1,435,632	15,274	107	–	7,275,121

Other information

	Principal investment	Property development and investment	Hospitality and leisure business	Securities, commodities and brokerage	Oil and gas	Financial services	Total
2012							
Interest income	5,124	3,873	13,473	2,071	–	–	24,541
Depreciation and amortisation	448	2,242	92,222	172	4,452	–	99,536
Additions to non-current segment assets	245	56,612	125,436	359	–	–	182,652
2011							
Interest income	16,303	3,508	9,219	1,952	–	–	30,982
Depreciation and amortisation	432	1,389	32,124	132	4,292	–	38,369
Additions to non-current segment assets	71	2,114	186,170	61	–	–	188,416

Major customers

During the financial years 2012 and 2011, there is no major customer accounting for more than 10% of the total revenue of the Group.

(b) Reconciliations of reportable segment revenue, finance cost and interest income

Revenue

	The Group 2012	The Group 2011
	US$'000	*US$'000*
Reportable segment revenue	1,647,967	989,324
Elimination of inter-segment revenue	(3,194)	(4,787)
Consolidated revenue *(note 5)*	1,644,773	984,537

Finance cost

	The Group 2012 *US$'000*	 2011 *US$'000*
Reportable finance cost	(104,272)	(72,412)
Elimination of inter-segment finance cost	1,051	2,813
Consolidated finance cost *(note 7(a))*	(103,221)	(69,599)

Interest income

	The Group 2012 *US$'000*	 2011 *US$'000*
Reportable interest income	24,541	30,982
Elimination of inter-segment interest income	(1,051)	(2,813)
Consolidated interest income *(note 5)*	23,490	28,169

(c) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers, profit/(loss) from operations, the Group's total assets and non-current assets other than financial instruments and deferred tax assets ("specified non-current assets"). The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers 2012 *US$'000*	 2011 *US$'000*	(Loss)/profit from operations 2012 *US$'000*	 2011 *US$'000*
The People's Republic of China				
Hong Kong	116,835	100,439	(284,644)	168,073
Mainland China	35,719	316,899	*(Note)* (43,933)	63,762
United Kingdom and Continental Europe	1,275,980	473,470	87,197	50,141
Singapore	182,527	39,085	*(Note)* (44,062)	(2,659)
Australasia and others	33,712	54,644	*(Note)* 43,350	32,439
	1,644,773	984,537	(242,092)	311,756

	Segment assets		Specified non-current assets	
	2012	**2011**	**2012**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
The People's Republic of China				
Hong Kong	3,188,150	4,525,476	51,239	51,031
Mainland China	3,145,337	2,708,484	144,007	148,057
United Kingdom and Continental Europe	2,701,548	2,851,939	2,427,819	2,457,139
Singapore	3,113,228	3,312,162	1,453,011	1,332,741
Australasia and others	1,690,515	1,616,909	1,119,880	1,079,204
	13,838,778	15,014,970	5,195,956	5,068,172

Note: In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the sale of properties upon completion of development projects instead of the percentage of completion method adopted by GuocoLand Limited ("GuocoLand") for residential projects under progressive payment schemes in Singapore.

GuocoLand has adopted the Singapore Interpretation of Financial Reporting Standard No. 115 Agreements for the Construction of Real Estate and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore. Consequently, GuocoLand continues to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment schemes in Singapore. For residential projects under deferred payment schemes in Singapore and overseas, the revenue and expenses are accounted for under the completion of construction method.

Accordingly, operating profits of GuocoLand for the year amounting to US$139.0 million in Singapore have been deferred for recognition in the Group accounts. The Group has recognised operating profits of GuocoLand of US$5.0 million which have been deferred in previous years in Singapore. Up to 30 June 2012, accumulated operating profits of GuocoLand totalling US$215.7 million in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

In the previous year ended 30 June 2011, operating profits of GuocoLand for the year amounting to US$74.0 million and US$9.2 million in Singapore and Mainland China & other countries respectively had been deferred for recognition in the Group accounts. The Group had recognised operating profits of GuocoLand which had been deferred in previous years amounting to US$nil and US$55.0 million in Singapore and Mainland China & other countries respectively for those development projects completed during the year. Up to 30 June 2011, accumulated operating profits of GuocoLand totalling US$104.9 million in Singapore and US$11.5 million in Mainland China & other countries had been deferred.

15. FIXED ASSETS

			The Group			
	Investment properties	**Interests in leasehold land and buildings**	**Freehold land and buildings**	**Furniture, fixtures and equipment**	**Other property, plant and equipment**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost or valuation						
At 1 July 2010	336,135	815,359	405,129	392,476	1,612,964	1,949,099
Additions through acquisition of subsidiaries	–	163,668	73,909	670,985	908,562	908,562
Additions	885,453	151,093	8,466	28,857	188,416	1,073,869
Transfer from/(to) development properties	66,374	(15,656)	–	–	(15,656)	50,718
Transfer	3,131	–	(3,131)	–	(3,131)	–
Disposals and written off	–	(790)	(2,837)	(1,141)	(4,768)	(4,768)
Surplus on revaluation	57,427	–	–	–	–	57,427
Exchange adjustments	37,920	47,941	26,050	8,812	82,803	120,723
At 30 June 2011	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
Representing:						
Cost	–	1,161,615	507,586	1,099,989	2,769,190	2,769,190
Valuation – 2011	1,386,440	–	–	–	–	1,386,440
	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
At 1 July 2011	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
Additions	53,937	34,331	11,597	82,787	128,715	182,652
Transfer from/(to):						
– properties held for sale	–	–	(6,017)	–	(6,017)	(6,017)
– development properties	122,235	17,851	–	–	17,851	140,086
– investment properties	(5,071)	–	5,071	–	5,071	–
Disposals and written off	–	(13,687)	(77)	(14,261)	(28,025)	(28,025)
Surplus on revaluation	3,198	–	–	–	–	3,198
Exchange adjustments	(41,841)	(27,765)	(15,633)	(35,427)	(78,825)	(120,666)
At 30 June 2012	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858
Representing:						
Cost	–	1,172,345	502,527	1,133,088	2,807,960	2,807,960
Valuation – 2012	1,518,898	–	–	–	–	1,518,898
	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858

	The Group					
	Investment properties *US$'000*	**Interests in leasehold land and buildings** *US$'000*	**Freehold land and buildings** *US$'000*	**Furniture, fixtures and equipment** *US$'000*	**Other property, plant and equipment** *US$'000*	**Total** *US$'000*
Accumulated amortisation and depreciation						
At 1 July 2010	–	31,648	9,827	293,544	335,019	335,019
Additions through acquisition of subsidiaries	–	99,731	35,378	428,265	563,374	563,374
Charge for the year	–	6,866	1,740	24,720	33,326	33,326
Written back on disposals and written off	–	(790)	(2,035)	(783)	(3,608)	(3,608)
Exchange adjustments	–	(1,264)	(319)	8,856	7,273	7,273
At 30 June 2011	–	136,191	44,591	754,602	935,384	935,384
At 1 July 2011	–	136,191	44,591	754,602	935,384	935,384
Charge for the year	–	11,964	2,801	70,758	85,523	85,523
Written back on disposals and written off	–	(13,666)	(30)	(13,070)	(26,766)	(26,766)
Transfer to properties held for sale	–	–	(3,100)	–	(3,100)	(3,100)
Impairment charge/(write-back)	–	(1,906)	(63)	1,603	(366)	(366)
Exchange adjustments	–	(3,335)	(1,529)	(26,192)	(31,056)	(31,056)
At 30 June 2012	–	129,248	42,670	787,701	959,619	959,619
Net book value						
At 30 June 2012	1,518,898	1,043,097	459,857	345,387	1,848,341	3,367,239
At 30 June 2011	1,386,440	1,025,424	462,995	345,387	1,833,806	3,220,246

(a) The analysis of net book value of properties is as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
In Hong Kong:		
– Leasehold with between 10 to 50 years unexpired	50,580	50,562
Outside Hong Kong:		
– Leasehold with over 50 years unexpired	1,947,022	1,865,338
– Leasehold with between 10 to 50 years unexpired	168,119	111,306
– Leasehold with less than 10 years unexpired	28,898	8,246
– Freehold	827,233	839,407
	3,021,852	2,874,859

(b) In accordance with the Group's accounting policy, the Group's investment properties in Hong Kong, China, Singapore and Malaysia were valued on an open market basis by independent firms of professional valuers, namely, CB Richard Ellis, Savills, Burgess Rawson as at 30 June 2012.

(c) Certain of the Group's properties with a book value of US$1,909.7 million (2011: US$1,899.1 million) were pledged for bank loans and mortgage debenture stock.

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years. The gross carrying amounts of investment properties of the Group held for use in operating leases were US$445.2 million (2011: US$454.0 million).

(e) All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

16. INTANGIBLE ASSETS

	The Group		
	Casino licences and brand name	Bass Strait oil and gas royalty	Total
	US$'000	*US$'000*	*US$'000*
Cost			
At 1 July 2010	52,773	161,388	214,161
Additions through acquisition of subsidiaries	936,363	–	936,363
Additions	1,105	–	1,105
Exchange adjustments	(4,669)	41,715	37,046
At 30 June 2011	985,572	203,103	1,188,675
At 1 July 2011	985,572	203,103	1,188,675
Additions	11,146	–	11,146
Exchange adjustments	(50,709)	(10,590)	(61,299)
At 30 June 2012	946,009	192,513	1,138,522
Accumulated amortisation			
At 1 July 2010	–	51,433	51,433
Additions through acquisition of subsidiaries	89,126	–	89,126
Charge for the year	751	4,292	5,043
Exchange adjustments	(1,307)	13,615	12,308
At 30 June 2011	88,570	69,340	157,910
At 1 July 2011	88,570	69,340	157,910
Charge for the year	9,561	4,452	14,013
Impairment	18,177	–	18,177
Exchange adjustments	(7,934)	(3,696)	(11,630)
At 30 June 2012	108,374	70,096	178,470
Net book value			
At 30 June 2012	837,635	122,417	960,052
At 30 June 2011	897,002	133,763	1,030,765

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait Oil Trust. It is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so that the amortisation charge for the year is included in administrative and other operating expenses in the consolidated income statement so as to write off the cost over its original useful lives of 25 years. Effective from 1 July 2010, based on the latest professional valuation report, the estimated useful life has been extended for 13 years to 2040.

The casino licences and brand name are with infinite useful lives (except for two Belgium casino concessions with an estimated remaining useful life of 8 years) and are stated at cost less impairment losses.

17. INTEREST IN SUBSIDIARIES

	The Company	
	2012	**2011**
	US$'000	*US$'000*
Unlisted shares	467,678	24,824
Amounts due from subsidiaries	3,352,693	3,109,602
	3,820,371	3,134,426
Amounts due to subsidiaries	141,017	170,979

As at 30 June 2012, amounts due from subsidiaries of US$255,028,000 (2011: US$172,651,000) bear interest at 1.57% (2011: 1.14%) per annum and are unsecured and have no fixed repayment terms. The remaining outstanding balances are unsecured, interest free and have no fixed repayment terms.

The amounts due to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(a) Details of the principal subsidiaries incorporated and operating in Hong Kong are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asia Fountain Investment Company Limited	2 shares of HK$10 each	–	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares of HK$1 each	–	67	Investment holding
GuocoCapital Limited	120,000 shares of HK$100 each	–	100	Stockbroking and securities trading
GuocoCommodities Limited	100,000 shares of HK$100 each	–	100	Commodities broking
GuocoEquity Assets Limited	23,000,000 shares of HK$1 each	100	100	Investment holding
GuoSon Assets China Limited	1 share of HK$1 each	–	65	Investment holding
Guoco Management Company Limited	2,000,000,000 shares of HK$1 each	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares of HK$1 each	100	100	Investment holding

(b) Details of the principal subsidiaries incorporated and operating in Singapore are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Belmeth Pte Ltd	50,000,000 shares (S$50,000,000)*	–	52	Property investment
Elliot Development Pte Ltd	16,000,000 shares (S$16,000,000)*	–	65	Property development
GLL IHT Pte Ltd	10,000,000 shares (S$10,083,000)*	–	65	Provision of financial and treasury services
GLL Land Pte Ltd	70,000,000 shares (S$70,000,000)*	–	65	Property investment
GLL (Malaysia) Pte Ltd	58,000,000 shares (S$58,000,000)*	–	65	Investment holding
Goodwood Residence Development Pte Ltd	90,300,000 shares (S$90,300,000)*	–	65	Property development
Guoco Assets Pte Ltd	2 shares (S$2)*	100	100	Investment holding
Guoco Investment Services Pte Ltd	50,000 shares (S$50,000)*	–	100	Provision of investment advisory services
GuocoLand Limited	1,183,373,276 shares (S$1,926,053,441)*	–	65	Investment holding
GuocoLand Assets Pte Ltd	20,000,000 shares (S$20,000,000)*	100	100	Investment holding
GuocoLand Property Management Pte Ltd	2 shares (S$2)*	–	65	Property management, marketing and maintenance services
GuocoLand (Singapore) Pte Ltd	195,000,000 shares (S$195,000,000)*	–	65	Investment holding
GuocoLand Vietnam (S) Pte Ltd	1 share (S$1)*	–	65	Investment holding
GuocoLeisure Management Pte Ltd	2 shares (S$2)*	–	66	Management company
Guston Pte Ltd	10,000,000 shares (S$10,000,000)*	–	52	Investment holding
Leedon Residence Development Pte Ltd	158,000,000 shares (S$158,000,000)*	–	65	Property development
Sophia Residence Development Pte Ltd	91,600,000 shares (S$91,600,000)*	–	65	Property development
Waterline Development Pte Ltd	13,000,000 shares (S$13,000,000)*	–	65	Property development

* Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005.

Amount shown represents the nominal value of the issued shares of the company.

(c) Details of the principal subsidiaries incorporated and operating in Malaysia are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Ace Acres Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Property development
Damansara City Sdn. Bhd.	20,000,000 shares of RM1 each	–	44	Property development
Famous Moments Sdn. Bhd.	2 shares of RM1 each	–	44	Hotel operations
Guoco Assets Sdn. Bhd.	250,000 shares of RM1 each, 300,000 Class B shares of RM1 each and 5,815 preference shares of RM1 each	45	100	Investment holding
GuocoLand (Malaysia) Berhad	700,458,518 shares of RM0.5 each	–	44	Investment holding and provision of management services
Hikmat Gembira Sdn. Bhd.	2 shares of RM1 each	–	44	Property investment
Impressive Genesis Sdn. Bhd.	2 shares of RM1 each	–	44	Property investment
Intelligent Circle Sdn. Bhd.	2 shares of RM1 each	–	44	Car park operations and property investment
JB Parade Sdn. Bhd.	40,000,000 shares of RM1 each	–	35	Investment holding and hotel operations
PD Resort Sdn. Bhd.	100,000,000 shares of RM1 each	–	51	Property investment and development and hotel operations
Titan Debut Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Acquire, enhance and resale of properties
Wonderful Space Sdn. Bhd.	250,000 shares of RM1 each	–	44	Property investment and property development

(d) Details of the principal subsidiaries incorporated and operating in other countries are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Asian Financial Common Wealth (PTC) Limited *(Note (iii))*	British Virgin Islands	1 share of US$1 each	–	100	Provision of trustee service
Beijing Cheng Jian Dong Hua Real Estate Development Co., Ltd *(Note (i) & (viii))*	The People's Republic of China	RMB50,000,000 *(Note (ii))*	–	59	Property development
Beijing Jiang Sheng Property Development Co., Ltd *(Note (i) & (viii))*	The People's Republic of China	RMB250,000,000 *(Note (ii))*	–	65	Property development
BIL Asia Group Treasury Limited *(Note (v))*	British Virgin Islands	100 shares of NZD1 each	–	67	Financing company
BIL Australia Pty Limited	Australia	1 share of AUD 1 each	–	67	Investment holding

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZD1,000 each	–	67	Investment holding
Blue Square Gaming (Alderney) Limited *(Note (ix))*	Alderney	1 share of GBP1 each	–	75	Interactive gaming and sports betting
Blue Square Limited *(Note (ix))*	England and Wales	14,884,600 "A" shares of GBP1 each and 500,000 "B" shares of GBP1 each	–	75	Support services to interactive gaming
Capital Intelligence Limited *(Note (iii))*	Cayman Islands	1 share of US$1 each	–	100	Investment trading
Clermont Leisure (UK) Limited	United Kingdom	55,000,000 shares of GBP1 each	–	67	Gaming
Dynamic Talent Limited	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Fresco Resources Limited *(Note (iii))*	British Virgin Islands	1 share of US$1 each	100	100	Financing activities
GA Investment Limited	Labuan	200,000 shares of US$1 each	100	100	Investment holding
Great Insight Limited *(Note (iii))*	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Grosvenor Casinos Limited *(Note (ix))*	England and Wales	39,000,000 shares of GBP1 each	–	75	London and provincial casinos
Guoco Assets (Philippines), Inc.	The Philippines	1,210,000 shares of P100 each	–	100	Investment holding
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND288,245,178,769 *(Note (ii))*	–	65	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US$1 each	–	65	Investment holding
GuocoLeisure Limited	Bermuda	1,368,063,633 shares of US$0.2 each	–	67	Hotel and property management
GuocoLeisure Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Guoman Hotels Group Limited *(Note (v))*	Bermuda	1 share of US$1 each	–	67	Investment holding
Guoman Hotel Holdings Limited	United Kingdom	2 shares of GBP1 each	–	67	Investment holding
Guoman Hotels Limited	United Kingdom	310,545,212 shares of GBP0.26 each	–	67	Ownership and operation of hotels in UK
GuoSon Investment Company Limited *(Note (i) & (vii))*	The People's Republic of China	US$370,000,000 *(Note (ii))*	–	65	Investment holding

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Hong Way Holdings, Inc.	The Philippines	100,000 shares of P1 each	–	100	Investment holding
Ma Sing Investments Limited *(Note (iv))*	British Virgin Islands	407,174,860 shares of AUD1 each	–	67	Investment holding
Mecca Bingo Limited *(Note (ix))*	England and Wales	170,000,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	–	75	Social and bingo clubs
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	67	Investment holding
Nanjing Mahui Property Development Co., Ltd. *(Note (i) & (viii))*	The People's Republic of China	RMB286,000,000 *(Note (ii))*	–	62	Property development
Nanjing Xinhaoning Property Development Co., Ltd *(Note (i) & (viii))*	The People's Republic of China	US$11,920,000 *(Note (ii))*	–	65	Property development
Nanjing Xinhaoxuan Property Development Co., Ltd *(Note (i) & (viii))*	The People's Republic of China	US$11,920,000 *(Note (ii))*	–	65	Property development
Oceanease Limited	Cayman Islands	1 share of US$1 each	–	100	Investment trading
Rank Assets Limited (formerly known as All Global Investments Limited)	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Rank Group Finance Plc *(Note (ix))*	England and Wales	200,000,000 shares of GBP1 each	–	75	Funding operations
Rank Group Gaming Limited *(Note (ix))*	England and Wales	100 shares of GBP1 each	–	75	Investment holding
Rank Group Gaming Division Limited *(Note (ix))*	England and Wales	76,133,001 shares of GBP1 each and 55,531 "A" shares of GBP1 each	–	75	Investment holding and provision of shared services
Rank Holding España SA *(Note (ix))*	Spain	150,000 shares of EUR26.02 each	–	75	Investment holding of Top Rank España
Rank Holdings (Netherlands) BV *(Note (ix))*	Holland	65 shares of EUR453 each	–	75	Investment holding
Rank Interactive Development Limited *(Note (ix))*	England and Wales	20,000,100 shares of GBp1 each	–	75	Support services to interactive gaming
Rank Leisure Limited *(Note (ix))*	England and Wales	1 share of GBP1 each	–	75	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited *(Note (ix))*	England and Wales	1,000,000 shares of GBP1 each and 1,799 preferred shares of US$1 each	–	75	Investment holding and corporate activities
Rank Nemo (Twenty-Five) Limited *(Note (ix))*	England and Wales	1 share of GBP1 each	–	75	Investment holding

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Rank Overseas Holdings Limited *(Note (ix))*	England and Wales	1,000,000 shares of GBP1 each	–	75	Investment holding
Shanghai Xinhaolong Property Development Co., Ltd *(Note (i) & (vii))*	The People's Republic of China	US$126,000,000 *(Note (ii))*	–	65	Property development
Shanghai Xinhaojia Property Development Co., Ltd *(Note (i) & (vii))*	The People's Republic of China	RMB3,100,176,000 *(Note (ii))*	–	83	Property development
Supreme Goal Investments Limited *(Note (iii))*	British Virgin Islands	1 share of US$1 each	100	100	Property investment
Tabua Investments Limited	Fiji	2 shares of FJD1 each	–	67	Investment holding
Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd *(Note (i) & (vii))*	The People's Republic of China	RMB510,000,000 *(Note (ii))*	–	65	Property development
The Rank Group Plc *(Note (ix))*	England and Wales	390,613,426 shares of GBp13 $^{8}/_{9}$ each	–	75	Investment holding of gaming business
Wayforward Services Limited *(Note (v))*	British Virgin Islands	1 share of US$1 each	–	67	Investment holding

Notes:

(i) These companies have a financial year end of 31 December.

(ii) These comprise capital contribution to the companies. These companies have a defined period of existence.

(iii) These companies are operating in Hong Kong.

(iv) These companies are operating in Australia.

(v) These companies are operating in United Kingdom.

(vi) These companies are operating in Malaysia.

(vii) These companies are foreign capital enterprise.

(viii) These companies are sino-foreign equity joint venture enterprise.

(ix) At 30 June 2011, the Group held a 78.4% interest in these companies. Subsequent to 30 June 2011, the Group's interest decreased to 74.5%.

The GuocoLand group had carried out internal restructuring to streamline equity holdings. GuocoLand has enquired with the local authority to clarify the tax basis and at the date of the financial statements, no sufficiently reliable estimate of tax can be made. As such, no provision for tax has been made in respect of the restructuring.

18. INTEREST IN ASSOCIATES

	The Group 2012 US$'000	The Group 2011 US$'000
Share of net assets		
Listed shares, overseas	705,775	645,428
Unlisted	294	273
Goodwill	12,092	12,092
	718,161	657,793
Amounts due from associates	7,230	7,533
	725,391	665,326
Less: Impairment loss	(37,462)	(37,462)
	687,929	627,864

The market value of the listed investments at 30 June 2012 was US$1,055.9 million (2011: US$1,190.9 million).

The amounts due from associates are unsecured, interest free and have no fixed repayment terms.

Details of the principal associates are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Hong Leong Financial Group Berhad	Malaysia	1,052,767,789 shares of RM1 each	25	Financial services
Tower Real Estate Investment Trust	Malaysia	280,500,000 shares of RM1.0173 each	10	Investment in real estate and real estate related assets

Notes:

(a) Rank was derecognised as an associate upon the closing date of the mandatory cash offer for the Rank shares on 7 June 2011. Please refer to note 20(b) for details.

(b) On 16 September 2010, the Group disposed of its entire interest of 30% in Pepsi-Cola Products Philippines, Inc., to a third party, recognising a profit of approximately US$41.7 million in the income statement.

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

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Total assets	53,849,561	51,974,128
Total liabilities	(49,736,234)	(48,396,176)
	4,113,327	3,577,952
Non-controlling interests	(1,307,206)	(924,145)
Net assets	2,806,121	2,653,807
Group's share of associates' net assets	706,069	645,701
Revenue	2,326,705	2,726,826
Profits for the year	384,840	785,579
Group's share of associates' profits for the year	98,021	216,695

19. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Share of net assets – unlisted	108,834	117,058
Amounts due from jointly controlled entities	3,684	3,526
	112,518	120,584

The amounts due from jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

Details of principal jointly controlled entities are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Continental Estates Sdn. Bhd.	Malaysia	50,600,000 shares of RM1 each	22	Property development and operation of an oil palm estate
Vintage Heights Sdn. Bhd.	Malaysia	140,000,000 shares of RM1 each	21	Property development and operation of an oil palm estate

Summary financial information on jointly controlled entities – Group's effective interest:

	The Group	
	2012	2011
	US$'000	*US$'000*
Non-current assets	119,499	129,850
Current assets	33,813	34,707
Non-current liabilities	(20,460)	(27,256)
Current liabilities	(24,018)	(20,243)
Net assets	108,834	117,058
Income	8,218	22,536
Expenses	(3,394)	(15,051)
Profits for the year	4,824	7,485

20. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(a) Proposed acquisition in the financial year 2011/12

Rank announced on 12 May 2012 that it had conditionally agreed, subject to regulatory approval, to acquire Gala Casinos from Gala Coral Group Limited for a total cash consideration of GBP205 million (approximately US$320 million). Rank intends to finance the acquisition, along with its related costs and expenses with new three-year bank facilities totalling GBP175 million (approximately US$273 million) together with its existing bank facilities.

(b) Acquisition of subsidiaries in the financial year 2010/11

(i) On 6 May 2011, the Group acquired 11.6% of the issued share capital of Rank from a third party, resulting in an aggregate interest of 40.8% in Rank. Rank is a European gaming company with a primary focus on casinos and bingo clubs in the UK. It also operates in Spain and Belgium.

(ii) On 6 May 2011, the Group announced in the UK a mandatory cash offer ("Offer") to acquire the shares in Rank for a cash consideration of GBP1.50 per offer share. As at 7 June 2011, being the first closing date of the Offer, the Group received valid acceptances in respect of 60,738,410 shares for a total cash consideration of approximately US$149.8 million. After the close of the first offer period, Rank became a 56.4% owned and controlled subsidiary of the Group.

(iii) For the financial year ended 30 June 2011, Rank, as a subsidiary, contributed US$85.3 million turnover and US$4.8 million to the profit for the year attributable to shareholders of the Company.

(iv) As a result of remeasuring to fair value the equity interest in Rank before the acquisition, US$2.1 million gain on derecognition of the associate was recognised in other net income in the financial year 2010/11 in note 6(b).

The net assets acquired in the above acquisition and goodwill arising are as follows:

	Acquirees' carrying value before combination *US$'000*	**Fair value adjustment** *US$'000*	**Acquirees' fair value before combination** *US$'000*
Net assets acquired:			
Property, plant and equipment	345,188	–	345,188
Intangible assets	272,511	574,726	847,237
Deferred tax assets	27,152	–	27,152
Trade and other receivables	53,938	–	53,938
Cash and short term funds	257,745	–	257,745
Bank loans and borrowings	(202,828)	–	(202,828)
Trade and other payables	(157,022)	–	(157,022)
Taxation	(159,343)	–	(159,343)
Provision	(92,940)	–	(92,940)
Deferred tax liabilities	(8,343)	–	(8,343)
Net identifiable assets and liabilities	336,058	574,726	910,784
Fair value of the equity interest held in the acquiree			(397,762)
Share of non-controlling interests			(397,284)
Net identifiable assets and liabilities acquired			115,738
Goodwill arising from acquisition			34,088
Total consideration			149,826
Total consideration satisfied by:			
Cash			149,826

If the above acquisitions had occurred on 1 July 2010, total Group revenue would have been US$1,786.2 million and profit for the year attributable to shareholders of the Company would have been US$657.4 million for the year ended 30 June 2011.

Subsequent to 7 June 2011, the Offer remained open and the Group had received further valid acceptances from Rank Shareholders for 86,188,549 shares as at 30 June 2011 and subsequently reduced to 70,776,619 shares (net of withdrawals). The Group finally increased its ownership from 56.4% to 74.5%. The Group recognised a decrease in non-controlling interests of US$165.0 million and a decrease in retained earnings of US$8.7 million.

The following summarises the effect of changes in the Group's ownership interest in Rank:

	US$'000
Group's ownership interest at the acquisition	547,588
Effect of increase in Group's ownership interest	165,022
Share of comprehensive income	(1,298)
Group's ownership interest at 30 June 2011	711,312

(c) Acquisition of non-controlling interests

During the financial year ended 30 June 2012, the Group acquired an additional 0.2% interest in GuocoLeisure Limited ("GuocoLeisure") for US$1.6 million in cash, increasing its ownership from 66.3% to 66.5%. The Group recognised a decrease in non-controlling interests of US$2.7 million and an increase in retained earnings of US$1.1 million.

The following summarises the effect of changes in the Group's ownership interest in GuocoLeisure:

	US$'000
Group's ownership interest at 1 July 2011	781,286
Effect of increase in Group's ownership interest	2,743
Share of comprehensive income	8,443
Group's ownership interest at 30 June 2012	792,472

During the financial year ended 30 June 2011, the Group acquired an additional 0.8% interest in GuocoLeisure for US$5.7 million in cash, increasing its ownership from 65.5% to 66.3%. The Group recognised a decrease in non-controlling interests of US$8.3 million and an increase in retained earnings of US$2.6 million.

The following summarises the effect of changes in the Group's ownership interest in GuocoLeisure:

	US$'000
Group's ownership interest at 1 July 2010	685,542
Effect of increase in Group's ownership interest	8,307
Share of comprehensive income	87,437
Group's ownership interest at 30 June 2011	781,286

21. HELD-TO-MATURITY FINANCIAL ASSETS

	The Company	
	2012	**2011**
	US$'000	*US$'000*
Unlisted debt securities	–	185,446

The unlisted debt securities represented fixed rate notes issued by a wholly-owned subsidiary of the Company, which bore interest at 8.2% per annum and were unsecured. They were fully redeemed on 18 May 2012 by the subsidiary.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2012	2011	2012	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Equity securities				
Listed (at market value)				
– In Hong Kong	1,433,789	1,394,290	–	–
– Outside Hong Kong	20,446	2,517	–	–
Unlisted	3,780	4,546	–	–
	1,458,015	1,401,353	–	–
Club and other debentures	451	451	203	203
Investment in partnership	31,236	34,534	–	–
	1,489,702	1,436,338	203	203

23. GOODWILL

	The Group
	US$'000
Cost:	
At 1 July 2010	34,045
Additions during the year *(note 20(b))*	34,088
Exchange adjustments	580
At 30 June 2011	68,713
At 1 July 2011	68,713
Exchange adjustments	(495)
At 30 June 2012	68,218

In accordance with the Group's accounting policy, the carrying value of goodwill was tested for impairment as at 30 June 2012 and 30 June 2011. The results of the tests indicated no impairment charge was necessary.

24. DEVELOPMENT PROPERTIES

	The Group	
	2012	2011
	US$'000	*US$'000*
Cost as at 30 June	4,587,604	3,980,260
Less: Impairment loss	(10,699)	(18,112)
Progress instalments received and receivable	(409,325)	(432,286)
	4,167,580	3,529,862

The carrying amounts of development properties were written down based on their estimated selling prices.

Certain of the Group's development properties with book value of US$2,144.7 million (2011: US$2,243.5 million) were pledged for bank loans and mortgage debenture stock.

25. PROPERTIES HELD FOR SALE

	The Group	
	2012	**2011**
	US$'000	*US$'000*
As at 1 July	239,615	183,613
Additions	157	265,205
Transfer from fixed assets	2,917	–
Disposals	(30,499)	(221,030)
	212,190	227,788
Exchange adjustments	(6,348)	11,827
As at 30 June	205,842	239,615

26. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade debtors	218,208	310,023	–	–
Deposits and prepayments	170,798	231,376	157	129
Derivative financial instruments, at fair value	1,893	5,874	–	–
Interest receivables	4,170	1,385	13	1,355
	395,069	548,658	170	1,484

Included in the Group's trade and other receivables is US$8.3 million (2011: US$7.1 million) which is expected to be recovered after one year.

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for bad and doubtful debts) with the following ageing analysis as of the end of the reporting period:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Current	214,889	296,613
1 to 3 months	1,733	4,819
More than 3 months	1,586	8,591
	218,208	310,023

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2012 and 2011 are not significant.

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that is neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Neither past due nor impaired	186,197	257,534
Less than 1 month past due	7,758	12,880
1 to 3 months past due	1,220	4,735
More than 3 months past due	1,584	8,521
	10,562	26,136
	196,759	283,670

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as these are considered fully recoverable. The Group does not hold any collateral over these balances.

27. TRADING FINANCIAL ASSETS

	The Group	
	2012	2011
	US$'000	*US$'000*
Debt securities		
Listed (at market value)		
– In Hong Kong	–	1,863
– Outside Hong Kong	–	25,165
Unlisted	509	27,532
	509	54,560
Equity securities		
Listed (at market value)		
– In Hong Kong	97,606	173,234
– Outside Hong Kong	1,128,357	1,939,836
	1,225,963	2,113,070
Unit trusts		
Unlisted	–	6,818
	1,226,472	2,174,448

28. CASH AND SHORT TERM FUNDS

	The Group		The Company	
	2012	2011	2012	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Deposits with banks	954,537	1,638,802	214,710	739,492
Cash at bank and in hand	180,102	364,606	1,111	5,239
Cash and short term funds in the statement of financial position	1,134,639	2,003,408	215,821	744,731
Cash collateral *(Note)*	(444,545)	(292,620)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	690,094	1,710,788	215,821	744,731

Note: Cash collateral is deposited with financial institutions for loan facilities. Included in this amount is a deposit of US$444.5 million (2011: US$292.6 million) pledged with a financial institution in China for a bank loan.

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	2012	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade creditors	115,099	104,588	–	–
Other payables and accrued operating expenses	621,598	588,295	567	557
Derivative financial instruments, at fair value	19,891	23,241	–	–
Amounts due to fellow subsidiaries	6,377	12,117	–	2,655
Amounts due to associates	39	38	–	–
Amounts due to jointly controlled entities	305	320	–	–
	763,309	728,599	567	3,212

Included in trade and other payables of the Group and the Company are amounts of US$54.3 million (2011: US$60.2 million) and US$0.3 million (2011: US$0.3 million) respectively which are expected to be payable after one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	The Group	
	2012	2011
	US$'000	*US$'000*
Due within 1 month or on demand	101,068	85,420
Due after 1 month but within 3 months	4,469	3,432
Due after 3 months	9,562	15,736
	115,099	104,588

The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

30. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Bank loans		
– Secured	595,224	1,601,603
– Unsecured	834,464	1,168,429
	1,429,688	2,770,032
Other loans		
– Secured	440,511	782,601
– Unsecured	4,692	4,495
	445,203	787,096
Unsecured medium term notes repayable within 1 year	55,105	40,671
Convertible bonds *(note 32)*	–	304,554
	1,929,996	3,902,353

31. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Bank loans		
– Secured	1,795,352	830,727
– Unsecured	528,209	324,979
	2,323,561	1,155,706
Other loans		
– Unsecured	24,477	28,962
Unsecured medium term notes and bonds	1,052,669	621,874
Secured mortgage debenture stock	323,026	383,618
	3,723,733	2,190,160

The Group's bank loans and other borrowings were repayable as follows:

	The Group								
	2012				2011				
	Bank loans	Mortgage debenture stock	Other borrowings	Total	Bank loans	Mortgage debenture stock	Convertible bonds	Other borrowings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Within 1 year or on demand	1,429,688	–	500,308	1,929,996	2,770,032	–	304,554	827,767	3,902,353
After 1 year but within 2 years	364,202	–	165,880	530,082	471,177	–	–	61,434	532,611
After 2 years but within 5 years	1,852,604	231,050	887,693	2,971,347	608,077	289,026	–	563,883	1,460,986
After 5 years	106,755	91,976	23,573	222,304	76,452	94,592	–	25,519	196,563
	2,323,561	323,026	1,077,146	3,723,733	1,155,706	383,618	–	650,836	2,190,160
	3,753,249	323,026	1,577,454	5,653,729	3,925,738	383,618	304,554	1,478,603	6,092,513

Note:

The bank loans and mortgage debenture stock are secured by the following:

- legal mortgages on investment properties with an aggregate book value of US$1,085.4 million (2011: US$1,009.9 million) (note 15);
- legal mortgages on development properties with an aggregate book value of US$2,144.7 million (2011: US$2,243.5 million) (note 24);
- legal mortgages on property, plant and equipment with an aggregate book value of US$824.3 million (2011: US$889.2 million) (note 15); and
- certain trading financial assets with an aggregate book value of US$1,098.3 million (2011: US$1,428.5 million) (note 27).

32. CONVERTIBLE BONDS

	The Group	
	2012	2011
	US$'000	*US$'000*
Current	–	304,554

On 7 May 2007, GuocoLand issued S$690 million (US$450 million) in principal amount of convertible bonds (the "Bonds") comprising S$345 million (US$225 million) in principal amount of unsecured Tranche 1 Convertible Bonds ("Tranche 1 Bonds") and S$345 million (US$225 million) in principal amount of unsecured Tranche 2 Convertible Bonds ("Tranche 2 Bonds").

The Bonds are convertible by the holders thereof (the "Bondholders") into new ordinary shares in the capital of GuocoLand ("Shares") at any time on or after 6 July 2007 and up to the close of business (at the place where the certificate evidencing such Bonds is deposited for conversion) on 27 April 2012 or if such Bonds shall have been called for redemption by GuocoLand before 27 April 2012, then up to the close of business (at the place aforesaid) on a date no later than seven business days prior to the date fixed for redemption thereof. The adjusted conversion price of the Bonds is S$5.284 per Share with effect from 6 December 2010 following the issue of 295,843,319 new Shares during the year pursuant to a renounceable rights issue undertaken by GuocoLand.

At any time on or after 7 May 2009 and prior to the date falling 7 business days prior to 7 May 2012 (the "Maturity Date" of the Bonds), the Bonds may be redeemed in whole at the option of GuocoLand if the volume weighted average price of the Shares for each of 10 consecutive trading days was at least 120% of the principal amount of the Bonds plus interest equal to the applicable early redemption interest amount divided by the conversion ratio.

Unless previously redeemed, converted, or purchased and cancelled, the Tranche 1 Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 0.6% p.a. on a semi-annual basis of its principal amount and the Tranche 2 Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 1.9% p.a. on a semi- annual basis of its principal amount.

During the financial year, GuocoLand had at the maturity of the Bonds, fully redeemed all the outstanding S$7.2 million (US$5.1 million) in principal amount of the Tranche 1 Bonds and S$345 million (US$225 million) in principal amount of the Tranche 2 Bonds at their principal amount plus interests. The Bonds redeemed by GuocoLand have been cancelled. Following the redemption, no Bonds remain outstanding.

33. PROVISIONS AND OTHER LIABILITIES

	The Group			
	Pensions	**Onerous leases**	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 1 July 2011	16,229	68,900	16,924	102,053
Provision made during the year	11,707	13,343	1,221	26,271
Amounts settled or utilised during the year	(5,411)	(8,491)	(6,759)	(20,661)
Exchange adjustments	(648)	(1,874)	(287)	(2,809)
As at 30 June 2012	21,877	71,878	11,099	104,854
Provisions and other liabilities as at 30 June 2012 are disclosed as:				
Current liabilities	–	6,513	4,519	11,032
Non-current liabilities	21,877	65,365	6,580	93,822
	21,877	71,878	11,099	104,854

34. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

The Group

Deferred tax arising from:	Depreciation allowance in excess of related depreciation	Revaluation of properties	Timing difference on development properties	Revaluation of financial liabilities	Tax losses	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 1 July 2010	590	71,920	17,383	(10,847)	(7,816)	10,161	81,391
Additions through acquisition of subsidiaries	(45,850)	–	–	–	(13,900)	40,941	(18,809)
Charged/(credited) to consolidated income statement	691	(14,760)	10,142	2,281	7,842	(222)	5,974
Charged to other comprehensive income	–	–	–	–	–	19	19
Reclassification	–	–	11,831	–	–	(11,831)	–
	(44,569)	57,160	39,356	(8,566)	(13,874)	39,068	68,575
Exchange adjustments	1,527	4,827	792	(718)	(284)	213	6,357
As at 30 June 2011	(43,042)	61,987	40,148	(9,284)	(14,158)	39,281	74,932
As at 1 July 2011	(43,042)	61,987	40,148	(9,284)	(14,158)	39,281	74,932
Charged/(credited) to consolidated income statement	13,965	(23,924)	(41,308)	3,964	2,989	(7,999)	(52,313)
Charged to other comprehensive income	–	–	1,431	–	–	674	2,105
Transfer to provision for taxation in the consolidated statement of financial position	–	–	(16,224)	–	–	–	(16,224)
	(29,077)	38,063	(15,953)	(5,320)	(11,169)	31,956	8,500
Exchange adjustments	994	(1,164)	(871)	173	280	(1,498)	(2,086)
As at 30 June 2012	(28,083)	36,899	(16,824)	(5,147)	(10,889)	30,458	6,414

	2012	**2011**
	US$'000	*US$'000*
Net deferred tax assets recognised on the consolidated statement of financial position	(23,518)	(14,469)
Net deferred tax liabilities recognised on the consolidated statement of financial position	29,932	89,401
	6,414	74,932

(b) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Deductible temporary differences	63,464	4,597
Tax losses	2,102,392	2,082,509
	2,165,856	2,087,106

The Group has not recognised deferred tax assets in respect of tax losses for certain group companies as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The deductible temporary differences and tax losses have no expiry dates under current tax legislation.

(c) Deferred tax liabilities not recognised

As at 30 June 2012, temporary differences relating to the undistributed profits of subsidiaries amounted to US$194.1 million (2011: US$214.0 million). Deferred tax liabilities of US$13.8 million (2011: US$21.4 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

35. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *US$'000*	**Share premium** *US$'000*	**Retained profits** *US$'000*	**Total equity** *US$'000*
The Company				
At 1 July 2010	164,526	10,493	3,678,421	3,853,440
Final dividend paid in respect of prior year	–	–	(84,899)	(84,899)
Interim dividend paid in respect of current year	–	–	(42,175)	(42,175)
Total comprehensive income for the year – Profit for the year	–	–	165,733	165,733
At 30 June 2011	164,526	10,493	3,717,080	3,892,099
At 1 July 2011	164,526	10,493	3,717,080	3,892,099
Final dividend paid in respect of prior year	–	–	(93,008)	(93,008)
Interim dividend paid in respect of current year	–	–	(21,181)	(21,181)
Total comprehensive income for the year – Profit for the year	–	–	117,071	117,071
At 30 June 2012	164,526	10,493	3,719,962	3,894,981

(b) Nature and purpose of reserves

(i) The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The equity component of the issued convertible bonds, which represents the implied fair value of the conversion rights, is included in the capital reserve.

(iii) The contributed surplus is governed by Section 54 of the Companies Act 1981 of Bermuda.

The contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iv) The ESOP reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees (Note 38).

(v) The share option reserve comprises the cumulative value of employee services received for the issue of share options.

(vi) The exchange translation reserve comprises:

(a) the foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates whose functional currencies are different from the functional currency of the Company.

(b) the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries and associates.

(vii) Fair value reserve comprises unrealised gain or loss arising from changes in fair value of available-for-sale financial assets.

(viii) Revaluation reserve comprises increase in fair value of property, plant and equipment and development properties from acquired subsidiaries.

(ix) Distributable reserves of the Company as at 30 June 2012 amounted to US$3,690,661,000 (2011: US$3,680,889,000).

(c) Share capital

	The Group and The Company			
	2012		**2011**	
	No. of shares ’000	*US$’000*	*No. of shares ’000*	*US$’000*
Authorised:				
Ordinary shares of US$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July and 30 June	329,051	164,526	329,051	164,526

Note: As at 30 June 2012, 4,026,862 ordinary shares (2011: 4,026,862 ordinary shares) were acquired by the Group to reserve for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Net assets acquired:		
Property, plant and equipment	–	345,188
Intangible assets	–	847,237
Deferred tax assets	–	27,152
Trade and other receivables	–	53,938
Cash and short term funds	–	257,745
Bank loans and borrowings	–	(202,828)
Trade and other payables	–	(157,022)
Taxation	–	(159,343)
Provision	–	(92,940)
Deferred tax liabilities	–	(8,343)
	–	910,784
Fair value of the equity interest held in the acquiree	–	(397,762)
Share of non-controlling interests	–	(397,284)
Goodwill arising from acquisition	–	34,088
Total consideration	–	149,826
Satisfied by:		
Cash consideration	–	149,826

(b) Analysis of net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Cash consideration	–	149,826
Cash at bank and in hand acquired	–	(257,745)
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	–	(107,919)

37. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group has several defined benefit pension schemes, all of which are closed to new members and managed by independent administrators. Actuarial valuations are carried out at least once every three years and informal valuations are carried out in the intervening years.

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Present value of wholly or partly funded obligations	(127,451)	(116,603)
Fair value of plan assets	110,928	105,089
	(16,523)	(11,514)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Changes in the present value of the defined benefit obligation:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
At 1 July	116,603	106,339
Service cost	430	457
Interest cost	6,031	6,009
Actuarial loss/(gain)	11,204	(227)
Benefits paid	(3,807)	(3,980)
Exchange differences	(3,010)	8,005
At 30 June	127,451	116,603

(iii) Changes in the fair value of plan assets:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
At 1 July	105,089	87,370
Expected return on plan assets	6,927	6,174
Contributions from the Group	5,208	5,444
Benefits paid	(3,807)	(3,980)
Actuarial gain	151	4,110
Exchange differences	(2,640)	5,971
At 30 June	110,928	105,089

(iv) Movements in the other liabilities recognised in the consolidated statement of financial position are as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
At 1 July	(11,514)	(6,858)
Contributions paid to plans	5,166	5,402
Expense recognised in statement of comprehensive income	(10,704)	(7,945)
Exchange differences	529	(2,113)
At 30 June	(16,523)	(11,514)

(v) Expenses recognised in consolidated income statement and statement of comprehensive income are as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Current service cost	(436)	(454)
Interest cost	(6,122)	(5,951)
Actuarial expected return on plan assets	7,032	6,139
Net actuarial loss recognised	(11,178)	(7,679)
	(10,704)	(7,945)

(vi) The principal actuarial assumptions used as at 30 June 2012 (expressed as weighted averages) are as follows:

	The Group	
	2012	**2011**
Discount rate	4.16%	4.55%
Expected returns on plan assets – equities	8.00%	8.00%
Expected returns on plan assets – bonds	4.00%	5.20%
Expected rates of salary increase	3.40%	4.70%

Other pension commitment

The Group's UK subsidiary has an unfunded pension commitment relating to three former executives of the subsidiary. At 30 June 2012, the Group's commitment was US$5.3 million. The Group paid US$0.3 million in pension payments during the year. The net cost arising on the commitment of US$0.2 million has been recognised in other financial losses in the consolidated income statement. The actuarial loss arising on the commitment, resulting from the changes in assumptions outlined below in 2012, was US$0.9 million.

Assumptions used to determine the obligations at:

	The Group	
	2012	**2011**
Discount rate	4.2%	4.7%
Pension increases	2.9%	3.2%

(b) Defined contribution retirement plans

The Company and its subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme ("MPF Scheme") which has been established under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance in December 2000. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group's contribution is 10 percent or 5 percent of employees' monthly salaries and is expensed as incurred.

Subsidiaries in Singapore operates a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 6.5 percent to 16 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's cost incurred on employees pension schemes were US$7,227,000 (2011: US$3,314,000) and forfeited contributions in the amount of US$93,000 (2011: US$34,000) were used to reduce current year's contributions.

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) The Company

The Company adopted a share option scheme (the "Share Option Scheme") on 29 November 2001 for the purpose of providing any employees or directors of the Company or any of its subsidiaries or associated companies (the "Eligible Employee") the opportunity of participating in the growth and success of the Group.

The option price per share payable upon exercise of any share option will be determined by the directors upon the grant of the share option. It will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited ("the Stock Exchange") for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer. The Share Option Scheme expired on 28 November 2011. No option had ever been granted pursuant to the Share Option Scheme since its establishment.

On 16 December 2002, the Company established a share option plan (the "Share Option Plan") for the purpose of motivating the employees and directors of the Group companies and the employees of associated companies (the "Participants") and allowing them to participate in the growth of the Group through the grant of options over existing shares.

The exercise price of an option for the purchase of share will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option, which must be a business day; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option. No share option may be granted more than ten years after 16 December 2002, the date on which the Share Option Plan was adopted by the Company.

No share options were outstanding during the year and no option has been granted to any eligible participants pursuant to Share Option Plan during the year.

(b) GuocoLand

The GuocoLand Limited Executives' Share Option Scheme (the "Scheme") was approved by the shareholders of GuocoLand at an extraordinary general meeting held on 31 December 1998. The Scheme was further approved by the Company at an extraordinary general meeting held on 1 February 1999.

In October 2004, shareholders of GuocoLand and the Company approved the proposed amendments to the rules of the Scheme (the "Rules") to inter alia alter the structure of the Scheme to allow the grant of options to be satisfied over newly issued ordinary shares of GuocoLand (the "Shares") or the transfer of existing Shares, or a combination of both new Shares and existing Shares, as well as to align the Rules with the requirements under Chapter 17 of The Stock Exchange of Hong Kong Limited Listing Rules.

As this GuocoLand's Scheme was due to expire on 30 December 2008, a new GuocoLand Limited Executives' Share Option Scheme 2008 (the "GuocoLand ESOS 2008") was adopted in place of the GuocoLand Scheme on 21 November 2008. The termination of the GuocoLand Scheme however does not affect outstanding options which had been granted thereunder.

The GuocoLand ESOS 2008 was approved by the shareholders of GuocoLand on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date"). The GuocoLand ESOS 2008 was adopted by GuocoLand in place of the GuocoLand Scheme to provide for continuation of an executives' share option scheme on terms substantially similar to the GuocoLand Scheme. Under the GuocoLand ESOS 2008, options may be granted over newly issued and/or existing shares of GuocoLand to eligible participants including employees and executive directors of GuocoLand and its subsidiaries who are not controlling shareholders of GuocoLand. The GuocoLand ESOS 2008 shall continue to be in force at the discretion of the GuocoLand ESOS Committee subject to a maximum period of 10 years commencing on the Effective Date till 20 November 2018.

(i) *The terms and conditions of the grants that existed during the year (including the number of adjusted option pursuant to GuocoLand's rights issue in July 2007 and December 2010), whereby all options are settled by physical delivery of shares:*

	Number of instruments	**Vesting conditions**	**Contractual life of options**
Options granted to employees of GuocoLand:			
– on 28 September 2009	6,148,475	Certain financial and performance targets to be met during the performance periods for FY2010 to FY2012	3 to 5 years
Total share options	6,148,475		

(ii) *The number and weighted average exercise prices of share options are as follows:*

	2012		**2011**	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at the beginning of the year	S$2.17	33,615,318	S$2.32	34,436,750
Lapsed during the year	S$2.18	(27,466,843)	S$2.24	(3,069,300)
Additional options granted arising from the GuocoLand's rights issue 2010	–	–	S$2.17	2,247,868
Outstanding at the end of the year	S$2.14	6,148,475	S$2.17	33,615,318
Exercisable at the end of the year	N/A	–	N/A	–

	2012	**2011**
The weighted average share price at the date of exercise for share options exercised during the year	N/A	N/A
The weighted average exercise price per share of the outstanding options	S$2.14	S$2.17
The weighted average remaining contractual life of the options	1.0 year	1.0 year

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on 1-year historical volatility.

Date of grant of options	**28 September 2009**
Fair value at measurement date	S$0.69 to S$0.72
Share price at grant date	S$2.28
Exercise price	S$2.29
Adjusted exercise price	S$2.14
Expected volatility	42.2% to 49.8%
Expected option life	3.2 years to 5.2 years
Expected dividend yield	2.2%
Risk-free interest rate	0.6% to 1.3%

(c) GuocoLand (Malaysia) Berhad ("GLM")

The GLM Executive Share Option Scheme was approved by shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company on 25 November 2011 ("New ESOS") to replace GLM's former Executive Share Option Scheme expiring in year 2016. The New ESOS was established on 21 March 2012 and shall be in force for a period of 10 years. The New ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of GLM. Under the New ESOS, options may be granted over newly issued and/or existing shares of GLM to eligible participants including any executive or director of GLM and its subsidiaries. None of the option under the New ESOS has been granted as at the end of the financial year.

During the financial year, GLM has established a Value Creation Incentive Plan ("VCIP") for selected key executives of GLM and its subsidiaries to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESOS Trust. Pursuant to the VCIP, GLM has granted conditional incentive share options ("VCIP Options") over 27,500,000 ordinary shares of GLM, at an exercise price of RM0.87 per share to eligible key executives of the GLM Group.

(i) *The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:*

	Number of instruments	**Vesting conditions**	**Contractual life of options**
Options granted to directors of GLM: – on 24 August 2011	10,000,000	Achievement of certain financial and performance targets/criteria during the performance periods for FY2012 to FY2015.	2 to 7 years
Options granted to employees of GLM: – on 24 August 2011	17,500,000		2 to 7 years
Total share options	27,500,000		

(ii) *The number and weighted average exercise prices of share options are as follows:*

	2012 **Weighted average exercise price**	**Number of options**
Outstanding at the beginning of the year	–	–
Granted during the year	RM0.87	27,500,000
Outstanding at the end of the year	RM0.87	27,500,000

	2012
The weighted average exercise price per share of the outstanding options	RM0.87
The weighted average remaining contractual life of the options	4.4 years

(iii) *Fair value of share options and assumptions*

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Date of grant of options	**24 August 2011**
Fair value at measurement date	RM0.17 to RM0.42
Share price at grant date	RM0.83
Exercise price	RM0.87
Expected volatility	42.8%
Expected option life	1.5 years to 6.5 years
Expected dividend yield	2.30% to 3.09%
Risk-free interest rate	3.04% to 3.25%

(d) GuocoLeisure

The GuocoLeisure Value Creation Incentive Share Scheme (the "Scheme") is a share incentive scheme which was approved by the board in 2003 and is administered by its remuneration committee. Under the Scheme, options over existing shares of GuocoLeisure are issued to eligible participants. The Scheme was terminated on 21 November 2008.

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GuocoLeisure ESOS 2008") was approved by the shareholders of GuocoLeisure on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date") in place of the previous GuocoLeisure Share Option Plan and the GuocoLeisure Value Creation Incentive Share Scheme, which were both terminated on 21 November 2008. The GuocoLeisure ESOS 2008 allows the grant of options over newly issued and/or existing shares of GuocoLeisure to eligible participants including employees and executive directors of the GuocoLeisure Group who are not controlling shareholders of GuocoLeisure. The GuocoLeisure ESOS 2008 shall continue to be in force at the discretion of the GuocoLeisure ESOS Committee, subject to a maximum period of 10 years commencing from the GuocoLeisure ESOS Effective Date till 20 November 2018. 5,300,000 options were granted pursuant to the GuocoLeisure ESOS 2008 on 16 December 2010.

(i) The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:

	Number of instruments	**Vesting conditions**	**Contractual life of options**
Options granted to employees of GuocoLeisure:			
– on 16 December 2010	210,000	1 to 3 years from the date of grant	1.5 to 3.3 years
Total share options	210,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	2012 Weighted average exercise price	2012 Number of options	2011 Weighted average exercise price	2011 Number of options
Outstanding at the beginning of the year	S$0.713	5,300,000	S$1.43	11,800,000
Granted during the year	–	–	S$0.713	5,300,000
Lapsed during the year	S$0.713	(5,090,000)	S$1.43	(11,800,000)
Outstanding at the end of the year	S$0.713	210,000	S$0.713	5,300,000
Exercisable at the end of the year	N/A	–	N/A	–

	2012	2011
The weighted average exercise price per share of the outstanding options	S$0.713	S$0.713
The weighted average remaining contractual life of the options	2.3 years	3.3 years

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends for the date of grants of 16 December 2010.

Date of grant of options	**16 December 2010**
Fair value at measurement date	S$0.189 to S$0.263
Share price at grant date	S$0.715
Exercise price	S$0.713
Expected volatility	56.7%
Expected option life	1.5 years to 3.3 years
Expected dividend yield	1.99%
Risk-free interest rate	2.04%

(e) Rank

Rank operates the Save-As-You-Earn ("SAYE") share option scheme, the Executive Share Option Scheme ("ESOS") and the Long Term Incentive Plans ("LTIP"), a share award scheme. All of these schemes are equity settled. At the Rank's 2010 annual general meeting, shareholders approved a new 'umbrella' long-term incentive plan ("the 2010 LTIP") to replace both the 2005 Long-Term Incentive Plan that expired in April 2010 ("the 2005 LTIP") and the 2002 Executive Share Option Scheme (pursuant to which no awards had been made since 2006 and which in any event was due to expire in 2012).

124,819 share awards were granted during the year.

(i) *The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors of Rank:			
– SAYE	–	SAYE Not subject to any performance conditions	maximum 5.5 years
– ESOS	–		
– LTIP	766,172		
Options granted to directors of subsidiaries of Rank:		ESOS All vested	maximum 10 years
– SAYE	–		
– ESOS	–		
– LTIP	2,167,171	LTIP Certain financial and performance targets to be met and will be vested 3 years from the date of grant	maximum 3 years
Options granted to employees of Rank:			
– SAYE	158,559		
– ESOS	11,666		
– LTIP	194,940		
Total share options	3,298,508		

(ii) *The number and weighted average exercise prices of share options are as follows:*

	2012		2011	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at the beginning of the year	GBp28.40	3,902,006	GBp42.67	4,434,862
Exercised during the year	–	–	GBp139.00	(6,076)
Granted during the year	GBp0.00	124,819	–	–
Expired during the year	GBp117.60	(728,317)	GBp146.91	(526,780)
Outstanding at the end of the year	GBp7.60	3,298,508	GBp28.40	3,902,006
Exercisable at the end of the year	GBp270.00	11,666	GBp256.40	315,926

	2012	2011
The weighted average share price at the date of exercise for share options exercised during the period	–	GBp151.71
The weighted average exercise price per share of the outstanding options	GBp7.60	GBp28.40
The weighted average remaining contractual life of the options	1.3 years	1.9 years

(iii) Fair value of share options and assumptions

The fair values for each of the ESOS and SAYE awards granted were calculated using a Black-Scholes pricing model. The fair value of LTIP awards is calculated using a Monte Carlo simulation which allows for the incorporation of market performance conditions. For grants made subject to an EPS performance condition, the expense recognised is based on expectations of these conditions being met, which are reassessed at the end of each reporting period.

	2011 LTIP	2010 LTIP
Fair value at measurement date	GBp79.10	GBp83.56 to GBp89.20
Share price at grant date	GBp129.30 to GBp138.20	GBp115.20 to GBp119.00
Exercise price	Nil	Nil
Expected volatility	42.0%	49.0%
Expected option life	3.0 years	3.0 years
Expected dividend yield	2.7%	2.5% to 2.9%
Risk-free interest rate	1.7%	1.1% to 1.8%

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only deposited in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The Group's credit exposure in property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group only obtain liquid securities as collaterals from margin clients of securities, commodities and brokerage business.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	2012						**2011**					
	Contractual undiscounted cash flow						**Contractual undiscounted cash flow**					
	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**	**Carrying amount at 30 June 2012**	**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**	**Carrying amount at 30 June 2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
The Group												
Non-derivative financial liabilities												
Bank loans and other loans	(1,878,070)	(423,370)	(1,992,828)	(144,189)	(4,438,457)	(4,222,929)	(3,552,528)	(552,261)	(675,885)	(121,927)	(4,902,601)	(4,741,796)
Unsecured medium term notes	(102,713)	(208,284)	(943,636)	(15,283)	(1,269,916)	(1,107,774)	(67,774)	(82,760)	(605,869)	(16,338)	(772,741)	(662,545)
Secured mortgage debenture stock	(30,002)	(30,002)	(247,746)	(120,554)	(428,304)	(323,026)	(35,373)	(35,373)	(313,412)	(130,628)	(514,786)	(383,618)
Convertible bonds	–	–	–	–	–	–	(314,668)	–	–	–	(314,668)	(304,554)
Trade and other payables	(687,479)	(54,902)	(888)	(149)	(743,418)	(743,418)	(645,142)	(58,093)	(2,005)	(118)	(705,358)	(705,358)
	(2,698,264)	(716,558)	(3,185,098)	(280,175)	(6,880,095)	(6,397,147)	(4,615,485)	(728,487)	(1,597,171)	(269,011)	(7,210,154)	(6,797,871)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(3,492)	(2,941)	(2,624)	–	(9,057)		(4,397)	(4,163)	(6,640)	–	(15,200)	
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows	(3,664,728)	–	–	–	(3,664,728)		(3,568,926)	(5,089)	–	–	(3,574,015)	
– inflows	3,650,001	–	–	–	3,650,001		3,556,653	5,000	–	–	3,561,653	
Currency option contracts												
– outflows	(131,570)	–	–	–	(131,570)		(158,190)	–	–	–	(158,190)	
– inflows	132,075	–	–	–	132,075		158,617	–	–	–	158,617	
	(17,714)	(2,941)	(2,624)	–	(23,279)		(16,243)	(4,252)	(6,640)	–	(27,135)	
The Company												
Non-derivative financial liabilities												
Trade and other payables	(296)	(271)	–	–	(567)	(567)	(2,942)	(270)	–	–	(3,212)	(3,212)
Financial guarantees issued to banks on behalf of subsidiaries (maximum amount guaranteed)	(50,285)	(250,000)	(150,000)	–	(450,285)		(520,000)	–	–	–	(520,000)	

(c) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps and swap spread to manage its interest rate exposure as appropriate. As at 30 June 2012, the Group had interest rate swaps with outstanding notional amount of US$320.2 million (2011: US$327.3 million).

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest earning financial assets and interest bearing financial liabilities at the end of the reporting period.

	2012 Effective interest rate	**US$'000**	**2011 Effective interest rate**	**US$'000**
The Group				
Floating rate financial assets/(liabilities)				
Debt securities	–	–	5.49% to 7.12%	29,474
Bank loans and other borrowings	0.55% to 7.65%	(4,115,142)	0.44% to 7.35%	(4,662,626)
		(4,115,142)		(4,633,152)
Fixed rate financial assets/(liabilities)				
Debt securities	6.00%	509	4.00% to 6.75%	25,086
Deposits with banks	0.02% to 9.00%	954,537	0.01% to 4.39%	1,638,802
Bank loans and other borrowings	2.33% to 10.75%	(1,538,587)	2.00% to 10.75%	(1,429,887)
		(583,541)		234,001
Total		(4,698,683)		(4,399,151)
The Company				
Fixed rate financial assets				
Deposits with banks	0.08% to 1.17%	214,710	0.01% to 3.05%	739,492
Amounts due from subsidiaries	1.57%	255,028	1.14%	172,651
Held-to-maturity financial assets	–	–	8.20%	185,446
		469,738		1,097,589

(ii) Sensitivity analysis

As at 30 June 2012, it is estimated that a general increase/decrease of 10 to 63 basis points (2011: 10 to 54 basis points) in interest rates for the Group's various currencies, mainly United States dollars, British pounds, Malaysian Ringgit and Singapore dollars, with all other variables held constant, would have decreased/increased the Group's profit and total equity by approximately US$4.6 million (2011: decreased/increased of US$8.9 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2012.

The sensitivity analysis above indicates the instantaneous change in the Group's profit and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2011.

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, China and United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

The Group from time to time enters into foreign exchange contracts, which are primarily over-the-counter derivatives, principally for hedging foreign currency exposures and investments.

(i) Exposure to foreign currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter- company balances which are considered to be in the nature of interest in subsidiaries are excluded.

	2012					2011				
	Australian Dollars *'000*	British Pounds *'000*	Japanese Yen *'000*	Malaysian Ringgit *'000*	Singapore Dollars *'000*	Australian Dollars *'000*	British Pounds *'000*	Japanese Yen *'000*	Malaysian Ringgit *'000*	Singapore Dollars *'000*
The Group										
Available-for-sale financial assets	5,798	–	–	5,490	–	–	–	–	–	–
Trade and other receivables	162	215	135	53	712	412	321	4,535	90	6,903
Trading financial assets	219,110	–	16,435,740	212,061	12,324	303,474	31,427	29,414,279	195,378	17,431
Cash and short term funds	174	607	5,864	18,378	13,256	416	2,151	13,492	112,513	6,479
Trade and other payables	–	(106)	–	(133)	(3,683)	–	–	–	(373)	(1,536)
Bank loans and other borrowings	–	(31,800)	–	–	–	–	(5,000)	–	–	–
Gross exposure arising from recognised assets and liabilities	225,244	(31,084)	16,441,739	235,849	22,609	304,302	28,899	29,432,306	307,608	29,277
Notional amounts of forward exchange contracts at fair value through profit or loss	(284,814)	31,800	(37,995,529)	(111,153)	183,392	(322,646)	5,987	(57,918,010)	271,204	252,552
Notional amounts of currency option contracts at fair value through profit or loss	30,000	–	794,300	63,885	–	25,000	20,000	(1,868,400)	305	–
Overall net exposure	(29,570)	716	(20,759,490)	188,581	206,001	6,656	54,886	(30,354,104)	579,117	281,829
The Company										
Trade and other receivables	–	–	–	–	–	–	–	–	4,040	–
Cash and short term funds	90	24	3,535	119	257	416	313	13,492	112,091	4,559
Gross exposure arising from recognised assets and liabilities	90	24	3,535	119	257	416	313	13,492	116,131	4,559

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit and total equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2012			**2011**		
	Increase in foreign exchange rates	**Effect on profit** *US$'000*	**Effect on other components of equity** *US$'000*	**Increase in foreign exchange rates**	**Effect on profit** *US$'000*	**Effect on other components of equity** *US$'000*
The Group						
Australian Dollars	6%	(3,810)	–	5%	(976)	–
British Pounds	2%	27	–	1%	78	–
Japanese Yen	5%	(15,989)	–	5%	(18,216)	–
Malaysian Ringgit	6%	2,093	–	3%	5,828	–
Singapore Dollars	5%	7,045	–	2%	6,443	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit and total equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2011.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 27) and available-for-sale equity securities (see note 22).

The Group maintains an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

As at 30 June 2012, it is estimated that an increase/decrease of 10% to 24% (2011: 13% to 18%) in the market value of the Group's global listed trading securities and available-for-sale equity securities, with all other variables held constant, would have increased/decreased the Group's profit and total equity by US$156.9 million (2011: US$313.6 million) and US$243.6 million (2011: US$237.4 million) respectively. It is assumed that none of the available-for-sale investments would be considered impaired as a result of relevant risk variables. The analysis is performed on the same basis for 2011.

(f) Fair values

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	2012				2011			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
The Group								
Assets								
Available-for-sale equity securities:								
– Listed	1,454,235	–	–	1,454,235	1,396,807	–	–	1,396,807
– Unlisted	–	–	35,467	35,467	–	–	39,531	39,531
Trading debt securities:								
– Listed	–	–	–	–	–	27,028	–	27,028
– Unlisted	–	509	–	509	–	27,532	–	27,532
Trading equity securities:								
– Listed	1,225,963	–	–	1,225,963	2,113,070	–	–	2,113,070
Trading unit trusts:								
– Unlisted	–	–	–	–	–	6,818	–	6,818
Derivative financial instruments:								
– Interest rate swaps	–	–	–	–	–	7	–	7
– Forward exchange contracts	–	1,564	–	1,564	–	2,389	–	2,389
– Futures	–	246	–	246	–	–	–	–
– Equity options	–	–	–	–	–	3,477	–	3,477
– Currency options	–	83	–	83	–	1	–	1
	2,680,198	2,402	35,467	2,718,067	3,509,877	67,252	39,531	3,616,660
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	8,553	–	8,553	–	7,663	–	7,663
– Forward exchange contracts	–	10,751	–	10,751	–	15,129	–	15,129
– Equity options	–	527	–	527	–	229	–	229
– Currency options	–	60	–	60	–	220	–	220
	–	19,891	–	19,891	–	23,241	–	23,241
The Company								
Assets								
Available-for-sale equity securities:								
– Unlisted	–	–	203	203	–	–	203	203

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Unlisted available-for-sale equity securities:		
At 1 July	39,531	43,522
Net unrealised losses recognised in other comprehensive income during the period	(4,185)	(2,829)
Distribution	–	(1,172)
Exchange adjustments	121	10
At 30 June	35,467	39,531

(g) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2012 and 2011.

Listed investments are stated at quoted market bid prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair value of forward exchange contracts is determined using forward exchange rates at the end of the reporting period. The fair value of derivatives financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties.

The fair value of non-derivative financial liabilities is estimated using discounted cash flow analysis on the loan principal, including the interest due on the loans, based on current incremental lending rates for similar instruments at the end of the reporting period.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate the fair value due to the relatively short-term maturity of these financial assets and liabilities.

40. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the equity attributable to shareholders of the Company to net debt. Net debt comprises total borrowings less cash and short term funds and marketable securities.

The equity-debt ratio as at 30 June 2012 is as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Bank loans	3,753,249	3,925,738
Mortgage debenture stock	323,026	383,618
Convertible bonds	–	304,554
Other borrowings	1,577,454	1,478,603
Total borrowings	5,653,729	6,092,513
Less: Cash and short term funds	(1,134,639)	(2,003,408)
Marketable securities	(1,226,472)	(2,174,448)
Net debt	3,292,618	1,914,657
Equity attributable to shareholders of the Company	5,698,683	6,297,179
Equity-debt ratio	63 : 37	77 : 23

41. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

As at 30 June 2012, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Within 1 year	129,854	137,733
After 1 year but within 5 years	486,621	493,445
After 5 years	1,599,828	1,575,309
	2,216,303	2,206,487

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

(ii) As lessor

As at 30 June 2012, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Within 1 year	16,627	16,484
After 1 year but within 5 years	27,615	28,229
After 5 years	24,865	28,725
	69,107	73,438

There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2012.

(b) Capital commitments outstanding at year end not provided for in the financial statements

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Authorised and contracted for	6,987	40,210
Authorised but not contracted for	64,240	28,228
	71,227	68,438

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$1,507.3 million (2011: US$792.4 million); in respect of purchase of land was US$nil (2011: US$376.3 million).

42. CONTINGENT LIABILITIES

(a) GuocoLeisure

GuocoLeisure has given a guarantee to the buyer of various hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the businesses will not be less than US$43.3 million (2011: US$44.4 million) per calendar year thereafter until 4 April 2012. The maximum liability for any one year under the guarantee is US$43.3 million (2011: US$44.4 million). Since the guarantee expired in April 2012, GuocoLeisure has been released from liabilities to the owner of the hotels.

(b) GuocoLand

In November 2007, GuocoLand (China) Limited ("GLC"), a wholly owned subsidiary of GuocoLand, completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("DZM Project Co"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). An aggregate of RMB3.22 billion (approximately US$0.50 billion) of the purchase consideration of RMB5.8 billion (approximately US$0.90 billion) had been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "DZM Vendors"). The balance RMB2.58 billion (approximately US$0.40 billion) had been withheld, pending resolution of disputes described below and, in respect of a loan of RMB2 billion (approximately US$0.31 billion) made by Agricultural Bank of China ("ABC") to Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB, and guaranteed by BBJB, DZM Project Co and Hainan Co. The loan of RMB2 billion (approximately US$0.31 billion) with interest ("ABC Loan") had, in April 2011, been acquired from ABC by GuoSon Investment Company Limited ("GICL"), a wholly owned subsidiary of GuocoLand, together with all rights attaching thereto including enforcement rights against the borrower and guarantors, for a sum of RMB3.048 billion (approximately US$0.47 billion). GICL's acquisition of the ABC Loan had been sanctioned by The Beijing Second Intermediate People's Court. PRC lawyers have advised that GLC has a good case to treat the sum paid by GICL to ABC as a set-off against any outstanding balance of the purchase consideration for the DZM Project.

Construction work on the DZM Project is in progress. Structural works have been completed for the residential, hotel, retail components, and two office blocks. The south retail mall is linked to the Dongzhimen subway station and the direct express rail link to Beijing Capital International Airport. The transportation hub component of the DZM Project was completed by GLC and handed over to the Beijing government in July 2008, before the Beijing 2008 Olympic Games.

(i) Alleged claims by Shenzhen Development Bank ("SDB")

SDB had claimed that a loan of RMB1.5 billion (approximately US$0.23 billion) was granted by SDB to certain borrowers (the "Alleged Loans"). Amongst the security allegedly obtained by SDB is a guarantee by Zhiye. SDB filed an earlier suit against Zhiye and DZM Project Co in The People's High Court of Beijing ("Beijing Court") but this was dismissed in December 2007. An appeal has been filed by SDB against Zhiye and DZM Project Co in respect of this dismissal ("SDB appeal").

SDB has also initiated another suit directly against DZM Project Co in connection with the recovery of its loan and interest under the Zhiye guarantee ("second SDB suit"). It made an interim application to the Beijing Court to restrict dealing in DZM Project Co's assets in the aggregate sum of its claims. GLC's PRC lawyers have advised that the interim application by SDB granted by the Beijing Court only restricts dealing in the assets of DZM Project Co pending final resolution of the SDB actions. The interim application will be expunged in the event the PRC courts dismiss the SDB actions.

Based on the information available to GLC, DZM Project Co is neither a guarantor nor borrower of the Alleged Loans granted by SDB to the third party borrowers which were unrelated to DZM Project Co. GLC has also been advised by its PRC lawyers that both the SDB appeal and second SDB suit have no merits.

Before the hearing of the SDB appeal and the second SDB suit, SDB and BBJB purportedly entered into a settlement agreement in May 2008 for DZM Project Co to pay, inter alia, RMB1 billion (approximately US$0.15 billion) of the Alleged Loans to SDB. In November 2008, this settlement agreement was purportedly mediated through the Supreme People's Court of The People's Republic of China ("Supreme Court") and was stated to have effect as a judgement upon signing by the relevant parties ("Alleged Civil Mediation Agreement"). GLC did not have conduct of the aforesaid proceedings and is not aware of whether the Alleged Civil Mediation Agreement has been signed by the parties, and has been advised by its PRC lawyers that the Alleged Civil Mediation Agreement is void and unenforceable. GLC has submitted an application for the rehearing of the Alleged Civil Mediation Agreement, which is pending before the Supreme Court.

(ii) Hainan Co and DZM Project Co

In early 2008, GLC had received a notice issued by the Industrial and Commercial Administrative Bureau of Hainan Province purporting to revert registration of the shares in Hainan Co to its original shareholders, who are two of the DZM Vendors, allegedly on the ground, inter alia, that GLC had not paid the requisite consideration for Hainan Co.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the DZM Vendors. GLC has taken legal advice on these matters and would strongly defend and protect its 90% interest in the DZM Project.

In March 2008, GLC filed a suit against the Industrial and Commercial Administration Bureau of Hainan Province on its reversion of the registration in Hainan Co to the original shareholders. In October 2008, GLC was notified that an administrative judgement by the Hainan Haikou Intermediate People's Court has ruled against GLC. GLC has since appealed to the Hainan High Court against such judgement. The case has been heard by the Hainan High Court and is pending judgement.

GLC group has also sought to protect its 90% interest in the DZM Project and is pursuing separate legal actions in Beijing which are now before the Beijing Intermediate Court, seeking, inter alia, for an order as rightful owner that the 90% interest in DZM Project Co be transferred to GLC or its nominee as, amongst other arguments, the development costs of the DZM Project have been funded by the GuocoLand group. Pending judgement of the aforesaid legal actions, the Beijing Intermediate Court has granted GLC group's application for an asset preservation order in respect of the 90% shareholding in DZM Project Co held by Hainan Co.

(c) Rank

(i) Rank liabilities relating to Fiscal Neutrality Case

On 10 November 2011, the European Court of Justice ("ECJ") ruled on Rank's amusement machines claim in relation to the application of VAT to certain types of amusement machines contravening the European Unions principle of fiscal neutrality. In May 2010, Rank received GBP30.8 million (VAT of GBP26.4 million plus interest of GBP4.4 million) relating to a claim for repayment of overpaid VAT on amusement machines. The ECJ's decision on Rank's amusement machines claim was not conclusive and was therefore referred back to the UK courts. The hearing was held in June 2012, with a decision expected in the second half of 2012.

(ii) Grosvenor liability relating to irrecoverable VAT

Rank has been in negotiations with HM Revenue & Customs ("HMRC") for several years on the means by which it calculates the amount of irrecoverable VAT in Grosvenor Casinos. The difference in Rank's position as against HMRC's position for the period under negotiation (July 2007 to June 2012) amounts to an estimated GBP8.8 million.

The point of dispute between Rank and HMRC was the subject of litigation by another, similar, taxpayer. In that case, the Court of Appeal ruled that HMRC's position was incorrect. This was the latest in a string of appeals on this point. Precedent case law indicates that Rank's position is correct and on that basis the irrecoverable VAT charge has been adjusted accordingly. In the event this was not the case, Rank would have to pay the VAT in dispute (see above) plus interest.

(iii) Other VAT and duty

In addition, Rank is in discussions with HMRC about a limited number of other VAT and duty issues. Rank does not anticipate that VAT and duty is due on these issues but in the event that this is not the case a liability of up to GBP15 million could be due.

The directors consider that, in respect of all contingent liabilities disclosed above, it is more likely than not that no outflow will arise.

43. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

Transactions with companies in the Hong Leong Company (Malaysia) Berhad Group ("HLCM"):

During the year, the Group entered into a number of transactions in the normal course of business with companies in the HLCM group including deposits and correspondent banking transactions. The transactions were priced based on the relevant market rates at the time of each transaction, and were under the same terms as those available to the independent counterparties and customers.

Information relating to interest income from these transactions during the year and balance outstanding at the end of the reporting period is set out below:

(i) Income for the year ended 30 June

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Interest income	299	178

(ii) Balance as at 30 June

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Cash and short term funds	19,520	18,998

(b) Management fee

On 4 July 2011, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the year ended 30 June 2012 amounted to US$260,000 (2011: US$3,288,000) and US$6,650,000 (2011: US$9,246,000) respectively.

On 4 July 2011, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to HLMC for the year ended 30 June 2012 amounted to US$328,000 (2011: US$403,000).

The previous two master service agreements entered into between the Group and the subsidiaries of HLCM expired on 30 June 2011.

(c) Key management personnel information

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	The Group	
	2012	**2011**
	US$'000	*US$'000*
Short-term employee benefits	5,575	4,722

Total remuneration is included in "staff costs" (see note 7(b)).

(d) Sale of property units

In the financial year ended 30 June 2011, GuocoLand via its wholly owned subsidiary sold a unit in a property project in Singapore to a director of the Company's subsidiary for a sale consideration of S$3,398,000 (approximately US$2,643,000) in the ordinary course of its business.

44. SUBSEQUENT EVENT

On 1 August 2012, Dynamic Talent Limited, a wholly-owned subsidiary of the Company, issued US$500 million fixed rate bonds under the US$3,000 million Medium Term Note Programme established on 17 July 2012. These fixed rate bonds are listed on The Stock Exchange of Hong Kong Limited, carry a coupon rate of 4.75% per annum and have a maturity term of 5 years.

45. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2012 to be Guoline Overseas Limited, which is incorporated in Bermuda and the ultimate holding company to be Hong Leong Company (Malaysia) Berhad, which is incorporated in Malaysia. These entities do not produce financial statements available for public use.

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2012

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2012 and which have not been adopted in these financial statements:

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial Instruments, which may have an impact on the Group's results and financial position arising from changes in the Group's classification and measurement of financial instruments.

	Effective for accounting periods beginning on or after
Amendments to HKAS 12, Income Taxes – Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRS 10, Consolidated Financial Statements	1 January 2013
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013
HKAS 27 (2011), Separate Financial Statements	1 January 2013
HKAS 28 (2011), Investments in Associates and Joint Ventures	1 January 2013
Revised HKAS 19 (2011), Employee Benefits	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
HKFRS 9, Financial Instruments	1 January 2015

Major Development Properties and Properties Held for Sale of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit (“TOP”) date	Site area	Gross floor area	Group’s interest
				sq.m	*sq.m*	*%*
Singapore						
Goodwood Residence situated at Bukit Timah Road	Residential	Substructure, superstructure and architectural works in progress	11/2012	24,845	39,752	65
Sophia Residence situated at 32 Adis Road	Residential	Substructure and superstructure works in progress	9/2013	15,435	32,413	65
Elliot at the East Coast situated at Elliot Walk	Residential	TOP obtained in 2/2012	N/A	11,882	16,634	65
The Waterline situated at Yio Chu Kang Road	Residential	Substructure and architectural works in progress	1/2013	8,072	11,300	65
Leedon Residence situated at Leedon Heights	Residential	Piling and substructure works in progress	11/2014	48,525	77,640	65
Site situated at Peck Seah Street/ Choon Guan Street	Residential/ Commercial#/ Office#/Hotel^	Piling works in progress	*	15,023	157,738	52
Malaysia						
Emerald 1B situated at Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan	Residential	Planning	*	35,587	N/A	44
Changkat Kia Peng, situated at Lot 241 Seksyen 63, Bandar, Kuala Lumpur	Residential	Planning	*	3,030	3,030	44
Commerce One, Bedford Business Park situated at Old Klang Road, Mukim of Petaling Jaya, Kuala Lumpur	Commercial	Phase 1: TOP obtained in 4/2010	N/A	4,634	39,636	44
		Phase 2: Building works in progress	12/2013			
Bukit Rahman Putra situated at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	Phase 6B: Main building works in completed	12/2012	26,993	23,411	44
		Phases 5B, 6C, 6D, 8D, CL5 & CL11: Planning	*	93,195	65,341	44
Site situated at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	30,351	30,351	44

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit (“TOP”) date	Site area	Gross floor area	Group’s interest
				sq.m	*sq.m*	*%*
Damansara City situated at Damansara Town Centre, Kuala Lumpur	Residential/ Commercial#/ Office#/ Hotel^	Basement works in progress	12/2014	32,450	214,794	44
Site situated at Geran No. 20438, Lot 36, Bandar Batu Ferringhi, Pulau Pinang	Residential	Planning	*	18,538	18,538	44
Amandarii situated at Seksyen 9, Tempat Sungai Kantan, Daerah Hulu Langat, Selangor Darul Ehsan	Residential	Building works in progress	9/2013	35,450	16,591	44
The Cirrus situated within Taman Mutiara Barat, Off Jalan Cheras, Kuala Lumpur	Residential	Phase 1: TOP obtained in 8/2010	N/A	53,179	N/A	44
		Phase 2: Planning	*			
The OVAL situated at Seksyen 63, Jalan Binjai, Kuala Lumpur	Residential	TOP obtained in 9/2009	N/A	8,642	54,474	44
Site situated at Geran No. 18795–18799, 18803–18805, 18831, Lot 7585–7589, 7597–7599, 7600 Mukim Petaling and District of Kuala Lumpur	Residential	Planning	*	184,687	184,687	44
PJ City Corporate Hub situated at Lot 13508 Seksyen 32, Bandar Petaling Jaya Daerah Petaling	Commercial	Earthworks and piling works completed	3/2014	31,404	18,486	44
Site situated at 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling	Commercial	Planning	*	12,974	12,974	44
The People’s Republic of China						
Gujiaying situated in Xuanwu District, Nanjing	Residential/ Commercial	Planning	*	296,002	504,420	65
Ascot Park situated in Qixia District, Nanjing	Residential	Phase 1A: TOP obtained in 12/2009	N/A	89,709	232,505	62
		Phase 1B: TOP obtained in 12/2010	N/A			
	Commercial	Planning	*			

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area *sq.m*	Gross floor area *sq.m*	Group's interest *%*
Guoson Centre Changfeng situated in Putuo District, Shanghai	SOHO	Phase 1: TOP obtained in 11/2009	N/A	143,845	492,272	65
	Commercial #	TOP obtained in 7/2010	N/A			
	Office	TOP obtained in 9/2010	N/A			
	Hotel^	TOP obtained in 6/2010	N/A			
	Serviced Apartment/ Commercial/ Office	Phase 2: Construction works in progress	4/2013 to 3/2015			
Camden Park (Changfeng Plot 9), Shanghai	Residential	Planning	*	47,675	122,400	83
Seasons Park situated in Nankai District, Tianjin	Residential	Construction works in progress	12/2012 to 3/2013	25,866	209,661	65
Guoson Centre Dongzhimen situated in Dong Cheng District, Beijing	Residential/ Commercial/ Office/Hotel	Construction works in progress	5/2013 to 11/2013	106,000	595,812	59
Vietnam						
The Canary situated in Thuan An District, Binh Duong Province	Residential/ Commercial	Phase 1: TOP obtained in 12/2009	N/A	175,533	229,325	65
		Phase 2: Construction works in progress	4/2013			
		Phases 3 & 4: Planning	*			

* Not applicable as these developments have not commenced construction or have not been launched yet.

\# The carrying value is included in Investment Properties.

^ The carrying value is included in Property, Plant and Equipment.

N/A: Not applicable.

Major Properties of the Subsidiaries Held for Investment

Location	**Existing Use**	**Tenure of Land**
Singapore		
Tung Centre 20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	Reversionary interests in freehold land	*(Note)*
Site situated at Peck Seah Street/ Choon Guan Street, Singapore	Land under development	99 years lease with effect from 21 February 2011

Note: The Group disposed its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land in July 2006 to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

Malaysia		
Wisma Megah (formerly known as Bangunan Hong Leong) No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur	Office building	Freehold
Menara Pandan Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	Office tower building	99 years lease with effect from 25 March 2002
Damansara City Lot PT 5787 Jalan Damanlela Bukit Damansara Kuala Lumpur	Land under development	Freehold
The People's Republic of China		
Guoson Centre Changfeng No. 452 Daduhe Road Shanghai	Commercial building	50 years lease with effect from 11 December 2005
Hong Kong		
The Center 15th Floor 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047

3. UNAUDITED FINANCIAL INFORMATION

The following is the full text of the unaudited financial statements of the Guoco Group for the six months ended 31 December 2012 extracted from the interim report of Guoco for the six months ended 31 December 2012:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2012 – Unaudited

	Note	**2012** *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 19)*	**2011** *HK$'000* *(Note 19)*
Turnover	*2 & 3*	814,964	1,539,380	6,316,908	11,958,750
Revenue	*2 & 3*	776,329	727,413	6,017,443	5,650,944
Cost of sales		(400,350)	(365,567)	(3,103,173)	(2,839,926)
Other attributable costs		(14,691)	(11,637)	(113,872)	(90,403)
		361,288	350,209	2,800,398	2,720,615
Other revenue	*4(a)*	43,334	51,001	335,888	396,204
Other net income/(losses)	*4(b)*	357,241	(406,227)	2,769,029	(3,155,795)
Administrative and other operating expenses		(323,864)	(300,947)	(2,510,318)	(2,337,922)
Profit/(loss) from operations before finance costs		437,999	(305,964)	3,394,997	(2,376,898)
Finance costs	*2(b) & 5(a)*	(68,693)	(44,657)	(532,450)	(346,920)
Profit/(loss) from operations	*2*	369,306	(350,621)	2,862,547	(2,723,818)
Share of profits of associates		67,846	41,823	525,885	324,904
Share of profits less losses of jointly controlled entities		3,246	1,132	25,160	8,794
Profit/(loss) for the period before taxation	*2 & 5*	440,398	(307,666)	3,413,592	(2,390,120)
Tax expenses	*6*	(8,177)	(22,299)	(63,381)	(173,231)
Profit/(loss) for the period		432,221	(329,965)	3,350,211	(2,563,351)

	Note	**2012** *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 19)*	**2011** *HK$'000* *(Note 19)*
Attributable to:					
Shareholders of the Company		431,827	(334,050)	3,347,157	(2,595,086)
Non-controlling interests		394	4,085	3,054	31,735
Profit/(loss) for the period		432,221	(329,965)	3,350,211	(2,563,351)
		US$	*US$*	*HK$*	*HK$*
Earnings/(loss) per share					
Basic	*8*	1.33	(1.03)	10.30	(7.98)
Diluted	*8*	1.33	(1.03)	10.30	(7.98)
		US$'000	*US$'000*	*HK$'000*	*HK$'000*
Interim dividend	*7*	–	21,178	–	164,526

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2012 – Unaudited

	2012 *US$'000*	**2011** *US$'000*	**2012** *HK$'000* *(Note 19)*	**2011** *HK$'000* *(Note 19)*
Profit/(loss) for the period	432,221	(329,965)	3,350,211	(2,563,351)
Other comprehensive income for the period (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit obligation	154	(425)	1,194	(3,302)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	135,873	(62,110)	1,053,172	(482,505)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	(18,353)	18,250	(142,257)	141,776
Changes in fair value of available-for-sale financial assets	152,172	(161,395)	1,179,508	(1,253,805)
Transfer to profit or loss on disposal of available-for-sale financial assets	–	(93,297)	–	(724,782)
Share of other comprehensive income of associates	48,421	13	375,318	101
	318,113	(298,539)	2,465,741	(2,319,215)
Other comprehensive income for the period, net of tax	318,267	(298,964)	2,466,935	(2,322,517)
Total comprehensive income for the period	750,488	(628,929)	5,817,146	(4,885,868)
Total comprehensive income for the period attributable to:				
Shareholders of the Company	700,399	(611,357)	5,428,899	(4,749,359)
Non-controlling interests	50,089	(17,572)	388,247	(136,509)
	750,488	(628,929)	5,817,146	(4,885,868)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	**At 31 December 2012** (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*	**At 31 December 2012** (Unaudited) *HK$'000* *(Note 19)*	**At 30 June 2012** (Audited) *HK$'000* *(Note 19)*
NON-CURRENT ASSETS					
Fixed assets	*9*				
– Investment properties		1,597,317	1,518,898	12,381,044	11,780,345
– Other property, plant and equipment		1,905,899	1,848,341	14,772,909	14,335,456
Interest in associates		801,548	687,929	6,212,919	5,335,474
Interest in jointly controlled entities		118,842	112,518	921,162	872,673
Available-for-sale financial assets		1,642,564	1,489,702	12,731,760	11,553,905
Deferred tax assets		24,845	23,518	192,577	182,402
Intangible assets		989,762	960,052	7,671,794	7,446,019
Goodwill		69,581	68,218	539,333	529,089
		7,150,358	6,709,176	55,423,498	52,035,363
CURRENT ASSETS					
Development properties	*10*	4,236,772	4,167,580	32,839,855	32,323,125
Properties held for sale		182,619	205,842	1,415,507	1,596,480
Trade and other receivables	*11*	268,923	395,069	2,084,463	3,064,096
Trading financial assets		1,735,559	1,226,472	13,452,578	9,512,333
Cash and short term funds		1,496,692	1,134,639	11,601,084	8,800,090
		7,920,565	7,129,602	61,393,487	55,296,124
CURRENT LIABILITIES					
Trade and other payables	*12*	776,592	763,309	6,019,481	5,920,110
Current portion of bank loans and other borrowings	*13*	1,820,807	1,929,996	14,113,348	14,968,759
Taxation		116,532	132,218	903,257	1,025,463
Provisions and other liabilities		26,988	11,032	209,188	85,563
		2,740,919	2,836,555	21,245,274	21,999,895

	Note	**At 31 December 2012** (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*	**At 31 December 2012** (Unaudited) *HK$'000* *(Note 19)*	**At 30 June 2012** (Audited) *HK$'000* *(Note 19)*
NET CURRENT ASSETS		5,179,646	4,293,047	40,148,213	33,296,229
TOTAL ASSETS LESS CURRENT LIABILITIES		12,330,004	11,002,223	95,571,711	85,331,592
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	*14*	4,404,470	3,723,733	34,139,708	28,880,715
Amount due to non-controlling interests		101,461	93,267	786,439	723,365
Provisions and other liabilities		90,737	93,822	703,316	727,669
Deferred tax liabilities		30,855	29,932	239,162	232,148
		4,627,523	3,940,754	35,868,625	30,563,897
NET ASSETS		7,702,481	7,061,469	59,703,086	54,767,695
CAPITAL AND RESERVES					
Share capital	*15*	164,526	164,526	1,275,266	1,276,039
Reserves		6,160,190	5,534,157	47,748,557	42,922,092
Equity attributable to shareholders of the Company		6,324,716	5,698,683	49,023,823	44,198,131
Non-controlling interests		1,377,765	1,362,786	10,679,263	10,569,564
TOTAL EQUITY		7,702,481	7,061,469	59,703,086	54,767,695

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2012 – Unaudited

	Attributable to the Shareholders of the Company												
	Share capital *US$'000*	Share premium *US$'000*	Capital and other reserves *US$'000*	Contributed surplus *US$'000*	ESOP reserve *US$'000*	Share option reserve *US$'000*	Exchange translation reserve *US$'000*	Fair value reserve *US$'000*	Revaluation reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total Equity *US$'000*
At 1 July 2012	164,526	10,493	(65,579)	2,544	(41,073)	3,964	193,167	95,446	9,003	5,326,192	5,698,683	1,362,786	7,061,469
Profit for the period	–	–	–	–	–	–	–	–	–	431,827	431,827	394	432,221
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	(5,118)	–	(25)	136	76,776	(21)	165	–	71,913	63,960	135,873
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	(2,092)	–	–	–	(2,092)	(16,261)	(18,353)
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	150,214	–	–	150,214	1,958	152,172
Actuarial gains on defined benefit obligation	–	–	–	–	–	–	–	–	–	116	116	38	154
Share of other comprehensive income of associates	–	–	(278)	–	–	–	180	13,289	–	35,230	48,421	–	48,421
Total comprehensive income for the period	–	–	(5,396)	–	(25)	136	74,864	163,482	165	467,173	700,399	50,089	750,488
Transfer between reserves	–	–	4,542	–	–	–	–	–	–	(4,542)	–	–	–
Equity settled share-based transaction	–	–	–	–	–	(1,611)	–	–	–	–	(1,611)	(772)	(2,383)
Purchase of own shares for share option schemes by a subsidiary	–	–	(1,459)	–	–	–	–	–	–	–	(1,459)	(734)	(2,193)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	371	371
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(33,975)	(33,975)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(71,296)	(71,296)	–	(71,296)
At 31 December 2012	164,526	10,493	(67,892)	2,544	(41,098)	2,489	268,031	258,928	9,168	5,717,527	6,324,716	1,377,765	7,702,481

	Attributable to the Shareholders of the Company												
	Share capital	**Share premium**	**Capital and other reserves**	**Contributed surplus**	**ESOP reserve**	**Share option reserve**	**Exchange translation reserve**	**Fair value reserve**	**Revaluation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total Equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 July 2011	164,526	10,493	(62,782)	2,544	(40,933)	8,690	231,280	361,194	9,179	5,612,988	6,297,179	1,442,670	7,739,849
Loss for the period	–	–	–	–	–	–	–	–	–	(334,050)	(334,050)	4,085	(329,965)
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	5,970	–	(73)	(453)	(25,312)	632	(238)	–	(19,474)	(42,636)	(62,110)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	(5,497)	–	–	–	(5,497)	23,747	18,250
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	(158,735)	–	–	(158,735)	(2,660)	(161,395)
Transfer to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	(93,297)	–	–	(93,297)	–	(93,297)
Actuarial losses on defined benefit obligation	–	–	–	–	–	–	–	–	–	(317)	(317)	(108)	(425)
Share of other comprehensive income of associates	–	–	573	–	–	–	505	(1,308)	–	243	13	–	13
Total comprehensive income for the period	–	–	6,543	–	(73)	(453)	(30,304)	(252,708)	(238)	(334,124)	(611,357)	(17,572)	(628,929)
Transfer between reserves	–	–	8,458	–	–	–	–	–	–	(8,458)	–	–	–
Equity settled share-based transaction	–	–	–	–	–	(333)	–	–	–	–	(333)	(273)	(606)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	1,124	1,124	(2,794)	(1,670)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(30,504)	(30,504)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(91,870)	(91,870)	–	(91,870)
At 31 December 2011	164,526	10,493	(47,781)	2,544	(41,006)	7,904	200,976	108,486	8,941	5,179,660	5,594,743	1,391,527	6,986,270

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2012 – Unaudited

	2012 *US$'000*	**2011** *US$'000*
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	163,544	(395,713)
NET CASH USED IN INVESTING ACTIVITIES	(32,152)	(74,466)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	222,631	(484,174)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	354,023	(954,353)
EFFECT OF FOREIGN EXCHANGE RATES	8,212	(4,919)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	690,094	1,710,788
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	1,052,329	751,516
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds in the consolidated statement of financial position	1,496,692	1,143,286
Cash collateral	(444,363)	(391,770)
Cash and cash equivalents in the condensed consolidated statement of cash flows	1,052,329	751,516

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011/12 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012/13 annual financial statements as described below.

The HKICPA has issued certain revised and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively includes HKASs and Interpretations, that became effective for the current accounting period of the Group. The adoption of the revised standards, amendments and interpretations had no material impact on the results and financial position of the Group. In addition, the Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income have been effective from 1 July 2012. The Amendments require an entity to present the items of other comprehensive income that may be reclassified to profit or loss in the future if certain conditions are met, separately from those that would never be reclassified to profit or loss. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011/12 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 30 June 2012 included in the interim financial report is extracted from the Company's statutory financial statements. Statutory financial statements for the year ended 30 June 2012 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website www.guoco.com. The auditors expressed an unqualified opinion on the financial statements in their report dated 30 August 2012.

2. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

Segment	Business activities	Operated by
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia and Vietnam.	Subsidiaries
Hospitality and leisure business:	This business segment owns, leases or manages hotels and operates gaming businesses in the United Kingdom, Spain and Belgium.	Subsidiaries
Securities, commodities and brokerage:	This segment provides stock and commodities broking and corporate advisory services, principally in Hong Kong.	Subsidiaries
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait oil trust in Australia.	Subsidiary
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from Year 2011/2012.

Information regarding the Group's reportable segments for the purposes of resource allocation and assessment of segment performance for the period is set out below.

(a) Reportable segment revenue and profit or loss (unaudited)

	Principal investment	Property development and investment	Hospitality and leisure business	Securities, commodities and brokerage	Oil and gas	Financial services	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the six months ended 31 December 2012							
Turnover	76,841	40,313	695,307	2,503	–	–	814,964
Revenue from external customers	38,206	40,313	695,307	2,503	–	–	776,329
Inter-segment revenue	1,503	488	–	1	–	–	1,992
Reportable segment revenue	39,709	40,801	695,307	2,504	–	–	778,321
Operating profit/(loss)	377,826	(33,310)	72,208	(573)	23,351	–	439,502
Finance costs	(17,882)	(27,507)	(24,411)	(253)	(143)	–	(70,196)
Share of profits of associates	–	3,832	–	–	–	64,014	67,846
Share of profits less losses of jointly controlled entities	–	3,246	–	–	–	–	3,246
Profit/(loss) before taxation	359,944	(53,739)	47,797	(826)	23,208	64,014	440,398
For the six months ended 31 December 2011							
Turnover	845,054	35,897	654,588	3,841	–	–	1,539,380
Revenue from external customers	33,087	35,897	654,588	3,841	–	–	727,413
Inter-segment revenue	27	490	–	883	–	–	1,400
Reportable segment revenue	33,114	36,387	654,588	4,724	–	–	728,813
Operating profit/(loss)	(382,719)	(21,678)	60,432	669	37,359	–	(305,937)
Finance costs	(7,708)	(14,923)	(22,016)	(37)	–	–	(44,684)
Share of profits of associates	–	1,805	–	–	–	40,018	41,823
Share of profits less losses of jointly controlled entities	–	1,132	–	–	–	–	1,132
Profit/(loss) before taxation	(390,427)	(33,664)	38,416	632	37,359	40,018	(307,666)

(b) Reconciliations of reportable segment revenue and finance costs (unaudited)

Revenue

	Six months ended 31 December 2012 US$'000	2011 US$'000
Reportable segment revenue	778,321	728,813
Elimination of inter-segment revenue	(1,992)	(1,400)
Consolidated revenue *(note 3)*	776,329	727,413

Finance costs

	Six months ended 31 December 2012 US$'000	2011 US$'000
Reportable finance costs	(70,196)	(44,684)
Elimination of inter-segment finance costs	1,503	27
Consolidated finance costs *(note 5(a))*	(68,693)	(44,657)

(c) Geographical information (unaudited)

The following table illustrates the geographical location of the Group's revenue from external customers and the Group's profit/(loss) from operations. The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers Six months ended 31 December 2012 US$'000	2011 US$'000	Profit/(loss) from operations Six months ended 31 December 2012 US$'000	2011 US$'000
The People's Republic of China				
Hong Kong	41,249	37,568	360,473	(389,127)
Mainland China	5,931	20,893	(49,775)	1,150
United Kingdom and Continental Europe	676,643	637,699	50,771	45,661
Singapore	11,113	14,590	*(Note)*(10,757)	(40,540)
Australasia and others	41,393	16,663	18,594	32,235
	776,329	727,413	369,306	(350,621)

Note:

In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the sale of properties upon completion of development projects instead of the percentage of completion method adopted by GuocoLand Limited ("GuocoLand") for residential projects under progressive payment schemes in Singapore.

GuocoLand has adopted the Singapore Interpretation of Financial Reporting Standard No. 115 Agreements for the Construction of Real Estate and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore. Consequently, GuocoLand continues to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment schemes in Singapore. For residential projects under deferred payment schemes in Singapore and overseas, the revenue and expenses are accounted for under the completion of construction method.

Accordingly, operating profits of GuocoLand for the period amounting to US$82.1 million (2011: US$43.0 million) in Singapore have been deferred for recognition in the Group accounts. The Group has not recognised any operating profits of GuocoLand (2011: nil) which have been deferred in previous years in Singapore. Up to 31 December 2012, accumulated operating profits of GuocoLand totalling US$302.3 million (2011: US$128.2 million) in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

3. TURNOVER AND REVENUE

An analysis of the amount of each significant category of turnover and revenue from principal activities during the period is as follows:

	Six months ended 31 December	
	2012	**2011**
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Revenue from sale of properties	28,020	22,688
Revenue from hotel and gaming operations	691,133	649,197
Interest income	12,338	10,082
Dividend income from listed securities	32,306	31,887
Rental income from properties	8,588	7,934
Securities commission and brokerage	1,481	2,842
Others	2,463	2,783
Revenue	776,329	727,413
Proceeds from sale of investments in securities	38,635	811,967
Turnover	814,964	1,539,380

4. OTHER REVENUE AND NET INCOME/(LOSSES)

(a) Other revenue

	Six months ended 31 December	
	2012	**2011**
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Sublease income	3,295	4,402
Bass Strait oil and gas royalty	25,618	31,275
Hotel management fee	2,797	5,434
Others	11,624	9,890
	43,334	51,001

(b) Other net income/(losses)

	Six months ended 31 December 2012 (Unaudited) *US$'000*	2011 (Unaudited) *US$'000*
Net realised and unrealised gains/(losses) on trading financial assets	353,509	(459,214)
Net realised and unrealised gains/(losses) on derivative financial instruments	372	(5,602)
Net realised (losses)/gains on disposal of available-for-sale financial assets	(9)	62,947
Net gains on foreign exchange contracts	2,372	1,384
Other exchange gains/(losses)	321	(6,384)
Net losses on disposal of fixed assets	(161)	(93)
Other income	837	735
	357,241	(406,227)

5. PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXATION

Profit/(loss) for the period before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 31 December 2012 (Unaudited) *US$'000*	2011 (Unaudited) *US$'000*
Interest on bank advances and other borrowings wholly repayable within five years	98,562	74,658
Other borrowing costs	20,368	18,440
Total borrowing costs	118,930	93,098
Less: borrowing costs capitalised into:		
– development properties	(34,471)	(38,617)
– investment properties	(13,793)	(9,824)
– property, plant and equipment	(1,973)	–
Total borrowing costs capitalised (Note)	(50,237)	(48,441)
	68,693	44,657

Note:

These borrowing costs have been capitalised at rates of 1.11% to 7.36% per annum (2011: 0.9% to 6.4%).

(b) Staff cost

	Six months ended 31 December 2012 (Unaudited) *US$'000*	 2011 (Unaudited) *US$'000*
Salaries, wages and other benefits	220,557	218,684
Retirement scheme contributions	4,211	3,330
Equity settled share-based payment (forfeited)/expensed	(2,252)	2,829
	222,516	224,843

(c) Other items

	Six months ended 31 December 2012 (Unaudited) *US$'000*	 2011 (Unaudited) *US$'000*
Depreciation	43,832	40,415
Amortisation		
– Bass Strait oil and gas royalty	2,238	2,223
– casino licences and brand name	5,077	4,718
Gross rental income from investment properties	(8,588)	(7,934)
Less: direct outgoings	2,697	1,512
Net rental income	(5,891)	(6,422)

6. TAX EXPENSES

Tax expenses in the consolidated income statement represent:

	Six months ended 31 December 2012 (Unaudited) *US$'000*	 2011 (Unaudited) *US$'000*
Hong Kong Profits Tax	2	(963)
Overseas taxation	(9,006)	(22,250)
Deferred taxation	827	914
	(8,177)	(22,299)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2011: 16.5%) to the profits for the six months ended 31 December 2012. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable in the relevant countries.

7. DIVIDENDS

	Six months ended 31 December 2012 (Unaudited) *US$'000*	2011 (Unaudited) *US$'000*
Year 2011/2012: Final dividend paid of HK$1.70 per ordinary share (Year 2010/2011: HK$2.20 per ordinary share)	71,296	91,870
Year 2012/2013: No interim dividend declared per ordinary share (Year 2011/2012: HK$0.50 per ordinary share)	–	21,178

No interim dividend is declared for the year ending 30 June 2013. For the year ended 30 June 2012, an interim dividend declared of US$21,178,000 was calculated based on 329,051,373 ordinary shares in issue as at 31 December 2011.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of US$431,827,000 (2011: loss of US$334,050,000) and the weighted average number of 325,024,511 ordinary shares (2011: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

For the period ended 31 December 2012, the diluted earnings per share equals the basic earnings per share as there is no dilutive potential ordinary share outstanding during the period.

For the period ended 31 December 2011, the potential ordinary shares outstanding during the period had an anti-dilutive effect on the basic earnings per share.

9. FIXED ASSETS

During the six months ended 31 December 2012, the Group acquired fixed assets with a cost of US$34,388,000 (six months ended 31 December 2011: US$73,298,000). The Group disposed of fixed assets with a net book value of US$647,000 during the six months ended 31 December 2012 (six months ended 31 December 2011: US$610,000).

10. DEVELOPMENT PROPERTIES

	At 31 December 2012 (Unaudited) *US$'000*	At 30 June 2012 (Audited) *US$'000*
Cost	4,826,216	4,587,604
Less: Impairment loss	(6,740)	(10,699)
Progress instalments received and receivable	(582,704)	(409,325)
	4,236,772	4,167,580

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2012 (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*
Trade debtors	102,756	218,208
Deposits and prepayments	137,208	170,798
Derivative financial instruments, at fair value	20,224	1,893
Interest receivables	8,735	4,170
	268,923	395,069

Included in trade and other receivables is US$9.6 million (30 June 2012: US$8.3 million) which is expected to be recovered after one year.

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 31 December 2012 (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*
Within 1 month	96,550	214,889
1 to 3 months	4,448	1,733
More than 3 months	1,758	1,586
	102,756	218,208

12. TRADE AND OTHER PAYABLES

	At 31 December 2012 (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*
Trade creditors	75,992	115,099
Other payables and accrued operating expenses	642,700	621,598
Derivative financial instruments, at fair value	40,595	19,891
Amounts due to fellow subsidiaries	16,916	6,377
Amounts due to associates	74	39
Amounts due to jointly controlled entities	315	305
	776,592	763,309

Included in trade and other payables is US$50.4 million (30 June 2012: US$54.3 million) which is expected to be payable after one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 December 2012 (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*
Within 1 month	64,354	101,068
1 to 3 months	3,375	4,469
More than 3 months	8,263	9,562
	75,992	115,099

The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

13. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2012 (Unaudited) *US$'000*	**At 30 June 2012** (Audited) *US$'000*
Bank loans		
– Secured	586,072	595,224
– Unsecured	1,149,623	834,464
	1,735,695	1,429,688
Other loans		
– Secured	79,903	440,511
– Unsecured	5,209	4,692
	85,112	445,203
Unsecured medium term notes repayable within 1 year	–	55,105
	1,820,807	1,929,996

14. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2012 (Unaudited) *US$'000*	At 30 June 2012 (Audited) *US$'000*
Bank loans		
– Secured	1,951,838	1,795,352
– Unsecured	421,223	528,209
	2,373,061	2,323,561
Other loans		
– Unsecured	23,656	24,477
Unsecured medium term notes and bonds	1,676,847	1,052,669
Secured mortgage debenture stock	330,906	323,026
	4,404,470	3,723,733

15. SHARE CAPITAL

	At 31 December 2012		At 30 June 2012	
	No. of shares (Unaudited) *'000*	(Unaudited) *US$'000*	No. of shares (Audited) *'000*	(Audited) *US$'000*
Authorised: Ordinary shares of US$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid	329,051	164,526	329,051	164,526

Note:

As at 31 December 2012, 4,026,862 ordinary shares (30 June 2012: 4,026,862 ordinary shares) were acquired by the Group to reserve for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

16. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR

	At 31 December 2012 (Unaudited) *US$'000*	At 30 June 2012 (Audited) *US$'000*
Authorised and contracted for	15,248	6,987
Authorised but not contracted for	59,386	64,240
	74,634	71,227

The commitment in respect of development expenditure contracted but not provided for by the Group was US$1,004.4 million (30 June 2012: US$1,507.3 million).

17. CONTINGENT LIABILITIES

(a) GuocoLand

In Beijing, judgements of the legal actions in respect of GuocoLand's Dongzhimen project ("DZM") referred to in the Group's annual report 2012, are pending. As previously stated, GuocoLand is constantly exploring options and opportunities to manage the litigation and its interest in DZM. GuocoLand has from time to time received proposals from third parties concerning GuocoLand's interests in DZM and has engaged in discussions with some of them. So far, there is nothing concrete and the outcome is uncertain.

(b) Rank

(i) Rank liabilities relating to Fiscal Neutrality Case

In May 2010, Rank received GBP30.8 million (VAT of GBP26.4 million plus interest of GBP4.4 million) relating to a claim for the repayment of overpaid VAT on amusement machines. This claim was heard at the European Court of Justice in 2011 but the decision was not conclusive and part of the appeal was referred back to the UK courts. The case was heard by the Upper Tribunal in June 2012 and a number of specific points have been referred back to the First Tier Tribunal for further consideration. Rank has agreed with HM Revenue & Customs to delay this hearing until another point of dispute in relation to the claim is heard by the Court of Appeal in May 2013.

(ii) Other VAT and duty

In previous periods Rank has disclosed contingent liabilities in respect of a limited number of VAT and duty issues. During the period an amount of GBP9.6 million (plus interest) has been provided to cover its best estimate of the expected outflow. However, it remains possible that the ultimate resolution of these issues will vary from the amount provided. Rank's total exposure, including the amount provided, is estimated at approximately GBP27 million (plus interest).

18. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

Transactions with companies in the Hong Leong Company (Malaysia) Berhad Group ("HLCM"):

During the period, the Group entered into a number of transactions in the normal course of business with companies in the HLCM group including deposits and correspondent banking transactions. The transactions were priced based on the relevant market rates at the time of each transaction, and were under the same terms as those available to the independent counterparties and customers.

Information relating to interest income from these transactions during the period and balance outstanding at the end of the reporting period is set out below:

(i) Income

	Six months ended 31 December	
	2012 (Unaudited) *US$'000*	**2011** (Unaudited) *US$'000*
Interest income	202	42

(ii) Balance as

	At 31 December 2012 (Unaudited) *US$'000*	At 30 June 2012 (Audited) *US$'000*
Cash and short term funds	15,999	19,520

(b) Management fee

On 4 July 2011, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the period ended 31 December 2012 amounted to US$3,459,000 (2011: US$155,000) and US$11,828,000 (2011: US$2,537,000) respectively.

On 4 July 2011, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to HLMC for the period ended 31 December 2012 amounted to US$180,000 (2011: US$198,000).

19. HONG KONG DOLLAR AMOUNTS

The Hong Kong dollar figures shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position are for information only. The Company's functional currency is United States dollar. The Hong Kong dollar figures are translated from United States dollar at the rates ruling at the respective financial period ends.

20. REVIEW BY BOARD AUDIT COMMITTEE

The unaudited interim results for the six months ended 31 December 2012 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.

4. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Guoco Group had the following outstanding borrowings:

	HK$'million
Bank loans	
- Secured	19,336
- Unsecured	12,378
	31,714
Other loans	
- Secured	618
- Unsecured	216
	834
Unsecured medium term notes and bonds	12,888
Secured mortgage debenture stock	2,508
	47,944

Note:

The bank loans, other loans and mortgage debenture stock are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK$41.4 billion.

For contingent liabilities of the Guoco Group, please refer to information set out under the section headed "Material Litigation" of Appendix IV to this Composite Document.

Save as disclosed above, and apart from intra-group liabilities, the Guoco Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at 31 January 2013.

5. MATERIAL CHANGE

Save as publicly disclosed in Guoco's interim report published on 8 March 2013 for the six months ended 31 December 2012 in respect of (i) the profit attributable to the Guoco Shareholders for the six months ended 31 December 2012 being improved to HK$3,347 million (which included an unrealised gain on trading financial assets of HK$2,705 million from the Guoco Group's principal investment business following the recovery of the financial markets during the period), as compared to a loss of HK$2,595 million for the previous corresponding period (which included an unrealised loss on trading financial assets of HK$2,710 million); and (ii) total borrowings having increased from HK$43.8 billion as at 30 June 2012 to HK$48.3 billion as at 31 December 2012 primarily due to the issuance of US$500 million (HK$3.9 billion) fixed rate bonds under the Guoco Group's medium term note programme in August 2012, the Guoco Directors confirm that there has been no material change in the Guoco Group's financial or trading position or outlook since 30 June 2012, being the date to which the last published audited consolidated financial statements of Guoco were made up, up to and including the Latest Practicable Date.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Composite Document received from CBRE Limited, an independent valuer, in connection with their valuation as at 31 January 2013 of the property interests of the Guoco Group and its associated companies (as defined in the Takeovers Code) in the People's Republic of China, Hong Kong, Malaysia, Singapore, Vietnam and Fiji.

CBRE

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地產代理（公司）牌照號碼
Estate Agent's Licence (Co.) No. C-004065

30 April 2013

Guoco Group Limited
50th Floor, The Center
99 Queen's Road
Hong Kong

Attn: The Board of Directors

Dear Sirs,

In accordance with your instructions to us to value the property interests held by Guoco Group Limited (the "Company"), its subsidiaries and its associated companies (as defined in the Takeovers Code) (collectively referred to as the "Group") in the People's Republic of China (the "PRC"), Hong Kong, Malaysia, Singapore, Vietnam and Fiji, 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 capital values of such property interests as at 31 January 2013 (the "date of valuation").

Our valuation is our opinion of Market Value which is defined by the HKIS Valuation Standards to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Unless otherwise stated, our valuation is prepared in accordance with the "The HKIS Valuation Standards" published by The Hong Kong Institute of Surveyors (the "HKIS"), the Royal Institution of Chartered Surveyors (RICS) Valuation Standards as well as the International Valuation Standards ("IVS"). We have also complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Rule 11 of the Code on Takeovers and Mergers.

Our valuation has been made on the assumption that the owners sell the properties on the open markets without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement (other than hotel management contract where specified) or any similar arrangement, which would serve to affect the values of the property interests.

In valuing of the property interests in Groups A1, A2, A3, A4, A5, B1, C1, C2, C3, C4, C5, D1, D2, D3, E1, E2, E3, E4 and F1, unless otherwise stated, all the property interests are valued by the direct comparison method on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession. Comparison is based on prices realized on actual transactions and/or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analyzed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. Where appropriate, we have also valued the property interests by the capitalization approach taking into account the current rents passing of the property interests and the reversionary potentials of the tenancies.

In valuing the property interests in Groups A6, B2, C6, D4 and E5, which are rented by the Group in the PRC, Hong Kong, Malaysia, Singapore and Vietnam respectively, we considered they have no commercial value primarily due to the prohibition against assignment or sub-letting and/or due to the lack of substantial profit rent.

In the course of our valuation for the property interests held by the Group in the PRC and Vietnam, we have relied on the legal opinions provided by the Group's PRC legal advisor, Global Law Office, and Vietnam legal advisor, NTK Consulting Group respectively. We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the records of sold and unsold units, planning approvals, development schemes and schedule, incurred and outstanding development costs, statutory notices, easements, tenancies, floor areas (including, but not limited to, gross floor areas, saleable floor areas, lettable floor areas, etc.). No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for the existing structures or any future development. We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the properties.

Unless otherwise disclosed, there is no unauthorised structure or alteration on the properties which are apparent from our inspection. If an unauthorised structure or alteration exists, it may render the title to the property defective. It is suggested that appropriate professional consultants should be instructed to carry out building survey and check if there is any illegal/unauthorized structure/alteration in the property and whether the actual use of the property complies with the local ordinances/regulations.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

The monetary amounts are stated in Hong Kong Dollars ("HK$"). The exchange rates adopted in our valuation are approximately Renminbi ("RMB") 1 = HK$0.801658, Malaysian Ringgit ("MYR") 1= HK$2.50664, Singapore Dollars ("S$") 1 = HK$6.264069, United States Dollar ("US$") 1 = HK$7.75805, Vietnamese Dong ("VND") 2,686.242 = HK$1 and Fijian Dollar ("FJ$") 1 = HK$4.39416, which were the prevailing exchange rates at the date of valuation as sourced from Bloomberg.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the properties are shown below. Profit tax is levied on the profit from the sale of the properties at 25% in the PRC, 16.5% in Hong Kong, 25% in Malaysia, 17% in Singapore, 25% in Vietnam and 20% in Fiji. In the PRC, business tax and related taxes are levied at 5.7% of the transaction amount. In addition, land appreciation tax is levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

For the property interests held by Group for sale, under development and for future development in Groups A3, A4, A5, C3, C4, C5, D2, D3, E2, E3, E4 and F1, as advised by the Group, the property interests are intended to be sold. Therefore, the likelihood of the relevant tax liability being crystallized is high. For the property interests held by the Group for investment and for occupation/operation in Groups A1, A2, B1, C1, C2, D1 and E1, the likelihood of the potential tax liability being crystallized is considered remote as we are advised that as at 26 April 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Composite Document, the Group has no intention to dispose of such property interests. According to our standard practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CBRE Limited

Alex PW Leung MRICS MHKIS RPS (GP)
Senior Director
Valuation & Advisory Services
Greater China

Encl.

Note: Mr. Leung is a member of Royal Institution of Chartered Surveyors and a corporate member of the Hong Kong Institute of Surveyors. He has over 17 year's valuation experience in Asia-Pacific Region.

The following qualified valuers have provided assistance to Mr. Leung in preparation of the valuation report:

- Malaysia: Mr. Paul Khong, MRISM, MRICS, Registered Valuer (V-528), Executive Director of CB Richard Ellis (Malaysia) Sdn Bhd, 20 years valuation in Malaysia.

- Singapore: Mr. Li Hiaw Ho, DipUrbVal (Auck), SNZPI, FSISV, Appraisers Licence AD41-2445, Executive Director, Valuation & Advisory Services of CBRE Pte. Ltd., 37 years valuation in Singapore.

- Singapore: Mr. Kamal Hamdi, B Sc (Est Mgt), MSISV, Appraisers Licence AD41-6388, Director, Valuation & Advisory Services of CBRE Pte. Ltd., 20 years valuation in Singapore.

- Vietnam: Mr. Pham Thanh Duong, Valuation license No.565 issued by The Construction Department of The People's Committee of Ho Chi Minh City, Manager, Valuation & Advisory Services, CBRE (Vietnam) Co., Ltd., 10 years valuation in Vietnam.

- Fiji: Mr. Stephen Doyle B. Prop, ANZIV, MPINZ, Director – Hotels Valuation & Advisory Services of CBRE Limited, 13 years valuation in New Zealand including 5 years specialising in valuation throughout the South Pacific and in Fiji.

SUMMARY OF VALUES

PROPERTY INTERESTS IN THE PRC

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP A1 – Property interests held by the Group for Investment in the PRC				
A1.1	Retail Portion of Project Lot No.1 Phase 1, Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC	HK$732,000,000	65.2%	HK$477,000,000
			Group A1 Sub-total:	**HK$477,000,000**
GROUP A2 – Property interests held by the Group for Occupation/Operation in the PRC				
A2.1	Third Floor, Office Portion of Project Lot No.1 Phase 1, Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC	HK$55,000,000	65.2%	HK$36,000,000
A2.2	Guoman Hotel, Daduhe Road, Putuo District, Shanghai, the PRC	HK$1,372,000,000	65.2%	HK$895,000,000
			Group A2 Sub-total:	**HK$931,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP A3 – Property interests held by the Group for Sale in the PRC				
A3.1	139 Unsold Car Parking Spaces, International Enterprise Building, No. 35 Financial Street, Xicheng District, Beijing, the PRC	HK$35,000,000	48.9%	HK$17,000,000
A3.2	200 Unsold Underground Car Parking Spaces in the Retail Portion of Project Lot No. 1, Phase 1, Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC	HK$64,000,000	65.2%	HK$42,000,000
A3.3	200 Underground Car Park Spaces of Central Park, No.7-8, Lane 111, Taoyuan Road, Huangpu District, Shanghai, the PRC	HK$55,000,000	63.9%	HK$35,000,000
A3.4	One Unsold Retail Unit, One Unsold Residential Unit and 891 Unsold Car Parking Spaces, Ascot Park, Jinma Road, Qixia District, Nanjing, the PRC	HK$94,000,000	61.9%	HK$58,000,000
			Group A3 Sub-total:	**HK$152,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP A4 – Property interests held by the Group Under Development in the PRC				
A4.1	Guoson Centre Dongzhimen, the Northeast Corner of Dongzhimen Bridge, Dongzhimen Wai Street, Dongcheng District, Beijing, the PRC	HK$15,842,000,000	58.7%	HK$9,299,000,000
A4.2	Phase 2 of Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC	HK$2,108,000,000	65.2%	HK$1,374,000,000
A4.3	Seasons Park, Laochengxiang, Nankai District, Tianjin, the PRC	HK$2,127,000,000	65.2%	HK$1,387,000,000
			Group A4 Sub-total:	**HK$12,060,000,000**
GROUP A5 – Property interests held by the Group for Future Development in the PRC				
A5.1	Changfeng Plot 9 Tongpu Road, Putuo District, Shanghai, the PRC	HK$3,752,000,000	82.6%	HK$3,099,000,000
A5.2	Hillview Regency, East of Zhongshan College, Xuanwu District, Nanjing, the PRC	HK$3,069,000,000	48.9%	HK$1,501,000,000
A5.3	Phase 2 of Ascot Park, West of Bailong Mountain, Qixia District, Nanjing, the PRC	HK$271,000,000	61.9%	HK$168,000,000
			Group A5 Sub-total:	**HK$4,768,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP A6 – Property interests Rented by the Group in the PRC				
A6.1	An unit on Level 12 Easyhome Tower, No. 3 Dongzhimen South Street, Dongcheng District, Beijing, the PRC			No Commercial Value
A6.2	An unit on Level 12 Easyhome Tower, No. 3 Dongzhimen South Street, Dongcheng District, Beijing, the PRC			No Commercial Value
A6.3	An unit on Level 12 Easyhome Tower, No. 3 Dongzhimen South Street, Dongcheng District, Beijing, the PRC			No Commercial Value
A6.4	Unit 2403, Level 24, Jingan Fortune Gate, No. 1701 Beijing West Road, Jingan District, Shanghai, the PRC			No Commercial Value
A6.5	Unit 1204, Paris Fashion, No. 500 South Xiangyang Road, Xuhui District, Shanghai, the PRC			No Commercial Value
A6.6	Room 804, Maigou International Tower, No.11 Nanmalu Road, Heping District, Tianjin, the PRC			No Commercial Value
A6.7	Units 1703-1709, Level 17, Nanjing Suliang International Building, No. 328 Zhong'shan Road, Xuanwu District, Nanjing, the PRC			No Commercial Value
			Group A6 Sub-total:	No Commercial Value
			Sub-total for Groups A1 to A6 in the PRC:	**HK$18,388,000,000**

PROPERTY INTERESTS IN HONG KONG

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP B1 – Property interests held by the Group for Investment in Hong Kong				
B1.1	12th Floor, The Center, 99 Queen's Road Central, Hong Kong	HK$341,000,000	100%	HK$341,000,000
B1.2	15th Floor, The Center, 99 Queen's Road Central, Hong Kong	HK$344,000,000	100%	HK$344,000,000
			Group B1 Sub-total:	**HK$685,000,000**
GROUP B2 – Property interests Rented by the Group in Hong Kong				
B2.1	50th Floor, The Center, 99 Queen's Road Central, Hong Kong			No Commercial Value
			Group B2 Sub-total:	No Commercial Value
			Sub-total for Groups B1 to B2 in Hong Kong:	**HK$685,000,000**

PROPERTY INTERESTS IN MALAYSIA

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP C1 – Property interests held by the Group for Investment in Malaysia				
C1.1	A 3-½-storey elevated car park, PM 3701/Lot 35181, Locality of Jalan Kelang Lama, Mukim of Petaling District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	HK$10,000,000	44.3%	HK$4,400,000
C1.2	Blocks C and D, Menara Pandan, Seksyen 15, Bandar Ampang, District of Ulu Langat, Selangor Darul Ehsan, Malaysia	HK$150,000,000	44.3%	HK$66,000,000
C1.3	A food court and 40 open-air car parking space, PJ City Development, Section 51A, Petaling Jaya, Selangor Darul Ehsan, Malaysia	HK$3,000,000	44.3%	HK$1,300,000
			Group C1 Sub-total:	**HK$71,700,000**
GROUP C2 – Property interests held by the Group for Occupation/Operation in Malaysia				
C2.1	Thistle Johor Bahru, Jalan Sungai Chat, Johor Bahru, Malaysia	HK$431,000,000	35.4%	HK$153,000,000
C2.2	Thistle Port Dickson and a 9-hole golf course, Pasir Panjang, KM16, Telok Kemang, Port Dickson, Negeri Sembilan, Malaysia	HK$271,000,000	50.6%	HK$137,000,000
			Group C2 Sub-total:	**HK$290,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP C3 – Property interests held by the Group for Sale in Malaysia				
C3.1	3 units of stratified office, Jalan BRP 6/10, Bukit Rahman Putra, Shah Alam, Selangor Darul Ehsan, Malaysia	HK$1,500,000	44.3%	HK$660,000
C3.2	388 units of low-cost flats, Phases 6A and 6B, Bukit Rahman Putra, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan, Malaysia	HK$41,000,000	44.3%	HK$18,000,000
C3.3	115 units of serviced apartments, West Tower and East Tower of The Oval, located along Lorong Kuda, Kuala Lumpur, Malaysia	HK$1,256,000,000	44.3%	HK$556,000,000
C3.4	18 units of low-cost flats, Pangsapuri Kos Rendah AC4 located along Jalan Taman Sri Sentosa, Malaysia	HK$1,900,000	44.3%	HK$840,000

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
C3.5	Unit No. 17-3A and Unit No. L-04, 3 Kia Peng Serviced Apartments, Lot 1286 Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	HK$37,000,000	50.6%	HK$19,000,000
C3.6	No. 4, Jalan Bayan 34 and No.28 Jalan Bayan 65, Taman Megah Ria, 81750 Masai, Johor Darul Takzim, Malaysia	HK$250,000	44.3%	HK$110,000
C3.7	An unsold single storey cluster house, No. 17, Jalan Murai 8 and 16 unsold single storey low-cost terraced houses, No. 31 Jalan Kedidi 3, Nos. 7 and 15, Jalan Kedidi 8, No. 12 Jalan Kedidi 10, Nos. 6, 8, 10, 14, 16, 26, 28, 30, 31 and 35 Jalan Kedidi 13, Nos. 23 and 41 Jalan Kedidi 14, Pantai Sepang Putra, Sg Pelek, Selangor, Malaysia	HK$1,900,000	21.0%	HK$400,000
C3.8	An unsold 2-storey semi-detached house, Developer's Plot No. 122, Phase 4C Address No. 2, Jalan KE 9/1B1K, Emerald West, Rawang, Selangor, Malaysia 10 unsold detached house lots, Developer's Plot Nos. 23A, 25 to 29 and 36 to 39, Phase 2F, Emerald West, Rawang, Selangor, Malaysia	HK$11,000,000	22.2%	HK$2,400,000
			Group C3 Sub-total:	**HK$597,410,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP C4 – Property interests held by the Group Under Development in Malaysia				
C4.1	Commerce One, Part of PM 8254/Lot 45788, Locality of Batu 5, Jalan Klang Lama, Mukim of Petaling and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	HK$130,000,000	44.3%	HK$58,000,000
C4.2	Damansara City Development located within Damansara Town Centre (DTC), Kuala Lumpur GRN 74955/ Lot 58303 Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	HK$978,000,000	44.3%	HK$433,000,000
C4.3	Amandarii, Seksyen 9, Bandar Kajang, Daerah Hulu Langat, Selangor Darul Ehsan, Malaysia	HK$98,000,000	44.3%	HK$43,000,000
C4.4	PJ City Corporate Hub located within Section 51A, Petaling Jaya, Selangor Darul Ehsan, PN 91909/Lot 13508 Seksyen 32 Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan, Malaysia	HK$140,000,000	44.3%	HK$62,000,000

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
C4.5	Phase 3J, 3K and 3L of Emerald East, GM4825/Lot 263, G48238/Lot 952 and G48239/Lot 1318, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia	HK$208,000,000	22.2%	HK$46,000,000
C4.6	Phase 2C of Emerald West, Part of GRN 51712/Lot 934 and GRN 52772/Lot 1286, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia	HK$110,000,000	22.2%	HK$24,000,000
			Group C4 Sub-total:	**HK$666,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP C5 – Property interests held by the Group for Future Development in Malaysia				
C5.1	A parcel of vacant development land located along Jalan Changkat Kia Peng, Kuala Lumpur, GRN 25964, Lot 241 Seksyen 63, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	HK$155,000,000	44.3%	HK$69,000,000
C5.2	32 parcels of development land located within Bukit Rahman Putra, Selangor Darul Ehsan, Malaysia			No Commercial Value
C5.3	A parcel of residential land located within Taman Hill View Ampang, HSD 15960/Lot PT 3059, Mukim of Ulu Kelang, District of Gombak, Selangor Darul Ehsan, Malaysia	HK$50,000,000	44.3%	HK$22,000,000
C5.4	A parcel of development land located along Jalan Batu Feringghi, Penang, Geran 20438/Lot 36 Section 1, Town of Batu Ferringgi, District of North-East, Penang, Malaysia	HK$33,000,000	44.3%	HK$15,000,000
C5.5	9 adjoining parcels of residential land located off Jalan Alam Damai, Kuala Lumpur, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan, Malaysia	HK$306,000,000	44.3%	HK$136,000,000
C5.6	A parcel of commercial land, within PJ City Development, Section 51A, Petaling Jaya, Selangor Darul Ehsan, Malaysia	HK$62,000,000	44.3%	HK$27,000,000

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
C5.7	2 parcels of building land within Telok Kemang, Port Dickson, GRN 84693 and GRN 84697/ Lot 7252 and 7257 respectively, both in Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia	HK$13,000,000	50.6%	HK$6,600,000
C5.8	6 parcels of development land located within Bagan Lalang, Sepang, GRN 251910/Lot 41, GRN 176674/Lot 3347, GRN 176675/Lot 5832, GRN 118269/Lot 3910, GM 273/Lot 223, GRN 118286/Lot 5773 and balance 962 subdivided titles to be developed within Mukim and District of Sepang, State of Selangor, Malaysia	HK$1,446,000,000	21.0%	HK$304,000,000
C5.9	10 parcels of development land located along both sides of Jasin Toll Plaza, Mukim and District of Jasin, Melaka, Malaysia	HK$867,000,000	22.2%	HK$192,000,000
C5.10	10 parcels of land, Emerald East, Section 18, Municipality of Rawang, District of Gombak, State of Selangor, Malaysia	HK$43,000,000	22.2%	HK$9,500,000
C5.11	A parcel of land within Emerald West, Part of GRN 51712/Lot 934 and GRN 52772/Lot 1286, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia A parcel of land for Future Development located opposite side of Emerald West, Part of GRN 52207/Lot 997, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia	HK$762,000,000	22.2%	HK$169,000,000
			Group C5 Sub-total:	**HK$950,100,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP C6 – Property interests Rented by the Group in Malaysia				
C6.1	Lot 17-02, 17th floor and Portion of 20th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value
C6.2	Lot 17-01, 17th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value
C6.3	Portion of 20th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value
C6.4	Lot 19-01 of 19th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value
C6.5	Lot 19-03 of 19th floor and portion of 20th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
C6.6	Storage Room 1 and 2, MF floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value
C6.7	Lot G-01 of Ground Floor, Block A, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia			No Commercial Value
C6.8	Portion of 8th floor, Wisma Hong Leong, No. 18, Jalan Perak 50490 Kuala Lumpur, Malaysia			No Commercial Value
C6.9	Lot 5.03B, 5th floor, Wisma Hong Leong, No. 18, Jalan Perak 50490 Kuala Lumpur, Malaysia			No Commercial Value
C6.10	3rd Floor, No.2- 3 Lorong 2/137C, Office Jalan Kelang Lama, 58200 Kuala Lumpur, Malaysia			No Commercial Value
			Group C6 Sub-total:	No Commercial Value
			Sub-total for Groups C1 to C6 in Malaysia:	**HK$2,575,210,000**

PROPERTY INTERESTS IN SINGAPORE

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP D1 – Property interests held by the Group for Investment in Singapore				
D1.1	21 strata office units, Reversionary interest of 7 strata office units and Reversionary interest of 3 strata office units, Tung Centre, 20 Collyer Quay, Singapore	HK$2,393,000,000	65.2%	HK$1,560,000,000
			Sub-total for Group D1:	**HK$1,560,000,000**
GROUP D2 – Property interests held by the Group Under Development in Singapore				
D2.1	URA Land Parcel at Peck Seah Street/ Choon Guan Street, Singapore	HK$12,121,000,000	52.2%	HK$6,327,000,000
D2.2	Site of Goodwood Residence, Lot 598N of Town Subdivision 26, Bukit Timah Road, Singapore	HK$7,598,000,000	65.2%	HK$4,954,000,000
D2.3	Site of Leedon Residence, Lots 2219N, 2220A, 2222N, 2228V, 2229P, 2464L and 70000W of Mukim 2, Leedon Heights, Singapore	HK$8,908,000,000	65.2%	HK$5,808,000,000
D2.4	Site of Sophia Residence, Lots 406M and 420X of Town Subdivision 19, Sophia Road, Singapore	HK$3,276,000,000	65.2%	HK$2,136,000,000
D2.5	Site of The Waterline, Lots 3838K, 3841K and 3842N of Mukim 22, Poh Huat Road West, Singapore	HK$896,000,000	65.2%	HK$584,000,000
			Sub-total for Groups D2:	**HK$19,809,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP D3 – Property interests held by the Group for Future Development in Singapore				
D3.1	Reversionary interest of Lots 152T, 99951A, 99952K and 99953N of Town Subdivision 30, No. 61 Robinson Road, Singapore	HK$38,000,000	65.2%	HK$25,000,000
			Sub-total for Group D3:	**HK$25,000,000**
GROUP D4 – Property interests Rented by the Group in Singapore				
D4.1	#11-01 Suntec Tower Two, No. 9 Temasek Boulevard, Singapore			No Commercial Value
D4.2	#06-01 Robinson Centre, No. 61 Robinson Road, Singapore			No Commercial Value
D4.3	#08-03 Robinson Centre, No. 61 Robinson Road, Singapore			No Commercial Value
			Sub-total for Groups D4:	No Commercial Value
			Sub-total for Groups D1 to D4 in Singapore:	**HK$21,394,000,000**

PROPERTY INTERESTS IN VIETNAM

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP E1 – Property interests held by the Group for Investment in Vietnam				
E1.1	Office and retail building – (Canary Plaza), a portion of GuocoLand Complex Project Lot No. 42 Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$22,000,000	65.2%	HK$14,000,000
E1.2	An Existing School Portion of GuocoLand Complex Project Lot No. 41 and 157 Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$17,000,000	65.2%	HK$11,000,000
			Sub-total for Group E1:	**HK$25,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP E2 – Property interests held by the Group for Sale in Vietnam				
E2.1	17 Unsold Residential Units, Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$9,800,000	65.2%	HK$6,400,000
E2.2	A 62,015.1-sqm Commercial Land, Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$167,000,000	65.2%	HK$109,000,000
			Sub-total for Group E2:	**HK$115,400,000**
GROUP E3 – Property interests held by the Group Under Development in Vietnam				
E3.1	Residential Phase II of Proposed Project/Lot No. 162 National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$111,000,000	65.2%	HK$72,000,000
			Sub-total for Group E3:	**HK$72,000,000**

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP E4 – Property interests held by the Group for Future Development in Vietnam				
E4.1	Residential Development Phase III and IV of Proposed Project/ Lots No. 160, 161 National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$124,000,000	65.2%	HK$81,000,000
E4.2	Office/hotel and school development Phase II of Proposed Project/ Lots Nos. 41, 42, 157 and 158 National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	HK$45,000,000	65.2%	HK$29,000,000
			Sub-total for Group E4:	**HK$110,000,000**
GROUP E5 – Property interests Rented by the Group in Vietnam				
E5.1	Units 1203-1204, 12th floor No. 37, Ton Duc Thang Street, Saigon Trade Center Building Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam			No commercial value
			Sub-total for Group E5:	No commercial value
			Sub-total for Group E1 to E5 in Vietnam:	**HK$322,400,000**

PROPERTY INTERESTS IN FIJI

	Property interests	Capital Value in existing state as at 31 January 2013	Interests attributable to the Company	Capital Value attributable to the Company as at 31 January 2013
GROUP F1 – Property interests held by the Group for Sale in Fiji				
F1.1	Vacant Development Site 'N1', Denarau Island, Nadi Region, legally known as Lot 1 on SO 3706, District of Nadi, Province of Ba, Fiji	HK$50,000,000	66.5%	HK$33,000,000
F1.2	First Floor Office, Unit 019, Port Denarau Retail and Commercial Centre, Denarau Island, Nadi Region, legally known as Unit 1T Strata Lease Plan 30 being a subdivision of Lot 1 DP 9594, District of Nadi, Province of Ba, Fiji	HK$880,000	66.5%	HK$590,000
			Sub-total for Group F1:	**HK$33,590,000**
			Sub-total for Group F1 in Fiji:	**HK$33,590,000**

Group A1: Property interests held by the Group for Investment in the PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A1.1	Retail Portion of Project Lot No. 1 Phase 1, Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC The property is located within the Changfeng Ecology Commercial District, which is in the vicinity of Zhongshan Park CBD, Gubei CBD and Hongqiao CBD. The property is near the 360,000-sqm Changfeng Park and the famous complex commercial project Beian Changfeng.	Guoson Centre Changfeng is a mixed-use project developing in phases. Completed in December 2012, the subject property consists of a 4-storey retail block (plus a 1 level basement) in Phase I of the development. The development comprises the subject property, Property Nos. A2.1, A2.2, A3.2 and A4.2. The gross floor area of the subject retail block is approximately 28,861.31 sqm above ground plus underground retail. **Gross Floor Area (sqm)** Aboveground retail 28,861.31 Underground retail 11,562.91 **Total** **40,424.22** The land use rights of the site are held for a term to be expired on 10 December 2055.	Some 49% of the spaces have been leased to various tenants for retail uses with lease terms of 3 to 15 years. The total rental was approximately RMB1.19 million per month excluding management fee. The last expiry date of the leases is 22 May 2026.	**HK$732,000,000** (RMB587,000,000 RENMINBI FIVE HUNDRED EIGHTY SEVEN MILLION) (65.2% interests attributable to the Company: **HK$477,000,000**)

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaolong Property Development Co., Ltd. (上海新浩隆房地產開發有限公司)

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract No. Pu Fang Di (2005) Grant Contract (64) dated 11 December 2005, the land use rights of the site where the development is erected/to be erected with a land area of approximately 143,846 sqm were granted to Shanghai Xinhaolong Property Development Co., Ltd.

d) According to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Pu Zi (2011) 000514 dated 14 January 2011, the land use rights of the site were granted to the Group for retail, culture, entertainment, office and complex uses for a term to be expired on 10 December 2055. The total gross floor area of the property is approximately 49,364.73 sqm.

e) The property lies within an area zoned for commercial uses as per the records of local town planning office.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

  (i) Shanghai Xinhaolong is in possession of a proper legal title to the property and has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

  (ii) The property is free of mortgage.

h) An inspection was carried out by Ms. Yiren Ni on 11 January 2013.

Group A2: Property interests held by the Group for Occupation/Operation in the PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A2.1	Third Floor, Office Portion of Project Lot No. 1 Phase I, Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC The property is located within the Changfeng Ecology Commercial District, which is in the vicinity of Zhongshan Park CBD, Gubei CBD and Hongqiao CBD. The property is near the 360,000 sqm Changfeng Park and the commercial project Beian Changfeng.	Guoson Centre Changfeng is a large scale mixed project developing in phases. Completed in 2010, the subject property consists of the third floor of a 24-storey office building in phase I of the development. The development comprises the subject property, Property Nos. A1.1, A2.2, A3.2 and A4.2. The gross floor area of the subject office block is approximately 2,177.60 sqm above ground plus underground storage and equipment room. The land use rights of the site are held for a term to be expired on 10 December 2055.	The subject property is used by the Group as office.	**HK$55,000,000** (RMB44,000,000 RENMINBI FORTY FOUR MILLION) (65.2% interests attributable to the Company: **HK$36,000,000**)

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaolong Property Development Co., Ltd (上海新浩隆房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract no. Pu Fang Di (2005) Grant Contract No.(64) dated 11 December 2005, the land use rights of the site with a site area of approximately 143,846 sqm were granted to Shanghai Xinhaolong Property Development Co., Ltd for a consideration of RMB1,490,000,000.

d) According to the Shanghai Real Estate Ownership Certificate no. Hu Fang Di Pu Zi (2012) No.008156 dated 6 June 2012, the land use rights of the site were granted to Shanghai Xinhaolong Property Development Co., Ltd for retail, culture, entertainment, office and complex uses for a term to be expired on 10 December 2055. The property with a gross floor area of approximately 2,177.60 sqm is for office uses.

e) The property lies within an area zoned for commercial uses as per the records of local town planning office.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

  (i) Shanghai Xinhaolong is in possession of a proper legal title to the property and has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

  (ii) The property is free of mortgage.

h) An inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A2.2	Guoman Hotel, Daduhe Road, Putuo District, Shanghai, the PRC The property is located within the Changfeng Ecology commercial district, which is in the vicinity of Zhongshan Park CBD, Gubei CBD and Hongqiao CBD. The property is near the 360,000-sqm Changfeng Park and the commercial project Beian Changfeng.	Guoson Centre Changfeng is a mixed-use project developing in phases. The subject property consists of a 442-room 5-star hotel in phase I of the development. The subject property has been completed in June 2010. The development comprises the subject property, Property Nos. A1.1, A2.1, A3.2 and A4.2. The hotel is 26-storey in height with facilities including restaurants, bars, meeting rooms/ball rooms, swimming pool and gymnasium. The gross floor area of the property is as follow: **Gross Floor Area (sqm)** Hotel 40,667.66 Underground equipment room 5,107.32 **Total** **45,774.98** The land use rights of the site for hotel use are held for a term to be expired on 10 December 2045.	The subject property was in the operation as hotel upon our inspection.	**HK$1,372,000,000** (RMB1,100,000,000 RENMINBI ONE BILLION ONE HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$895,000,000**)

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaolong Property Development Co., Ltd (上海新浩隆房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract No. Pu Fang Di (2005) (64) dated 11 December 2005, the land use rights of the site with a site area of approximately 143,846 sqm were granted to the Group.

d) According to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Pu Zi (2011) 001529 dated 26 January 2011, the land use rights of the site were granted to the Group for retail, culture, entertainment, office and complex uses for a term to be expired on 10 December 2055. The gross floor area of the property is approximately 45,744.98 sqm.

e) The property lies within an area zoned for commercial uses as per the records of local town planning office.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

   (i) Shanghai Xinhaolong is in possession of a proper legal title to the property and has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

   (ii) The property is free of mortgage.

h) An inspection was carried out by Ms. Yiren Ni on 11 January 2013.

Group A3: Property interests held by the Group for Sale in the PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A3.1	139 Unsold Car Parking Spaces, International Enterprise Building, No. 35 Financial Street, Xicheng District, Beijing, the PRC The property is located on Financial Street of the city, where it can be easily accessed by Metro Line Nos.1 and 2.	International Enterprise Building is a Grade A office building completed in 1999. The subject property consists of 3 car parking spaces in basement level one and 136 car parking spaces in basement level two. The land use rights of the site are held for a term to be expired on 18 July 2045.	As informed, some of the parking spaces had been leased out on short term basis.	**HK$35,000,000** (RMB28,000,000 RENMINBI TWENTY EIGHT MILLION) (48.9% interests attributable to the Company: **HK$17,000,000**)

Notes:

a) According to the records of Beijing Property and Land Registration Office, the registered owner of the property is Beijing Minghua Property Co., Ltd (北京明華置業有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 48.9% attributable interest.

c) According to the Realty Title Certificate no. Jing Fang Quan Zheng Shi Xi She Wai Zi No. 10050 dated 27 September 1999, the land use rights were granted to the Group for a term to be expired on 18 July 2045.

d) The property lies within an area zoned for commercial uses.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

f) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) Beijing Minghua has obtained the Realty Title Certificate Jing Fang Quan Zheng Shi Xi She Wai Zi No.10050;

(ii) Beijing Minghua confirmed that 139 car parking spaces which included in the Realty Title Certificate Jing Fang Quan Zheng Shi Xi She Wai Zi No.10050 are not split for individual certificate;

(iii) Beijing Minghua confirmed that there is no third party has the ownership of these car parking spaces and Beijing Minghua has the legal right to occupy, use, lease, mortgage and sale the car parking space mentioned above; and

(iv) According to the statement made by Beijing Minghua, by 31 January 2013, there is no mortgage and/or seized up on the ownership of 139 car parking spaces mentioned above and the land use right.

g) An internal inspection was carried out by Ms. Ella Du on 7 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A3.2	200 Unsold Underground Car Parking Spaces in the Retail Portion of Project Lot No. 1, Phase 1, Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC The property is located within the Changfeng Ecology commercial district, which is in the vicinity of Zhongshan Park CBD, Gubei CBD and Hongqiao CBD. The property is near the 360,000-sqm Changfeng Park and the famous complex commercial project Beian Changfeng.	Guoson Centre Changfeng is a large scale mixed project developing in phases. Completed in December 2012, the subject property consists of several underground car parking spaces in phase 1 of the development. The development comprises the subject property, Property Nos. A1.1, A2.1, A2.2 and A4.2. The gross floor area of the subject underground car parking spaces is approximately 7,591.89 sqm. The land use rights of the site are held for a term to be expired on 10 December 2055.	The subject property was vacant upon our inspection.	**HK$64,000,000** (RMB51,000,000 RENMINBI FIFTY ONE MILLION) (65.2% interests attributable to the Company: **HK$42,000,000**)

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaolong Property Development Co., Ltd (上海新浩隆房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract no. Pu Fang Di (2005) Grant Contract No.(64) dated 11 December 2005, the land use rights of the site with a site area of approximately 143,846 sqm were granted to the Group for a consideration of RMB1,490,000,000.

d) According to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Pu Zi (2011) 000514 dated 14 January 2011, the land use rights of the site were granted to the Group for retail, culture, entertainment, office and complex uses for a term to be expired on 10 December 2055. The total gross floor area of the Property is approximately 49,364.73 sqm.

e) The property lies within an area zoned for commercial uses as per the records of local town planning office.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

   (i) Shanghai Xinhaolong is in possession of a proper legal title to the property and has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

   (ii) The property is free from mortgage.

h) An inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A3.3	200 Underground Car Park Spaces of Central Park, No.7-8, Lane 111, Taoyuan Road, Huangpu District, Shanghai, the PRC The property is located within the city centre, where is easily accessed by Metro Line 1 and Line 8.	Completed in 2005, the subject property comprises 200 lots of underground car parking spaces with a gross floor area of approximately 9,261.45 sqm. The land use rights of the site are held for a term to be expired on 20 December 2071.	As advised by the Group, 119 lots have been leased to different tenants with the latest expiry in 2026 at a total monthly rent of approximately RMB147,000.	**HK$55,000,000** (RMB44,000,000 RENMINBI FORTY FOUR MILLION) (63.9% interests attributable to the Company: **HK$35,000,000**)

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaozhong Property Development Co., Ltd (上海新浩中房地產開發限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 63.9% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract no. Hu Fang Di (1996) Grant Contract No. (78) dated 3 December 2001, the land use rights of the site with a site area of approximately 14,841 sqm were granted to Shanghai Xinhaozhong.

d) According to the Shanghai Real Estate Ownership Certificate no. Hu Fang Di Lu Zi (2003) No.002254 dated 9 April 2003, the land use rights of the site were granted to Shanghai Xinhaozhong for residential uses for a term to be expired on 20 December 2071. The total gross floor area of the property is approximately 14,841 sqm.

e) The property lies within an area zoned for commercial uses as per the records of local town planning office.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

  (i) Shanghai Xinhaozhong is in possession of a proper legal title to the property and has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

  (ii) The property is free of mortgage.

h) An inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A3.4	One Unsold Retail Unit, One Unsold Residential Unit and 891 Unsold Car Parking Spaces, Ascot Park, Jinma Road, Qixia District, Nanjing, the PRC The property is located within a traditional commercial area in Nanjing, where it can be easily accessed by Metro Line 2.	The subject property is unsold portion of Phase 1 of Zhong Shan Jing Dian. Completed between May 2011 and June 2012, the gross floor area breakdown of the subject property is as follows: **Gross Floor Area (sqm)** 1 unsold retail unit 124.91 1 residential unit 151.44 Underground car parks 12,542.28 The land use rights of the project are held for a term to be expired on 9 July 2073.	The property was vacant upon our inspection.	**HK$94,000,000** (RMB75,600,000 RENMINBI SEVENTY FIVE MILLION SIX HUNDRED THOUSAND) (61.9% interests attributable to the Company: **HK$58,000,000**)

Notes:

a) According to the State-owned Land Use Rights Grant Contract dated 13 July 2005, the land use rights of a site with a land area of approximately 958,087 sqm, in which the site of the development is located, were granted to Nanjing Ma Hui Property Development Co., Ltd (南京馬會置業有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 61.9% attributable interest.

c) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

d) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) Nanjing Ma Hui is in possession of a proper legal title to the property and has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(ii) the property is free of mortgage.

e) An external inspection was carried out by Mr. Kelvin Shi on 16 January 2013.

Group A4: Property interests held by the Group Under Development in the PRC

VALUATION CERTIFICATE

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Details of occupancy</th><th>Capital value as at 31 January 2013</th></tr>
<tr>
<td>A4.1</td>
<td>Guoson Centre Dongzhimen, the Northeast Corner of Dongzhimen Bridge, Dongzhimen Wai Street, Dongcheng District, Beijing, the PRC

The property is located within Dongzhimen Area which is one of the most popular commercial areas in Beijing.

The property is adjacent to the East Second Ring Road and it can be easily accessed by Metro Line 2 and the Airport Express.</td>
<td>Upon completion, the project will be a mixed-use development with two residential buildings, a clubhouse, a hotel, two office blocks with retail portions to be erected on a land with a site area of approximately 106,000 sqm.

The development will comprise approximately a total gross floor area above ground of 353,174 sqm plus underground car parking spaces and ancillary portions.

<table>
<tr><th></th><th>Gross Floor Area (sqm)</th></tr>
<tr><td>Above Ground</td><td></td></tr>
<tr><td>Residential</td><td>50,764</td></tr>
<tr><td>Clubhouse</td><td>700</td></tr>
<tr><td>Hotel</td><td>47,781</td></tr>
<tr><td>Retail Portion</td><td>115,485</td></tr>
<tr><td>Office</td><td>138,444</td></tr>
<tr><td>Sub-total</td><td>353,174</td></tr>
<tr><td>Under Ground</td><td></td></tr>
<tr><td>Car park and equipment rooms</td><td>112,392</td></tr>
<tr><td>Retail and ancillary service</td><td>37,782</td></tr>
<tr><td>Hotel back of the house</td><td>8,700</td></tr>
<tr><td>Property management office</td><td>752</td></tr>
<tr><td>Total</td><td>512,800</td></tr>
</table>

The land use rights of the site are held for a term to be expired on 23 June 2045 for retail use, 23 June 2055 for office use, 23 June 2075 for residential use and 23 June 2055 for underground car parking spaces.</td>
<td>The property was under construction upon our inspection.</td>
<td>HK$15,842,000,000
(RMB12,700,000,000 RENMINBI TWELVE BILLION SEVEN HUNDRED MILLION)

(58.7% interests attributable to the Company: HK$9,299,000,000)</td>
</tr>
</table>

Notes:

a) According to the Planning Permit for Construction Land No. 0529670, the total land use area is approximately 106,000 sqm.

b) As informed by the Group, the Company owns an attributable interest of 58.7% in the property.

c) According to the Planning Permit for Construction Works No. 0617843, the total construction scale is approximately 590,800 sqm, includes 53,000 sqm for the transportation hub which is not owned by the Group.

d) As provided by the Group, the incurred and the outstanding construction costs, as at the valuation date, were approximately RMB2,122,000,000 and RMB2,170,000,000 respectively.

e) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of RMB23,332,000,000.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) By the time of 31 January 2013, Beijing Cheng Jian Dong Hua Real Estate Development Co., Ltd (北京城建東華房地產開發有限責任公司) has legally obtained the State-owned Land Use Rights of 91,287.7 sqm located to the north of Dongzhimen Wai Street, Dongcheng District, Beijing, the PRC. According to four Civil Ruling Papers issued by Beijing High People's Court issued on 14 November 2007 and 15 February 2008 and the statement from Beijing Cheng Jian Dong Hua, the land use rights mentioned before has been sealed-off by the Court as at 31 January 2013. The land use rights and the building under construction of Beijing Cheng Jian Dong Hua are not allowed to be transferred or mortgaged.

(ii) As per the confirmation of Beijing Cheng Jian Dong Hua, the property has not finished the final acceptance, and cannot be leased before construction is completed.

(iii) According to the records of Beijing Municipal Bureau of Land and Resources, the registered owner of the property is Beijing Cheng Jian Dong Hua Real Estate Development Co., Ltd.

h) A summary of major certificates/approvals is shown as follows:

(i)	State-owned Land Use Rights Grant Contract	N/A
(ii)	State-owned Land Use Rights Certificate	N/A
(iii)	Construction Land Use Permit	Yes
(iv)	Construction Engineering Planning Permit	Yes
(v)	Construction Works Commencement Permit	Yes
(vi)	Pre-sale Permit	N/A
(vii)	Construction Works Completion Certified Report	N/A

i) An external inspection was carried out by Ms. Nicole Liu, CIREA and Ms. Ella Du on 7 January 2013.

VALUATION CERTIFICATE

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Details of occupancy</th><th>Capital value as at 31 January 2013</th></tr>
<tr>
<td>A4.2</td>
<td>Phase 2 of Guoson Centre Changfeng, Daduhe Road, Putuo District, Shanghai, the PRC

The property is located within the Changfeng Ecology Commercial District, which is in the vicinity of Zhongshan Park CBD, Gubei CBD and Hongqiao CBD. The property is near the 360,000-sqm Changfeng Park and the famous commercial project Beian Changfeng.</td>
<td>The subject site consists of total site area of approximately 143,846 sqm.

Guoson Centre Changfeng, comprises of Property Nos. A1.1, A2.1, A2.2 and A3.2 which form Phase 1 of the development. The subject property will be Phase 2 of the development.

Upon completion, Phase 2 comprises approximately a total gross floor area above ground of 169,936.39 sqm excluding underground portions.
<table>
<tr><th></th><th>Gross Floor Area (sqm)</th></tr>
<tr><td>Above Ground</td><td></td></tr>
<tr><td>Office Block No. 3</td><td>32,965.00</td></tr>
<tr><td>Office Block No. 4</td><td>24,597.00</td></tr>
<tr><td>Serviced Apartment</td><td>29,772.39</td></tr>
<tr><td>Retail</td><td>83,330.27</td></tr>
<tr><td>**Sub-total**</td><td>**170,664.66**</td></tr>
<tr><td>Below Ground</td><td></td></tr>
<tr><td>Retail</td><td>7,451.60</td></tr>
<tr><td>Office Block No. 3 (Store and Rest Room)</td><td>2,044.00</td></tr>
<tr><td>Office Block No. 4 (Store and Rest Room)</td><td>2,016.00</td></tr>
<tr><td>Apartment Block (Store)</td><td>1,508.90</td></tr>
<tr><td>Car Park</td><td>63,445.30</td></tr>
<tr><td>**Total**</td><td>**247,130.46**</td></tr>
</table>
As advised by the Group, Phase 2 of the development will be completed in August 2016. The land use rights of the site are held for a term to be expired on 10 December 2055.</td>
<td>The property was under construction upon our inspection.</td>
<td>**HK$2,108,000,000**
(RMB1,690,000,000 RENMINBI ONE BILLION SIX HUNDRED NINETY MILLION)

(65.2% interests attributable to the Company: **HK$1,374,000,000**)</td>
</tr>
</table>

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaolong Property Development Co., Ltd (上海新浩隆房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract No. Pu Fang Di (2005) Grant Contract (64) dated 11 December 2005, the land use rights of the site where the development is erected/to be erected with a land area of approximately 143,846 sqm were granted to the Group.

d) According to the State-owned Land Use Rights Grant Contract No. Pu Fang Di (2005) Grant Contract (64) dated 11 December 2005, the construction on the subject site has to be completed on/before 31 December 2010. As informed by the Group, the completion date of 31 December 2010 is related to Phase 1 of the property, and the construction for Phase 2 will start no later than June 2013.

e) As provided by the Group, the construction costs to be paid up to 31 January 2013 was in the sum of approximately RMB367,512,720.

f) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of RMB3,390,000,000.

g) The property lies within an area zoned for commercial uses as per the records of local town planning office.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

i) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

    (i) Shanghai Xinhaolong is the legal land user of the property;

    (ii) Shanghai Xinhaolong has obtained the relevant certificates and approval from the government in respect of the construction of office 3, office 4, apartment, underground car parking spaces and facilities of Phase 2;

    (iii) The land where the apartment and the underground car park spaces of Phase 2 are occupied, and their construction are free of mortgage;

    (iv) The office 3 and office 4 portions of the property have been mortgaged to Shanghai Branch of Hang Seng Bank China Limited (恒生銀行中國有限公司上海分行) and Cao He Jin Branch of Bank of Shanghai Co., Ltd (上海銀行股份有限公司漕河涇支行); and

    (v) Shanghai Xinhaolong has no rights to pledge, mortgage, gift, transfer or disposal of the office 3 and office portion of the Property prior to the approval of the mortgagees Shanghai Branch of Hang Seng Bank China Limited and Cao He Jing Branch of Bank of Shanghai Co., Ltd.

j) A summary of major certificates/approvals is shown as follows:

(i)	State-owned Land Use Rights Grant Contract	Yes
(ii)	State-owned Land Use Rights Certificate	Yes
(iii)	Construction Land Use Permit	Yes
(iv)	Construction Engineering Planning Permit	Part
(v)	Construction Works Commencement Permit	Part
(vi)	Pre-sale Permit	N/A
(vii)	Construction Works Completion Certified Report	N/A

k) An external inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A4.3	Seasons Park, Laochengxiang, Nankai District, Tianjin, the PRC The property is located within a traditional commercial area, which is accessible by Metro Line 2.	The subject site with a land area of approximately 22,033.6 sqm will be developed into a residential development. Upon completion, the development will comprise seven residential buildings with a total above ground gross floor area of approximately 152,940 sqm.	The property was under construction upon our inspection.	**HK$2,127,000,000** (RMB1,705,000,000 RENMINBI ONE BILLION SEVEN HUNDRED FIVE MILLION) (65.2% interests attributable to the Company: **HK$1,387,000,000**)

	Gross Floor Area (sqm)
Residential	152,940.00
Underground car park	56,675.60
Total	**209,615.60**

As advised by the Group, the development will be completed in late 2013.

The land use rights of the site are held for a term to be expired on 14 April 2059.

Notes:

a) According to the records of Tianjin government office, the registered owner of the property is Tianjin Zhongxinmingshi Real Estate Development Co., Ltd. (天津中新名仕房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the Realty Title Certificate Fang Di Zheng Jin Zi No.104050900020 dated 27 April 2009, the land use rights of the site were granted to the Tianjin Zhongxinmingshi Real Estate Development Co., Ltd. for Urban Mixed Residential uses for a term to be expired on 14 April 2059.

d) According to the Planning Permit for Construction Works No. 120104200900117 dated 8 December 2009, the construction scale is 152,940 sqm.

e) As at the valuation date, 296 units, with a total gross floor area of 37,181 sqm, had been sold. The total amount of the sales contracts is RMB635,244,325.

f) As provided by the Group, the incurred and the outstanding construction costs, as at the valuation date, were approximately RMB570,407,052 and RMB187,713,665 respectively.

g) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of RMB1,705,000,000.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

i) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) Under the condition of Tianjin Zhongxinmingshi has obtained the Realty Title Certificate Jin Zi No.104050900020 (Tianjin Realty Title Certificate) (Land Portion) which prolong the term of validity, Tianjin Zhongxinmingshi legally own the State-owned Land Use Rights of 21,468.4 sqm located at No.12 of Lot (Zhao) 2004-024, Nankai District.

(ii) By the time of 31 January 2013, the mortgage placed on the land (No.12 of Lot (Zhao) 2004-024) of 21,468.4 is lawful and valid.

(iii) By the time of 31 January 2013, a total 296 units in Blocks Nos. 1, 2, 4, 5, 6 and 7, Tianjin Zhongxinmingshi had been pre-sold. Tianjin Zhongxinmingshi still have the ownership of those pre-sold units, but cannot re-sell, mortgage or dispose of those 296 units.

j) A summary of major certificates/approvals is shown as follows:

(i)	State-owned Land Use Rights Grant Contract	Yes
(ii)	State-owned Land Use Rights Certificate	Yes
(iii)	Construction Land Use Permit	Yes
(iv)	Construction Engineering Planning Permit	Yes
(v)	Construction Works Commencement Permit	Yes
(vi)	Pre-sale Permit	Yes
(vii)	Construction Works Completion Certified Report	N/A

k) An external inspection was carried out by Ms. Ella Du on 26 December 2012.

Group A5: Property interests held by the Group for Future Development in the PRC

VALUATION CERTIFICATE

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Details of occupancy</th><th>Capital value as at 31 January 2013</th></tr>
<tr><td>A5.1</td><td>Changfeng Plot 9
Tongpu Road,
Putuo District,
Shanghai, the PRC

The property is located within the Changfeng Ecology commercial district, which is in the junction of Zhongshan Park CBD, Gubei CBD and Hongqiao CBD. The property is near the 360,000-sqm Changfeng Park and the commercial project Beian Changfeng.</td><td>The subject site consists of seven adjoining lands with a total site area of approximately 47,674.5 sqm. The site is proposed for a residential development, namely Camden Park, with a planned gross floor area of approximately 122,400 sqm.

The proposed GFA breakdown is as follows:

<table>
<tr><th></th><th>Gross Floor Area (sqm)</th></tr>
<tr><td><u>Aboveground</u></td><td></td></tr>
<tr><td>Residential</td><td>120,671</td></tr>
<tr><td>Club house</td><td>1,596</td></tr>
<tr><td>Facilities area</td><td>133</td></tr>
<tr><td>Sub-total:</td><td>122,400</td></tr>
<tr><td><u>Underground</u></td><td></td></tr>
<tr><td>Car parking spaces</td><td>33,880</td></tr>
<tr><td>Bicycle Parking Spaces</td><td>400</td></tr>
<tr><td>Equipment Floor</td><td>11,042</td></tr>
<tr><td>Sub-total:</td><td>45,322</td></tr>
<tr><td>Total:</td><td>167,722</td></tr>
</table>

The land use rights of the site are held for a term to be expired on 1 December 2081.</td><td>The subject site was vacant upon our inspection.</td><td>HK$3,752,000,000
(RMB3,008,000,000
RENMINBI
THREE BILLION
EIGHT MILLION)

(82.6% interests attributable to the Company:
HK$3,099,000,000)</td></tr>
</table>

Notes:

a) According to the records of Shanghai Plan and Land Resources Administration, the registered owner of the property is Shanghai Xinhaojia Property Development Co., Ltd (上海新浩嘉房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 82.6% attributable interest.

c) According to the State-owned Land Use Rights Grant Contract No. Hu Pu Gui Tu (2011) 19 dated 31 October 2011, the land use rights of the subject site were granted to the Group for a consideration of RMB3,040,000,000.

d) According to the Real Estate Ownership Certificate No. Hu Fong Di Pu Zi (2012) No. 005410 dated 25 April 2012, the land use rights of the site were granted to the Group for residential uses for a term to be expired on 1 December 2081.

e) According to the State-owned Land Use Rights Grant Contract No. 440605-2008-000059 dated 5 May 2008, the relevant material terms are as follows:

  (i) The land use rights of the property could be transferred, leased or mortgaged by Shanghai Xinhaojia. In the case of first transfer, more than 25% of construction of the real estate project must have been completed.

  (ii) The construction on the subject site has to be completed on/before 2 December 2015.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

g) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

  (i) Shanghai Xinhaojia has obtained the land use rights certificate for the land for the Camden Park Property, and is entitled to legally occupy and use the land use rights;

  (ii) Shanghai Xinhaojia is entitled to transfer, lease and mortgage the land use rights under the premise that total investment of the development is more than 25%;

  (iii) The land use rights are free of mortgage; and

  (iv) Shanghai Xinhaojia had not commenced the construction by the valuation date (31 January 2013), and is allowed to postpone the construction under the premise that Shanghai Xinhaojia acquires the approval of Shanghai Putuo District Planning and Land Management Bureau.

h) A summary of major certificates/approvals is shown as follows:

(i)	State-owned Land Use Rights Grants Contract	Yes
(ii)	State-owned Land Use Rights Certificate	Yes
(iii)	Construction Land Use Permit	N/A
(iv)	Construction Engineering Planning Permit	N/A
(v)	Construction Works Commencement Permit	N/A
(vi)	Pre-sale Permit	N/A
(vii)	Construction Works Completion Certified Report	N/A

i) An external inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A5.2	Hillview Regency, East of Zhongshan College, Xuanwu District, Nanjing, the PRC The property is located within Laochengxiang Area which is a traditional commercial area in Nanjing, where it can be easily accessed by Metro Line 2.	The subject site consists of three adjoining lands with a total site area of approximately 281,291 sqm. The site is proposed for a residential and commercial development with a total above-ground gross floor area of 324,793 sqm. The land use rights of the site are held for a term to be expired on 7 December 2079.	The subject site was vacant upon our inspection.	**HK$3,069,000,000** (RMB2,460,000,000 RENMINBI TWO BILLION FOUR HUNDRED SIXTY MILLION) (48.9% interests attributable to the Company: **HK$1,501,000,000**)

Notes:

a) According to the State-owned Land Use Rights Grant Contract Ning Guo Tu Zi Rang He (2005) No. 165 dated 13 July 2005, the land use rights of the site with a site area of approximately 296,001.6 sqm were granted to Nanjing Xinhaoning Property Development Co., Ltd (南京新浩寧房地產開發有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 48.9% attributable interest.

c) According to the State-owned Land Use Rights Certificate Nos. Ning Xuan Guo Yong (2012) 06758, 06759 and 07541 dated 17 August 2012, the land use rights of the site were granted to the Group for residential for a term to be expired on 7 December 2079.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

e) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

  (i) Nanjing Xinhaoning has obtained the land use rights certificate for the land for the property, and is entitled to legally occupy and use the land use rights;

  (ii) Nanjing Xinhaoning is entitled to transfer, lease and mortgage the land use rights under the premise that total investment of the development is more than 25%; and

  (iii) The land use rights are free of mortgage.

f) A summary of major certificates/approvals is shown as follows:

(i)	State-owned Land Use Rights Grant Contract	Yes
(ii)	State-owned Land Use Rights Certificate	Yes
(iii)	Construction Land Use Permit	N/A
(iv)	Construction Engineering Planning Permit	N/A
(v)	Construction Works Commencement Permit	N/A
(vi)	Pre-sale Permit	N/A
(vii)	Construction Works Completion Certified Report	N/A

g) An external inspection was carried out by Mr. Kelvin Shi on 16 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A5.3	Phase 2 of Ascot Park, West of Bailong Mountain, Qixia District, Nanjing, the PRC	The subject site, being the phase 2 of Property No. A3.4, consists of three adjoining lands with a total site area of approximately 19,270 sqm. The site is proposed for a commercial development with a total above-ground gross floor area of 48,181 sqm. The land use rights of the site are held for a term to be expired on 9 July 2043.	The subject site was vacant upon our inspection.	**HK$271,000,000** (RMB217,000,000 RENMINBI TWO HUNDRED SEVENTEEN MILLION) (61.9% interests attributable to the Company: **HK$168,000,000**)

Notes:

a) According to the State-owned Land Use Rights Grant Contract dated 13 July 2005, the land use rights of a site where the development is erected with a site area of approximately 89,708.5 sqm were granted to the Nanjing Ma Hui Property Development Co., Ltd (南京馬會置業有限公司).

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 61.9% attributable interest.

c) According to the State-owned Land Use Rights Certificate No. Ning Qi Guo Yong (2007) 06954, dated 30 July 2007, the land use rights of the site were granted to the Group for commercial and office use for a term to be expired on 9 July 2043.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%, business tax and related taxes levied at 5.7% of the transaction amount and land appreciation tax levied on the gains from appreciation of property value at progressive rates ranging from 30% to 60%, based on the land value appreciation amount.

e) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) Nanjing Ma Hui has obtained the land use rights certificate for the land for the property, and is entitled to legally occupy and use the land use rights; and

(ii) The land use rights are free of mortgage.

f) A summary of major certificates/approvals is shown as follows:

(i)	State-owned Land Use Rights Grants Contract	Yes
(ii)	State-owned Land Use Rights Certificate	Yes
(iii)	Construction Land Use Permit	N/A
(iv)	Construction Engineering Planning Permit	N/A
(v)	Construction Works Commencement Permit	N/A
(vi)	Pre-sale Permit	N/A
(vii)	Construction Works Completion Certified Report	N/A

g) An external inspection was carried out by Mr. Kelvin Shi on 16 January 2013.

Group A6: Property interests Rented by the Group in the PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.1	An unit on Level 12 Easyhome Tower, No.3 Dongzhimen South Street, Dongcheng District, Beijing, the PRC The property is located within Dongzhimen Area which is one of the most popular commercial areas in Beijing. The property is adjacent to the East Second Ring Road and it can be easily accessed by Metro Line 2 and the Airport Express.	The property comprises an office unit in an 18-storey Grade A office building (excluding a 3 level basement). The building was completed in 2008. The lettable area of the subject office unit is approximately 33 sqm. The property is leased from Beijing Easyhome Tower Property Management Co., Ltd. to the Group for a term of one year from 16 January 2013 at a monthly rent of RMB8,910 exclusive of management fees and utility charges.	The property is occupied by the Group as an agency office.	No Commercial Value

Notes:

a) The registered owner of the subject property is Beijing Easyhome Tower Property Management Co., Ltd. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Ella Du on 7 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.2	An unit on Level 12 Easyhome Tower, No.3 Dongzhimen South Street, Dongcheng District, Beijing, the PRC The property is located within Dongzhimen Area which is one of the most popular commercial areas in Beijing. The property is adjacent to the East Second Ring Road and it can be easily accessed by Metro Line 2 and the Airport Express.	The property comprises an office unit in an 18-storey Grade A office building (excluding a 3 level basement). The building was completed in 2008. The property is leased from the third party to the Group for a term of one year from 16 January 2013 at a monthly rent of RMB128,872 exclusive of management fees and utility charges.	The property is occupied by the Group as an agency office.	No Commercial Value

Notes:

a) The registered owner of the subject property is Beijing Easyhome Tower Property Management Co., Ltd. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Ella Du on 7 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.3	An unit on Level 12 Easyhome Tower, No.3 Dongzhimen South Street, Dongcheng District, Beijing, the PRC The property is located within Dongzhimen Area which is one of the most popular commercial areas in Beijing. The property is adjacent to the East Second Ring Road and it can be easily accessed by Metro Line 2 and the Airport Express.	The property comprises an office unit in a 18-storey Grade A office building (excluding a 3 level basement). The building was completed in 2008. The property is leased from Beijing Easyhome Tower Property Management Co., Ltd. to the Group for a term from 11 June 2012 to 15 January 2014.	The property is occupied by the Group as an agency office.	No Commercial Value

Notes:

a) The registered owner of the subject property is Beijing Easyhome Tower Property Management Co., Ltd., As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Ella Du on 7 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.4	Unit 2403, Level 24, Jingan Fortune Gate, No. 1701 Beijing West Road, Jingan District, Shanghai, the PRC The property is located in the Jingan District. It is served by Metro Line 2 and is easily accessed from People Square.	Completed in 2005, the property comprises one high floor office unit in a 30-storey commercial building (excluding a 2 level basement). The gross floor area of the subject office unit is approximately 151 sqm. The property is leased from Yaohua Chen to the Group for a term of two years from 1 June 2012 at a monthly rent of RMB29,888 exclusive of management fees and utility charges.	The property is occupied by the Group as office uses.	No Commercial Value

Notes:

a) The registered owner of the subject property is Yaohua Chen. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.5	Unit 1204, Paris Fashion, No. 500 South Xiangyang Road, Xuhui District, Shanghai, the PRC The property is located in the Xuhui District. It is served by Metro Line 9 and is easily accessed from Xujiahui.	Completed in 2003, the property comprises one high floor residential unit in a 32-storey commercial building (excluding a 2 level basement). The gross floor area of the subject office unit is approximately 60 sqm. The property is leased from Min Lu to the Group for a term of one year from 1 June 2012 at a monthly rent of RMB8,000 exclusive of management fees and utility charges.	The property is occupied by the Group as a sale office, staff quarters and other uses.	No Commercial Value

Notes:

a) The registered owner of the subject property is Min Lu. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Yiren Ni on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.6	Room 804, Maigou International Tower, No.11 Nanmalu Road, Heping District, Tianjin, the PRC The property is located within Laochengxiang Area which is a traditional commercial area in Tianjin, where it can be easily accessed by Metro Line 2.	Completed in 2010, the property comprises an office unit in a 27-storey Grade A office building. The property is leased from Tianjin Xinbinjiang Electromechanical Plaza Co., Ltd to the Group for a term of two years from 1 August 2012 at a monthly rent of RMB11,502 exclusive of management fees and utility charges.	The property is occupied by the Group as an agency office.	No Commercial Value

Notes:

a) The registered owner of the subject property is Tianjin Xinbinjiang Electromechanical Plaza Co., Ltd (天津新濱江機電廣場有限公司). As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial and residential uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Ella Du on 26 December 2012.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
A6.7	Units 1703-1709, Level 17, Nanjing Suliang International Building, No. 328 Zhong shan Road, Xuanwu District, Nanjing, the PRC The property is located in the Xuanwu District. It is served by Metro Line 1 and is easily accessed from Guanyin Bridge.	Completed in 2009, the property comprises one high floor office unit in a 27-storey commercial building. The leasable area of the subject office unit is approximately 611.62 sqm. The property is leased from Nanjing Electromechanical Equipment Bidding Trading Centre to the Group for a term of four years from 10 September 2011 at a monthly rent of RMB48,369 exclusive of management fees and utility charges.	The property is occupied by the Group as office uses.	No Commercial Value

Notes:

a) The registered owner of the subject property is Nanjing Electromechanical Equipment Bidding Trading Centre. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned for commercial uses as per the records of local town planning office.

c) An external inspection was carried out by Ms. Yiren Ni on 16 January 2013.

GROUP B1 – Property interests held by the Group for Investment in Hong Kong

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
B1.1	12th Floor, The Center, 99 Queen's Road Central, Hong Kong 1783/172379 undivided shares of and in Inland Lot No. 8827 The property is located between the Central and Sheung Wan commercial districts. Central and Hong Kong MTR Stations are within a short walking distance from the property.	The property comprises a whole floor in The Center, a 73-storey office building completed in 1998. Retail shops, banks, restaurants, car parking spaces are provided on the lower floors. The property has a gross floor area of 2,379.13 sqm (25,609 sqft) as per the information provided. The saleable area of the property is measured to be 1,537.81 sqm (16,553 sqft). The property is held under Conditions of Exchange No. 12379 for a term from 24 November 1995 until 30 June 2047. The annual Government Rent is equivalent to 3% of the rateable value of the property.	According to the information provided by the Group, the floor had been leased to various tenants with the latest expiry on 30 June 2015. The total monthly rental is HK$1,124,616, exclusive of rates, management fees and air-conditioning charges.	**HK$341,000,000** (HONG KONG DOLLARS THREE HUNDRED FORTY ONE MILLION) (100% interests attributable to the Company: **HK$341,000,000**)

Notes:

a) The registered owner of the property is Supreme Goal Investments Limited vide Memorial No. UB7604071 dated 12 October 1998.

b) As informed by the Group, the registered owner is a direct wholly owned subsidiary of the Company.

c) The property is subject to the following encumbrances:

   (i) Occupation Permit No. H44/98 vide Memorial Nos. UB7511436 and UB7620861 dated 13 June 1998;

   (ii) Deed of Mutual Covenant and Management Agreement vide Memorial No. UB7603348 dated 12 October 1998;

   (iii) Certificate of Compliance vide Memorial No. UB8041101 dated 31 March 2000; and

   (iv) Sub-Deed of Mutual Covenant (supplemental to Memorial No. UB7603348) vide Memorial No. UB9024549 dated 29 September 2003.

d) The property lies within "Commercial (2)" zone under Approved Sai Ying Pun and Sheung Wan Outline Zoning Plan No. S/H3/27 approved on 18 May 2012.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 16.5%.

f) An external inspection was carried out by Mr. Alex PW Leung MHKIS, MRICS, RPS(GP) on 10 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
B1.2	15th Floor, The Center, 99 Queen's Road Central, Hong Kong 1,783/172,379 undivided shares of and in Inland Lot No. 8827 The property is located between the Central and Sheung Wan commercial districts. Central and Hong Kong MTR Stations are within a short walking distance from the property.	The property comprises a whole floor in The Center, a 73-storey office building completed in 1998. Retail shops, banks, restaurants, car parking spaces are provided on the lower floors. The property has a gross floor area of 2,379.13 sqm (25,609 sqft) as per the information provided. The saleable area of the property is measured to be 1,537.81 sqm (16,553 sqft). The property is held under Conditions of Exchange No. 12379 for a term from 24 November 1995 until 30 June 2047. The annual Government Rent is equivalent to 3% of the rateable value of the property.	According to the information provided by the Group, the property is sub-divided into 12 units, 10 of which were subjected to tenancies of fixed term with the latest expiry on 9 March 2015. The total monthly rental is HK$1,052,616, exclusive of Government rent, rates, management fees and air-conditioning charges. Unit 1501 and Unit 1504 were vacant as at the Date of Valuation.	**HK$344,000,000** (HONG KONG DOLLARS THREE HUNDRED FORTY FOUR MILLION) (100% interests attributable to the Company: **HK$344,000,000**)

Notes:

a) The registered owner of the property is Supreme Goal Investments Limited vide Memorial No. UB7604071 dated 12 October 1998.

b) As informed by the Group, the registered owner is a direct wholly owned subsidiary of the Company.

c) The Property is subject to the following encumbrances:

(i) Occupation Permit No. H44/98 vide Memorial Nos. UB7511436 and UB7620861 dated 13 June 1998;

(ii) Deed of Mutual Covenant and Management Agreement vide Memorial No. UB7603348 dated 12 October 1998;

(iii) Certificate of Compliance vide Memorial No. UB8041101 dated 31 March 2000; and

(iv) Sub-Deed of Mutual Covenant (supplemental to Memorial No. UB7603348) vide Memorial No. UB9024549 dated 29 September 2003.

d) The property lies within "Commercial (2)" zone under Approved Sai Ying Pun and Sheung Wan Outline Zoning Plan No. S/H3/27 approved on 18 May 2012.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 16.5%.

f) An external inspection was carried out by Mr. Alex PW Leung MHKIS, MRICS, RPS(GP) on 10 January 2013.

Group B2: Property interests Rented by the Group in Hong Kong

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
B2.1	50th Floor, The Center, 99 Queen's Road Central, Hong Kong 1,854/172,379 undivided shares of and in Inland Lot No. 8827 The property is located between the Central and Sheung Wan commercial districts. Central and Hong Kong MTR Stations are within a short walking distance from the property.	The property comprises a whole floor in The Center, a 73-storey office building completed in 1998. Retail shops, banks, restaurants, car parking spaces are provided on the lower floors. The property has a gross floor area of 2,377.95 sqm (25,596 sqft) as per the information provided. The saleable area of the property is measured to be 1,537.11 sqm (16,545 sqft). The Property is held under Conditions of Exchange No. 12379 for a term from 24 November 1995 until 30 June 2047. The annual Government Rent is equivalent to 3% of the rateable value of the property.	According to the information provided by the Group, the property is currently occupied by the Group, subjected to tenancy of fixed term with expiry on 31 December 2015. The total monthly rental is HK$1,561,500, exclusive of Government rent, rates, management fees and air-conditioning charges.	No Commercial Value

Notes:

a) The registered owner of the subject property is Land Development Corporation. As informed by the Group, the registered owner is an independent third party of the Group.

b) The Property is subject to the following encumbrances:

  (i) Occupation Permit No. H44/98 vide Memorial Nos. UB7511436 and UB7620861 dated 13 June 1998;

  (ii) Deed of Mutual Covenant and Management Agreement vide Memorial No. UB7603348 dated 12 October 1998;

  (iii) Certificate of Compliance vide Memorial No. UB8041101 dated 31 March 2000; and

  (iv) Sub-Deed of Mutual Covenant (supplemental to Memorial No. M/N 7603348) vide Memorial No. UB9024549 dated 29 September 2003.

c) The property lies within "Commercial (2)" zone under Approved Sai Ying Pun and Sheung Wan Outline Zoning Plan No. S/H3/27 approved on 18 May 2012.

d) An external inspection was carried out by Mr. Alex PW Leung MHKIS, MRICS, RPS(GP) on 10 January 2013.

Group C1: Property interests held by the Group for Investment in Malaysia

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C1.1	A 3-½-storey elevated car park PM 3701/Lot 35181, Locality of Jalan Kelang Lama, Mukim of Petaling District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia The subject property is located at Bedford Business Park, off Jalan Klang Lama, Kuala Lumpur at approximately 10 kilometres north east of the City Centre of Kuala Lumpur.	The subject property is a purpose built 3-½-storey car park block accommodating a total of 160 car parking bays. The land use rights of the site is a 99-year leasehold interest expiring on 16 July 2088. The annual land rent payable to the government is RM10,047.	The subject property is currently tenanted to Elken Sdn Bhd with a monthly rental of RM20,000.	**HK$10,000,000** (RM4,000,000– MALAYSIAN RINGGIT FOUR MILLION) (44.3% interests attributable to the Company: **HK$4,400,000**)

Notes:

a) The basis of valuation is the Market Value of the subject property i.e. the unexpired 76-year leasehold interest in a 3 ½-storey elevated car park (160 bays) at Bedford Business Park, off Jalan Klang Lama, Kuala Lumpur (held under PM 3701/Lot 35181, Locality of Jalan Kelang Lama, Mukim of Petaling and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur) in its existing condition and subject to the BASES/ASSUMPTIONS as stated in Note (b) below and its title being free from encumbrances and registrable.

b) The Group has not been able to provide us with any proper approval documents (i.e. Approved Building Plans and Certificate of Fitness for Occupation) in respect of the building.

- For the present exercise, we have been specifically instructed to assume that the car parking structure erected on the subject property is approved and built in accordance to the proper building by-laws and issued with a Certificate of Fitness for Occupation.

c) The subject property is zoned commercial (Restricted to car park usage only).

d) External inspections to the subject property were carried out by Mr. Chia Chin Phang, B. (Hons) Estate Management on 14 January 2013.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

f) Legal Details

Extracted from a search at the Registry of Land Titles of Wilayah Persekutuan Kuala Lumpur on 29 January 2013:

Title No. : PM 3701

Lot No. : Lot 35181

Locality : Jalan Kelang Lama

Mukim : Petaling

District : Kuala Lumpur

State : Wilayah Persekutuan Kuala Lumpur

Tenure : 99-year leasehold interest expiring on 16 July 2088

Title Land Area : 2,912 sqm

Annual Rent : RM10,047

Category of Land Use : Bangunan (Building)

Express Condition : Tanah ini hendaklah digunakan hanya untuk tapak bangunan tempat letak kereta sahaja (car parking only).

Restriction in Interest : Tanah ini tidak boleh dipindahmilik, dipajak dan dicagar melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur. (This land cannot be transferred, leased and charged except by permission of the Federal Territory Land Kuala Lumpur)

Registered Owner : Hume Development Sdn Bhd
(As informed by the Group, Hume Development Sdn Bhd is now renamed as "Bedford Industrial Development Sdn Bhd". Bedford Industrial Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

Endorsement : Nil.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C1.2	Blocks C and D, Menara Pandan, Seksyen 15, Bandar Ampang, District of Ulu Langat, Selangor Darul Ehsan, Malaysia *(Parent Title)* HS(D) 148569/Lot No. PT 13966 The subject property is located within Pandan Indah, Kuala Lumpur. It lies approximately 11 kilometres to the south eastern of the City Centre of Kuala Lumpur.	The subject property consists of 2 blocks of 10-storey office tower together with a 2-level elevated car park, totalling to 301 bays (as per the Sale and Purchase Agreement). The net lettable floor areas of the subject property is approximately 33,088 sqm. The land use right of the subject property is a 99-year leasehold interest expiring on 24 March 2101. The annual rent payable to the government is RM29,845. Individual Strata Titles in respect of the subject property have not been issued.	Block C has a 100% occupancy rate and is presently tenanted to Lembaga Hasil Dalam Negeri. This tenancy is expiring on 31 October 2013. Block D has low occupancy rate of about 11%. It is tenanted to Indah Water Konsortium Sdn Bhd and HLMG Management Co Sdn Bhd. The state of decorative repair of Block C is fair whilst the Block D is poor.	**HK$150,000,000** (RM60,000,000– MALAYSIAN RINGGIT SIXTY MILLION) (44.3% interests attributable to the Company: **HK$66,000,000**)

Notes:

a) The basis of valuation is the Market Value of the unexpired 88-year leasehold interest in 2 blocks of 10-storey office tower (stratified) together with a 2-level elevated car parks known as Block C and Block D, Menara Pandan (held under Parent title HS(D) 148569/Lot No. PT 13966 Seksyen 15, Bandar Ampang, District of Ulu Langat, Selangor Darul Ehsan) in its existing condition, subject to the existing tenancies and its title assumptions being legally enforceable.

b) The approximate age of the subject property is about 15 years.

c) Our verbal enquiry at the Ampang Jaya Town Planning Department confirmed that the subject property is zoned for commercial.

d) The subject property is sited within a neighbourhood provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

f) Legal Details (Parent Title)

Extracted from a search at the Registry of Land Titles of Selangor Darul Ehsan Land Registry on 9 January 2013:

Title No.:	HSD 148569
Lot No.:	Lot PT 13966 Seksyen 15
Bandar:	Ampang
District:	Ulu Langat
State:	Selangor Darul Ehsan
Tenure:	99-year leasehold interest expiring on 24 March 2101
Category of Land Use:	Bangunan (Building)
Express Condition:	Bangunan Perniagaan (Commercial Building)

g) The beneficial owners of the subject property are as below:

Description	**Beneficial Owner(s)**
Block C	BLV Fashions Sdn Bhd (As informed the Group, BLV Fashions Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
Block D	Guobena Development Sdn Bhd (As informed by the Group, Guobena Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
Car Park (Level 7)	Guobena Development Sdn Bhd (As informed by the Group, Guobena Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
Car Park (Level 8)	BLV Fashions Sdn Bhd (As informed the Group, BLV Fashions Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

* *based on Group's latest confirmation dated 20 February 2013.*

h) In our valuation, we have made the following title assumptions:

- The net lettable floor areas of the subject property of about 33,088 sqm (356,160 sqft) is correct;
- The subject property will be issued with 22 individual strata titles;
- the strata title(s) to be issued for the properties shall convey a 99-year leasehold interest tenure; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

i) An internal inspection was carried out by Ms. Chin Poh Ting, B.(Hons) Estate Management on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C1.3	A food court and 40 open-air car parking space, within PJ City Development, Section 51A, Petaling Jaya, Selangor Darul Ehsan, Malaysia Part of PN 91908/Lot 13507 Seksyen 32 Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan, Malaysia The subject property is located within Section 51A, Petaling Jaya which lies off the north-western side of the Federal Highway at approximately 2 kilometres south-west of the City Centre of Petaling Jaya.	The subject property comprises a food court and 40 open-air car parking spaces on ground level at the entrance lobby of Blocks A and B within PJ City Development. PJ City Development is an integrated commercial complex comprising 2 existing office towers (Blocks A and B) and another proposed 4 office towers (Blocks C – F) which are yet to be built. The 40 open-air car park bays are found at the entrance lobby of Blocks A and B. The food court is found at the basement level in the centre section between Blocks A and B. It comprises 17 food stalls and a sitting area of about 929 sqm. The land use right of the site is a 99-year leasehold interest expiring on 12 December 2107. The annual land rent (parent title) payable to the government is RM99,066.	The 40 surface level car parking bays is currently tenanted to Secure Parking Corporation Sdn Bhd with a monthly rental of RM4,000. The food court is currently tenanted to Ideal Wealth Creation Sdn Bhd with a monthly rental of RM10,000.*	**HK$3,000,000** (RM1,200,000– MALAYSIAN RINGGIT ONE MILLION TWO HUNDRED THOUSAND) (44.3% interests attributable to the Company: **HK$1,300,000**)

Notes:

a) The basis of valuation is the Market Value of the subject property i.e. the unexpired 95-year leasehold interest in a food court and 40 open-air car parking bays on ground level located within PJ City Development, Section 51A, Petaling Jaya, Selangor (held under parent title PN 91908/Lot 13507 Seksyen 32, Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan) in its existing condition with vacant possession and subject to the parent title and title assumptions being free from encumbrances and registrable.

b) *The food court is constructed as per requirement in Planning Approval bearing reference no. 18dlm.MPPJ/JPB331/T/P23/S51/1240/2007 Jilid 3. Based on the said approval, the food court shall be leased back to the Municipal Council at a nominal rental. GLM Property Management Co. Ltd also formally confirmed that the food court section is not saleable. As such, we have given "no commercial value" to the food court.

c) The subject property is located within an area designated for commercial.

d) In our valuation, we have made the following title assumptions:

- The subject property will be issued with 2 individual strata titles;
- The title(s) to be issued for the subject property shall convey a 99-year leasehold interest; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

e) External inspections to the subject property were carried out by Mr. Chia Chin Phang, B. (Hons) Estate Management on 11 January 2013.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

g) Legal Details (Parent Title)

Extracted from a search at the Registry of Land Titles of Selangor Darul Ehsan on 14 January 2013:

Title No.	:	PN 91908
Lot No.	:	Lot 13507 Seksyen 32
Mukim	:	Bandar Petaling Jaya
District	:	Petaling
State	:	Selangor Darul Ehsan
Tenure	:	99-year leasehold interest expiring on 12 December 2107
Title Land Area	:	32,060 sqm
Annual Rent	:	RM99,066
Category of Land Use	:	Bangunan (Building)
Express Condition	:	Bangunan Perniagaan (Commercial Building)
Restriction-in-interest	:	Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri (This land can be transferred, leased or charged after securing consent from the State Government Authority)
Registered Owner	:	PJ Corporate Park Sdn Bhd (As informed by the Group, PJ Corporate Park Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
Encumbrance	:	Charged to Affin Bank Berhad

Group C2: Property interests held by the Group for Occupation/Operation in Malaysia

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C2.1	Thistle Johor Bahru, Jalan Sungai Chat, Johor Bahru, Malaysia The subject property is located within the City Centre of Johor Bahru.	The subject property is a 5-star hotel with 382 hotel rooms known as Thistle Johor Bahru which fronts onto Jalan Sungai Chat, within City Centre of Johor Bahru, Johor Darul Takzim, Malaysia. Thistle Johor Bahru is a 15-storey Hotel building with a 3 lower/basement levels of car parking (411 bays). A copy of Certificate of Fitness bearing Ref. No. MBJB (PB) 68/91 was issued by Majlis Bandaraya Johor Bahru on 25 August 2000. The land use right of the subject property is a 99-year leasehold interest expiring on 10 October 2087. The annual rent payable to the government is RM128,212.	Based on actual records provided, the occupancy rates achieved by the subject property for 2010, 2011 and 2012 are approximately 62%, 67% and 77% respectively. The 3-year average stands at about 68.5%.	**HK$431,000,000** (RM172,000,000– MALAYSIAN RINGGIT ONE HUNDRED SEVENTY TWO MILLION) (35.4% interests attributable to the Company: **HK$153,000,000**)

Notes:

a) The basis of valuation is the Market Value of the unexpired 75-year leasehold interest in Thistle Johor Bahru (held under PN 11153, Lot No 24807, City and District of Johor Bahru, Johor Darul Takzim) in its existing condition, with vacant possession or otherwise subject to the existing tenancies and existing management agreement with Thistle and to its title being free from encumbrances and registrable.

b) Based on the Local Plan for the District of Johor Bahru 2020 confirms that the subject property is currently zoned for commercial.

c) The subject property is valued by adopting Direct Capitalization Method of Income Approach and supported by the Direct Comparison Approach. Our Direct Capitalization Method adopts net operating income of the property and capitalized at a comparative market capitalization rate based on similar comparables. Sale comparables under Direct Comparison Approach are quoted from The Government Valuation and Property Services Department’s (JPPH) Sale Database.

d) The subject property comprises:

- 382 rooms and 411 car parking bays
- 3 restaurants and a bar (i.e. Malay kitchen- The Fresh, tea lounge and cafe restaurant-The Glass, pool restaurant-The Oasis and the bar-The Hive)
- A lobby lounge

- Conference and meeting facilities (a banquet hall and a pre function area and 8 meeting rooms located on the lower ground floor and 4 meeting rooms located on the 14th Floor)
- Recreational facilities comprising an outdoor swimming pool, Clark Hatch fitness and sports centre, business centre and 2 tennis courts
- Retail outlets such as florist shop, boutique shop, travel agency and gift shop

e) The building is constructed of reinforced concrete framework on reinforced concrete floors, with a reinforced concrete flat roof, plastered brickwalls and tempered glass panels.

f) Overall the interior of the Hotel is well-appointed in line with its “5-star” rating and classification. The interior décor are of reasonably high quality furnishing comprising generally selected polished granite and marble slabs, wall-to-wall carpets, ceramic tiles, timber panels/strips and decorative fibrous plasters/mineral fibreboards.

g) The building is equipped with centralized air conditioning system, fire-fighting services, building security system, emergency power generator sets and is served by a total of 10 lifts.

h) We note that the decorative and repairing condition of the subject property is good, commensurate with its existing use and age.

i) The subject property is currently managed by Guoman Hotel Management (Malaysia) Sdn Bhd and operates under the Thistle brand.

j) The summary of the pertinent terms and conditions of the management agreement are as follows:

Date of Agreement:	14 May 2010
Operator:	Guoman Hotel Management (Malaysia) Sdn Bhd
Commencement date:	1 January 2009
Term/Renewal:	10 + 10 years (from the Opening Date i.e. 1 July 2009)

k) An internal inspection was carried out by Mr. Wong Tack Loong, a Registered Valuer with The Board of Valuer, Appraisers And Estate Agents Malaysia on 15 January 2013.

l) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

m) Extracted from a search at the Johor Land Registry in Kota Iskandar, Nusajaya on 10 January 2013:

Title No.:	PN 11153
Lot No.:	24807
City and District:	Johor Bahru
State:	Johor Darul Takzim
Tenure:	99-year leasehold interest, expiring on 10 October 2087
Title Land Area:	2.404 hectares (24,040 square metres)
Category of Land Use:	Bangunan (Building)
Express Conditions:	i. Tanah ini hendaklah digunakan untuk Bangunan Hotel, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. (This land shall be used for a hotel building built in accordance with the plan approved by the Local Government Authority.)

ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. (All debris and contamination arising from this activity has to be disposed at a proper disposal site provided by the Authority.)

iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi. (Any terms and conditions which are introduced time to time by the State Authority has to be adhered to.)

Restrictions-In-Interest:

i. Tuanpunya tanah tidak dibenarkan menjualkan unit-unit (parcels) bangunan yang akan dibina di atas tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. (The land owner is not permitted to sell units (parcels) within the building unless the building is built in accordance the plans approved by the Local Authority.)

ii. Hakmilik tanah apabila dipecahkan kepada hakmilikstrata, pecahan hakmilik strata tersebut apabila sahaja bertukar hakmilik kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak, digadai atau dipindahmilik dengan apa cara sekalipun kepada orang bukan Bumiputera/Syarikat bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri. (The title upon subdivision into strata title will be subject to the following:– Once a title is transferred to a Bumiputra (native) or a native company, it cannot be sold, leased, charged or transferred to a non native unless a prior consent from the State of Government Authority is obtained.)

iii. Pecahan Hakmilik strata daripada hakmilik ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri. (The subdivided strata title cannot be sold or transferred to non citizen/foreign company unless a prior consent from the State of Government Authority is obtained.)

Registered Owner: JB Parade Sdn. Bhd. (As informed by the Group, JB Parade Sdn. Bhd. is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 35.4% attributable interest)

Encumbrance: Charged to Malayan Banking Berhad

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C2.2	Thistle Port Dickson and a 9-hole golf course fronting onto Jalan Port Dickson – Pasir Panjang, KM16, Telok Kemang, Port Dickson, Negeri Sembilan, Malaysia The subject property is located at KM16, Jalan Port Dickson – Pasir Panjang, Telok Kemang, Port Dickson.	Thistle Port Dickson is a 6-storey hotel building providing 251 hotel rooms with a 9-hole golf course (18.77 hectares of golf course land). A Certificate of Fitness bearing ref. no. MDPD431/167/92/03 was issued by Majlis Daerah Port Dickson on 29 December 1997. The land use right of the subject property is in perpetuity (Freehold). The annual rent payable to the government is RM20,262.	Based on actual records provided, the occupancy rates achieved by the subject property for 2010, 2011 and 2012 are approximately 52%, 58% and 59% respectively. The 3-year average is approximately 56.7%.	**HK$271,000,000** (RM108,000,000– MALAYSIAN RINGGIT ONE HUNDRED AND EIGHT MILLION) (50.6% interests attributable to the Company: **HK$137,000,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in Thistle Port Dickson and a 9-hole Golf Course (held under Geran 84962/Lot 7251 and Geran 84694/Lot 7253, Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan) in its existing condition, with vacant possession or otherwise subject to the existing tenancies and existing management agreement with Thistle and to its titles being free from encumbrances and registrable.

b) Our verbal enquiry at the Port Dickson Town Planning Department confirmed that the subject property is zoned for commercial.

c) The subject property is valued by adopting Direct Capitalization Method of Income Approach and supported by the Direct Comparison Approach. Our Direct Capitalization Method adopts net operating income of the property and capitalized at a comparative market capitalization rate based on similar comparables. Sale comparables under Direct Comparison Approach are quoted from The Government Valuation and Property Services Department's (JPPH) Sale Database.

d) The subject property comprises:

- 251 rooms
- 9-hole golf course
- 3 restaurants (i.e. Malay kitchen – The Fresh, tea lounge and cafe restaurant-The Glass, chinese restaurant- The Chinoise)
- A lobby lounge (The Steps)
- Conference and meeting facilities (a banquet hall, a pre function area and various meeting rooms)
- Recreational facilities comprising a swimming, children and wading pool, fitness and sports centre, spa, bicycle track, children's playground, games room, movie room and 2 tennis courts

e) The building is constructed of reinforced concrete framework on reinforced concrete floors, with a reinforced concrete flat roof, plastered brickwalls and tempered glass panels.

f) Overall the interior of the Hotel is well-appointed in line with its "5-star" rating and classification. The interior décor are of reasonably high quality furnishing comprising generally selected polished granite and marble slabs, wall-to-wall carpets, ceramic tiles, timber panels/strips and decorative fibrous plasters/mineral fibreboards.

g) The building is equipped with centralized air conditioning system, fire-fighting services, building security system, emergency power generator sets and is served by a total of 4 lifts.

h) The decorative and repairing condition of the subject property is good, commensurate with its existing use and age.

i) The subject property is currently managed by Guoman Hotel Management (Malaysia) Sdn Bhd which operates under the Thistle brand.

j) The summary of the pertinent terms and features of the management agreement are as follows:–

Date of Agreement:	14 May 2010
Operator:	Guoman Hotel Management (Malaysia) Sdn Bhd
Commencement date:	8 February 2009
Term/Renewal:	10 + 10 years (from the Opening Date i.e. 1 June 2009)

k) An internal inspection was carried out by Mr. Mohamad Hafiz Johan, B. (Hons) Property Management on 15 January 2013.

l) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

m) Extracted from a search at the Negeri Sembilan Land Registry in Seremban on 15 January 2013:

Title No.	Lot No.	Titular Land Area	Annual Rent
GRN 84692	Lot 7251	44,600 square metres	RM16,502.00
GRN 84694	Lot 7253	187,690 square metres	RM3,760.00

Mukim:	Pasir Panjang
District:	Port Dickson
State:	Negeri Sembilan
Tenure:	Freehold
Category of Land Use:	Bangunan (Building)
Express Conditions:	Lot 7251 Tanah ini hendaklah digunakan untuk bangunan perniagaan sahaja (This land is to be used for commercial building only) Lot 7253 Tanah ini hendaklah digunakan untuk padang golf sahaja (This land is to be used for golf course only)
Restrictions-In-Interest:	Not stated
Registered Owner:	PD Resort Sdn. Bhd. (As informed by the Group, PD Resort Sdn. Bhd. is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 50.6% attributable interest)
Encumbrances:	Lot 7251 Charged to RHB Bank Berhad Lot 7253 Nil

Group C3: Property interests held by the Group for Sale in Malaysia

VALUATION CERTIFICATE

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Details of occupancy</th><th>Capital value as at 31 January 2013</th></tr>
<tr><td>C3.1</td><td>3 units of stratified office, Jalan BRP 6/10, Bukit Rahman Putra, Shah Alam, Selangor Darul Ehsan, Malaysia

(Parent Title) HS(D) 283618/PT 12456, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan

The subject property lies approximately 30 kilometers of the north-west of the Kuala Lumpur City Centre.</td><td>The subject property comprises 3 units of stratified office situated at the first floor of a row of 4-storey terraced shop/offices.

The total floor areas of the 3 units stratified office are approximately 500.29 sqm (5,385 sqft) i.e.

<table><tr><th>Unit No.</th><th>Floor Area (sqm)</th></tr><tr><td>1B</td><td>247.59</td></tr><tr><td>7B</td><td>126.35</td></tr><tr><td>11B</td><td>126.35</td></tr><tr><td>Total :</td><td>500.29</td></tr></table>
The land use rights of the site are in perpetuity (Freehold).

Individual strata titles in respect of the subject property have yet to issue.</td><td>The subject property is vacant.

The state of decorative of repair of the subject property is good.</td><td>HK$1,500,000
(RM590,000– MALAYSIAN RINGGIT FIVE HUNDRED NINETY THOUSAND)

(44.3% interests attributable to the Company: HK$660,000)</td></tr>
</table>

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in the subject property i.e. 3 units of stratified office situated along Jalan BRP 6/10, Bukit Rahman Putra (held under Parent Title viz. HS(D) 283618/PT 12456, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan) in their existing condition, with vacant possession and subject to the parent title and title assumptions being free from all encumbrances and registrable.

b) Our verbal enquiries with Town Planning Department of Shah Alam City Council confirmed that the subject property is zoned for commercial.

c) Site and Services

Street Frontage: Primary frontage onto Jalan BRP 6/10, within Bukit Rahman Putra, Shah Alam, Selangor Darul Ehsan.

Services:	Main water, electricity supply and telephone lines are connected to the subject property. These facilities are presumably envisaged to meet the current and future demands of the existing developments here. Public transportation in the form of buses and taxis is easily available in the vicinity.

d) The Block within which the subject property is located is constructed of reinforced concrete framework infilled with plastered brickwalls on reinforced concrete floors and covered with interlocking roof tiles.

e) The ceilings and floor finishes of the respective units within the subject property are generally of cement plaster and cement render/ceramic tiles/carpet respectively.

f) In our valuation, we have made the following title assumptions:

- The total floor areas (for 3 units) of the subject property i.e. approximately 500.29 sqm (5,385 sqft) is correct;
- The strata title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the strata title(s) which shall be issued free from all encumbrances and registrable.

g) Internal inspections to Unit Nos. 1B and 7B and only external inspection to Unit No. 11B were carried out by Ms. Lee Hooi San, a Registered Valuer with the Board of Valuers, Appraisers and Estate Agents Malaysia on 14 January 2013.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) Legal Details

Extracted from a search at the Registry of Land Titles of Selangor Darul Ehsan:–

Title No.:	HS(D) 283618
Lot No.:	PT 12456
Mukim:	Rawang
District:	Gombak
State:	Selangor Darul Ehsan
Tenure:	Freehold
Provisional Land Area:	2,647 sqm
Annual Rent:	RM5,453.00
Category of Land Use:	Bangunan (Building)
Express Condition:	Bangunan Perniagan (Commercial Building)
Restriction-In-Interest:	Nil
Registered Owner:	Harta Kemunchak Sdn Bhd (As informed by the Group, the subject property is held on trust by Harta Kemunchak Sdn Bhd for Sabna Development Sdn Bhd. Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.2	388 units of low-cost flats, Phase 6A and 6B, Bukit Rahman Putra, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan, Malaysia (Parent Title) HS(D) 31905/PT 13196, HS(D) 31907/PT 13198 and HS(D) 31909/PT 13200, all in Mukim of Rawang, District of Gombak, Selangor Darul Ehsan It lies approximately 30 kilometres due north-west of the Kuala Lumpur City Centre.	The subject property comprises 388 units of low-cost flats situated within 26 blocks of 5-storey walk-up flats. The total floor areas of the 388 units low-cost flats are approximately 25,232 sqm (approximately 271,600 sqft, i.e. 700 sqft per unit). The land use rights of the site are in perpetuity (Freehold). Individual strata titles in respect of the subject property have yet to be issued.	The subject property is vacant. Externally, the state of decorative repair of the subject property is good.	**HK$41,000,000** (RM16,300,000– MALAYSIAN RINGGIT SIXTEEN MILLION AND THREE HUNDRED THOUSAND) (44.3% interests attributable to the Company: **HK$18,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in the subject property i.e. 388 units of low-cost flats within Phase 6A and 6B, Bukit Rahman Putra (held under Parent Titles viz. HS(D) 31905/PT 13196, HS(D) 31907/PT 13198 and HS(D) 31909/PT 13200, all in Mukim of Rawang, District of Gombak, Selangor Darul Ehsan) in their respective existing condition, with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

b) Our verbal enquiries with Town Planning Department of Shah Alam City Council confirm that the subject property is zoned for residential.

c) Our verbal enquiries at the Housing Division of the State Secretary of Selangor revealed that the ceiling sale price of a low-cost flat is fixed at a maximum of RM42,000 per unit.

d) Site and Services

Street frontage:	The subject property is sited off the eastern side of North-South Highway.
Services:	Phase 6A Main water, electricity supply and telephone lines are connected to the subject property. These facilities are presumably envisaged to meet the current and future demands of the existing developments here. Phase 6B Main water, electricity supply and telephone lines are available in the immediate neighbourhood and can be made available upon application. These facilities are presumably envisaged to meet the current and future demands of the existing developments here. Public transportation in the form of buses and taxis is easily available in the vicinity.

e) The subject property is constructed of reinforced concrete framework infilled with plastered brickwalls on reinforced concrete floors and a timber pitched roof covered with metal deck roofing.

f) The ceilings and floor finishes of the respective units within the subject property are generally of cement plaster and cement render/ceramic tiles respectively.

g) In our valuation, we have made the following title assumptions:-

- The total floor areas of the subject property i.e. approximately 25,232 sqm is correct;
- The strata title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the strata title(s) which shall be issued free from all encumbrances and registrable.

h) External inspection was carried out by Ms. Lee Hooi San, a Registered Valuer with the Board of Valuers Appraisers and Estate Agents Malaysia on 14 January 2013.

i) The subject property is essentially valued by adopting the ceiling sale price which is fixed by the State Secretary of Selangor i.e. RM42,000 per unit.

j) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

k) Legal Details

Extracted from the registered documents of title provided by the Group are as follows:

Title Nos.	**Lot Nos.**	**Provisional Land Area** *(sqm)*	**Annual Rent** *(RM)*
HS(D) 31905	PT13196	6,908	12,493.00
HS(D) 31907	PT13198	2,639	4,773.00
HS(D) 31909	PT13200	6,249	12,430.00

The particulars common of the above titles are as follows:

Mukim:	Rawang
District:	Gombak
State:	Selangor Darul Ehsan
Tenure:	Freehold
Category of Land Use:	Bangunan (Building)
Express Condition:	Tanah ini hendaklah digunakan semata-mata untuk rumah pangsa. (The land is to be used for flats only)
Restriction-In-Interest:	Nil
Registered Owner:	Harta Kemunchak Sdn Bhd (As informed by the Group, the subject property is held on trust by Harta Kemunchak Sdn Bhd for Sabna Development Sdn Bhd. Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.3	115 units of serviced apartments, West Tower and East Tower of The Oval, located along Lorong Kuda, Kuala Lumpur, Malaysia (Parent Title) Geran 53088/Lot 327 and Geran 71995/Lot 388, all within Seksyen 63, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur The subject property is located within the Golden Triangle Area and is easily accessible from various parts of Kuala Lumpur City Centre via major roads namely Jalan Binjai and Jalan Stonor, both which are connected directly to Lorong Kuda.	The subject property comprises 115 units of serviced apartments situated within 2 block of 41-storey towers. The total floor area of the 115 units serviced apartments as stated in the respective Sales and Purchase Agreement are approximately 44,692 sqm The land use right of the site is in perpetuity (Freehold). Individual strata title in respect of the subject property have yet to be issued. The annual rent payable to the government is RM32,845.	37 units within East Tower and 17 units within West Tower are presently tenanted to various individuals whlist the remaining is largely vacant. The state of decorative repair of the subject property is good.	**HK$1,256,000,000** (RM501,000,000– MALAYSIAN RINGGIT FIVE HUNDRED AND ONE MILLION) (44.3% interests attributable to the Company: **HK$556,000,000**)

Notes:

a) Basis of valuation:

Market Value of the freehold interest in the subject property (on an individual unit basis) held under the parent titles viz. Geran 53088/Lot 327 and Geran 71995/Lot 388, all within Seksyen 63, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur in their respective existing condition, with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

b) Our verbal enquiries with Town Planning Department of Kuala Lumpur City Council confirmed that the subject property is zoned for commercial.

c) Site and Services

Street frontage:	The subject property is sited along Lorong Kuda
Services:	Mains water, electricity supply and telecommunication facilities are connected to the subject property. Building management and maintenance of The Oval East Tower are undertaken by Oval KL-East Tower Management Office and The Oval West Tower is managed by the owner: Titan Debut Sdn Bhd. A monthly service charge and sinking fund of RM0.50 per square foot is levied against the subject property for the services provided. Public transportation in the form of buses and taxis is easily available in the vicinity.
Facilities:	Swimming pool, children pool, sundeck loungers, sauna room, stem room, children's play ground, function area, gymnasium, landscape garden and 24-hour security

d) The subject property is constructed of reinforced concrete framework, reinforced concrete floors and a concrete flat roof.

e) The ceilings and floor finishes of the respective units within the subject property are generally of plaster ceiling/skim coat and imported marbles/ceramic tiles/timber strips respectively.

f) Based on the respective Sale and Purchase Agreements which are all dated 20 April 2007, the beneficial owner of the subject property is Titan Debut Sdn Bhd (as informed by the Group, Titan Debut Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest). We were provided with only photocopies of the limited sections of the respective agreements.

g) In our valuation, we have made the following title assumptions:

- The total floor areas of the subject property (115 units) amounting to 44,692 square metres is correct;
- The subject property will be issued with 115 individual strata title(s);
- The strata title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the strata title(s) which shall be issued free from all encumbrances and registrable.

h) Internal inspection was carried out by Ms. Chan Siang Li, B. (Hons) Property Management on 15 January 2013.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

j) Legal Details

Extracted from searches at the Wilayah Persekutuan Kuala Lumpur Land Office on 11 January 2013:

Title Nos.	**Lot Nos.**	**Title Land Area** *(sqm)*	**Annual Rent** *(RM)*	**Endorsements**	
Geran 53088	327	3,266	15,024.00	i.	Private caveat had been lodged by Oval Residences Sdn. Bhd. vide Presentation No. 4670/2006, registered on 27 April 2006.
				ii.	Private caveat had been lodged by Titan Debut Sdn. Bhd. vide Presentation No. 16050/2007, registered on 6 November 2007.
				iii.	Private caveat had been lodged by Alliance Bank Malaysia Berhad vide Presentation No. 10623/2011, registered on 29 June 2011.
Geran 71995	388	3,874	17,821.00	i.	Private caveat had been lodged by Oval Residences Sdn. Bhd. vide Presentation No. 4670/2006, registered on 27 April 2006.
				ii.	Private caveat had been lodged by Titan Debut Sdn. Bhd. vide Presentation No. 16050/2007, registered on 6 November 2007.
				iii.	Private caveat had been lodged by Alliance Bank Malaysia Berhad vide Presentation No. 10623/2011, registered on 29 June 2011.

The particulars common of the above titles are as follows:

Seksyen:	63
Town:	Bandar Kuala Lumpur
District:	Kuala Lumpur
State:	Wilayah Persekutuan Kuala Lumpur
Tenure:	Freehold
Category of Land Use:	Bangunan (Building)
Express Condition:	Tanah ini hendaklah digunakan untuk bangunan perdagangan bertingkat bagi tujuan pangsapuri servis sahaja (The land is to be used for multi-storey commercial building for only serviced apartments)
Restriction-In-Interest:	Not stated
Registered Owner:	Oval Suites Sdn. Bhd. (As informed by the Group, Oval Suites Sdn Bhd is the developer of the subject property, and strata titles of the individual units are yet to be issued.)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.4	18 units of low-cost flats, Pangsapuri Kos Rendah AC4 located along Jalan Taman Sri Sentosa, Malaysia. • PN32695/M1/6/61 • PN32695/M1/6/63 • PN32695/M1/14/158 • PN32695/M1/15/172 • PN32695/M2/5/225 • PN32695/M2/6/237 • PN32695/M2/8/256 • PN32695/M2/14/312 • PN32695/M2/15/321 • PN32695/M3/8/406 • PN32695/M3/9/413 • PN32695/M3/11/434 • PN32695/M3/14/463 • PN32695/M4/9/583 • PN32695/M3/9/413 • PN32695/M4/12/623 • PN32695/M4/14/641 • PN32695/M4/14/646 all within Mukim of Petaling, Wilayah Persekutuan Kuala Lumpur The subject property is sited along the northern side of Jalan Taman Sri Sentosa. It lies approximately 11 kilometers to the south-west of the Kuala Lumpur City Centre.	The subject property comprises 18 units of low-cost flats situated within 4 blocks (Blocks A-D) of 15-storey flats. The total floor areas of the 18 units low-cost flats are approximately 1,044 sqm i.e. 624 sqft per unit. The land use rights of the site are 99-year leasehold interest expiring on 17 April 2085. Individual strata title in respect of the subject property has been issued.	The subject property is vacant. The state of decorative repair of the subject property is good.	**HK$1,900,000** (RM756,000– MALAYSIAN RINGGIT SEVEN HUNDRED FIFTY SIX THOUSAND) (44.3% interests attributable to the Company: **HK$840,000**)

Notes:

a) Basis of Valuation:

Market Value of the unexpired 72-year leasehold interest in the subject property i.e. 18 units low-cost flats within Pangsapuri Kos Rendah AC 4 held under:

- Pajakan Negeri 32695/M1/6/61
- Pajakan Negeri 32695/M1/6/63
- Pajakan Negeri 32695/M1/14/158
- Pajakan Negeri 32695/M1/15/172
- Pajakan Negeri 32695/M2/5/225
- Pajakan Negeri 32695/M2/6/237
- Pajakan Negeri 32695/M2/8/256
- Pajakan Negeri 32695/M2/14/312
- Pajakan Negeri 32695/M2/15/321
- Pajakan Negeri 32695/M3/8/406
- Pajakan Negeri 32695/M3/9/413
- Pajakan Negeri 32695/M3/11/434

- Pajakan Negeri 32695/M3/14/463
- Pajakan Negeri 32695/M4/9/583
- Pajakan Negeri 32695/M3/9/413
- Pajakan Negeri 32695/M4/12/623
- Pajakan Negeri 32695/M4/14/641
- Pajakan Negeri 32695/M4/14/646

all within Mukim of Petaling, Wilayah Persekutuan Kuala Lumpur in its existing condition, with vacant possession and subject to its strata titles being free from encumbrances and registrable.

b) Our verbal enquiries with Town Planning Department of Kuala Lumpur City Council confirmed that the subject property is zoned for residential.

c) Our verbal enquiries at the Housing Division of the State Secretary of Selangor revealed that the ceiling sale price of low cost flat is fixed at a maximum of RM42,000 per unit.

d) Site and Services

Street frontage: The subject property is sited along Jalan Taman Sri Sentosa

Services: Mains water, electricity supply and telecommunication facilities are connected to the subject property.

Building management and maintenance of Pangsapuri Kos Rendah AC 4 are undertaken by Badan Pengurusan Bersama Pangsapuri Kos Rendah AC4. A monthly service charge and sinking fund of RM50/- per unit is levied against the subject property for the services provided.

Public transportation in the form of buses and taxis is easily available in the vicinity

e) The subject property is constructed of reinforced concrete framework on reinforced concrete floors and a timber pitched roof covered with interlocking tiles.

f) The ceilings and floor finishes of the respective units within the subject property are generally of cement plaster and cement render/ceramic tiles respectively.

g) Internal inspection was carried out by Ms. Chan Siang Li, B. (Hons) Property Management on 15 January 2013.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) Legal Details

Extracted from searches at the Wilayah Persekutuan Kuala Lumpur Land Office on 10 January 2013:

No.	**Strata Title No.**	**Floor Area (sqm)**
1.	Pajakan Negeri 32695/M1/6/61	58
2.	Pajakan Negeri 32695/M1/6/63	58
3.	Pajakan Negeri 32695/M1/14/158	58
4.	Pajakan Negeri 32695/M1/15/172	58
5.	Pajakan Negeri 32695/M2/5/225	58
6.	Pajakan Negeri 32695/M2/6/237	58
7.	Pajakan Negeri 32695/M2/8/256	58
8.	Pajakan Negeri 32695/M2/14/312	58
9.	Pajakan Negeri 32695/M2/15/321	58
10.	Pajakan Negeri 32695/M3/8/406	58
11.	Pajakan Negeri 32695/M3/9/413	58
12.	Pajakan Negeri 32695/M3/11/434	58
13.	Pajakan Negeri 32695/M3/14/463	58
14.	Pajakan Negeri 32695/M4/9/583	58
15.	Pajakan Negeri 32695/M3/9/413	58
16.	Pajakan Negeri 32695/M4/12/623	58
17.	Pajakan Negeri 32695/M4/14/641	58
18.	Pajakan Negeri 32695/M4/14/646	58

The particulars common of the above titles are as follows:

Lot No.:	39915
Mukim:	Petaling
State:	Wilayah Persekutuan Kuala Lumpur
Tenure:	99-year leasehold interest, expiring on 17 April 2085
Registered Owners:	Bedford Development Sdn Bhd (As informed by the Group, Bedford Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.5	Unit No. 17-3A and Unit No. L-04, 3 Kia Peng Serviced Apartments, Lot 1286 Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia Geran 43969/M1-B/17/91 and Geran 43969/M1/3/9, all within Lot 1286 Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur The subject property is located within the Golden Triangle Area and is easily accessible from various parts of Kuala Lumpur City Centre via major roads namely Jalan Pinang and Jalan Stonor, both of which are directly linked to Jalan Kia Peng.	The subject property comprises a 3+2-bedroom serviced apartment situated on Level 17 and an office lot on Level 3 of a 28-storey building known as 3 Kia Peng Serviced Apartments. The strata floor area of the Serviced apartment is 272 sqm. This unit has been allocated with 2 car park bays. The strata floor area of the office lot is 674 sqm. This office lot comes with 134 accessory parcels comprising: 1) 129 car parking bays, 2) 2 open balconies on Level 3, and 3) 3 Utility Rooms on the basement levels. The land use right of the site is in perpetuity (Freehold). Individual Strata titles in respect of the subject property have been issued.	The serviced apartment is vacant. The office lot (currently used as a Fitness Centre) is occupied and managed by Club Performance Systems (M) Sdn Bhd. The state of decorative repair of both the units is good. For the valuation exercise, we have excluded all the fittings and fixtures of the Fitness Centre and have assumed that this office lot is not restricted to any proper commercial use with full access granted to the unit from both Menara HLA and also 3 Kia Peng accordingly. For the car park bays, we have valued them on a free from all encumbrances basis (i.e. saleable and rentable to any individual parties) and have specifically excluded all existing arrangements made with the Management Corporation of 3 Kia Peng Serviced Apartments.	**HK$37,000,000** (RM14,700,000– MALAYSIAN RINGGIT FOURTEEN MILLION AND SEVEN HUNDRED THOUSAND) (50.6% interests attributable to the Company: **HK$19,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in the subject property within 3 Kia Peng held under:

- Geran 43969/M1-B/17/91 (For Unit No. 17-3A, 3 Kia Peng)
- Geran 43969/M1/3/9 (For Unit No. L-04, 3 Kia Peng)

all within Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur in its existing condition, with vacant possession and subject to its strata titles being free from encumbrances and registrable.

b) Our verbal enquiries with Town Planning Department of Kuala Lumpur City Council confirmed that the subject property is zoned for commercial.

c) Site and Services

Street frontage: The subject property is sited along Jalan Kia Peng

Services: Mains water, electricity supply and telecommunication facilities are connected to the subject property.

Building management and maintenance of 3 Kia Peng are undertaken by 3 Kia Peng Management Corporation. A total monthly service charge and sinking fund of RM3,645.90 is levied against the subject property for the services provided.

Public transportation in the form of buses and taxis is easily available in the vicinity.

Facilities: Swimming pool, children pool, SPA, fitness centre, snooker room, multi-purpose hall, children's play ground, gymnasium, landscape garden and 24-hour security

d) The subject property is constructed of reinforced concrete framework infilled with clay brickwalls with cement plastering, reinforced concrete floors and a reinforced concrete flat roof.

e) The ceilings and floor finishes of the subject property are generally of plaster ceiling/skim coat and imported marbles/ceramic tiles/timber strips/carpets respectively.

f) The beneficial owner of the subject property is Kia Peng Development Sdn. Bhd. (As informed by the Group, Kia Peng Development Sdn. Bhd. is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 50.6% attributable interest)

g) Internal inspection was carried out by Ms. Chan Siang Li, B. (Hons) Property Management on 17 January 2013.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) Legal Details

Extracted from searches at the Wilayah Persekutuan Land Office on 22 January 2013:

No.	Strata Title No.	Floor Area (sqm)	Accessory Parcel
1.	Geran 43969/M1/3/9	674	A12, A15, A13, A14, A19, A24, A25, A34, A35, A44, A45, A48, A49, A52, A53, A84, A85, A86, A87, A88, A89, A90, A91, A92, A93, A94, A95, A96, A97, A98, A99, A100, A101, A102, A103, A104, A105, A106, A107, A108, A109, A110, A111, A112, A113, A114, A115, A116, A117, A118, A119, A120, A125, A126, A127, A135, A136, A140, A141, A142, A149, A150, A160, A161, A162, A185, A186, A221, A222, A223, A224, A225, A226, A227, A228, A229, A230, A231, A232, A233, A234, A243, A244, A245, A246, A247, A248, A253, A270, A271, A272, A273, A279, A280, A281, A282, A290, A291, A292, A293, A294, A312, A330, A331, A332, A333, A334, A335, A336, A349, A350, A371, A377, A382, A383, A384, A390, A391, A394, A395, A396, A435, A436, A437, A438, A439, A442, A443, A451, A454, A455, A465, A467, A468
2.	Geran 43969/M1-B/17/91	272	A369, A370, A634, A635

Lot	:	Lot 1286 Seksyen 57
Town	:	Bandar Kuala Lumpur
State	:	Wilayah Persekutuan Kuala Lumpur
Tenure	:	Freehold
Category of Land Use	:	Bangunan (Building)
Express Condition	:	Tanah ini hendaklah digunakan untuk bangunan perdagangan (The land is to be used for commercial building)
Registered Owner	:	Amtrustee Berhad (As informed by the Group, the subject property is held on trust by Amtrustee Berhad for Kia Peng Development Sdn. Bhd. Kia Peng Development Sdn. Bhd. is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 50.6% attributable interest.)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.6	No. 4, Jalan Bayan 34 and No.28 Jalan Bayan 65, Taman Megah Ria, 81750 Masai, Johor Darul Takzim, Malaysia GRN 284165/Lot 31999 and GRN 281469/Lot 31488, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim The subject property is located within Taman Megah Ria, Masai. It lies approximately 20 kilometres to the north-east of the Johor Bahru city centre.	The subject property comprises 2 units of 2-storey low-cost terraced houses. The annual rents payable to the government are RM18.00 and RM36.00 respectively. The land use rights of the site are perpetuity (Freehold).	The subject property is vacant.	**HK$250,000** (RM100,000– MALAYSIAN RINGGIT ONE HUNDRED THOUSAND) (44.3% interests attributable to the Company: **HK$110,000**)

Notes:

a) The basis of Valuation is the Market Value of the freehold interest of 2 units of 2-storey low-cost terraced houses within Taman Megah Ria (held under GRN 284165/Lot 31999 and GRN 281469/Lot 31488, both located within Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim) in its existing condition, with vacant possession and subject to its titles being free from encumbrances and registrable.

b) As stipulated in the title document, the subject property is designated for residential.

c) Site and Services

Shape:	Lot 31999 (No. 4) is an intermediate unit which is rectangular in shape. Lot 31488 (No. 28) is a corner unit which is near rectangular in shape with a splay corner.
Street frontage:	Lot 31999 (No. 4) and Lot 31488 (No. 28) front onto Jalan Bayan 34 and Jalan Bayan 65 respectively.
Services:	Mains water, electricity supply and telecommunication facilities are connected. The Majlis Bandaraya Johor Bahru (MBJB) provides the usual public services to this area. Public transportation is easily available in the vicinity.

d) The subject property is constructed of reinforced concrete framework infilled with hollow blockwalls and a timber pitched roof covered with corrugated asbestos sheets.

e) The ceilings and floor finishes of the subject property are generally of cement plaster/cement sheets and cement render respectively.

f) The subject property is in poor state of decorative repair. These units have been left abandoned and without any maintenance and signs of vandalism are visible.

g) An external inspection was carried out by Mr. Ahmad Humaizi Bin Ismail B.Sc. (Hons) Estate Management on 10 January 2013.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) Extracted from a search at the Johor Land Registry in Kota Iskandar, Nusajaya on 10 and 14 January 2013:

Title No.	**Lot No.**	**Titular Land Area**	**Annual Rent**
GRN 284165	Lot 31999	68 square metres	RM18.00
GRN 281469	Lot 31488	175 square metres	RM36.00

The following particulars are common to the above titles unless stated otherwise:

Mukim:	Plentong
District:	Johor Bahru
State:	Johor Darul Takzim
Tenure:	Freehold
Category of Land Use:	Bangunan (Building)
Express Conditions:	i. Tanah ini hendaklah digunakan untuk sebuah Rumah Kediaman Jenis Kekal, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. (This land is to be used as a permanent residential house built accordance with the plan approved by the local government authority.) ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/ dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. (All debris and contamination arising from this activity has to be disposed at a proper disposal site provided by the authority.) iii. Segala dasar dan syarat yang telah ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Bekenaan hendaklah dipatuhi. (Any terms and conditions which are introduced time to time by the authority has to be adhered to.)
Restriction-in-Interest:	Lot 31999 i. Tuan tanah selepas Nama Pemaju tidak boleh menjual, memajak atau memindahmilik tanah ini dengan apa cara sekali pun termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan/menjual tanah ini tanpa persetujuan Pihak Berkuasa Negeri. (The land owner (except the developer) is not permitted to sell, lease or transfer in any way including by means of agreements to dispose/sell the land without the consent from the State Authority.)

Lot 31488

i. Tuan tanah (selepas nama pemaju……) tidak boleh menjual, memajak atau memindahmilik tanah ini dengan apa cara sekali pun termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan/menjual tanah ini tanpa persetujuan Pihak Berkuasa Negeri. (The landlord (after the developer's name…) is not permitted to sell, lease or transfer in any way including by means of agreement to dispose/sell the land without the consent from the State Authority.)

ii. Tuan tanah hanya dibenarkan menggadaikan/mencagar tanahnya sekali sahaja kepada Kerajaan atau Badan-Badan Berkanun atau mana-mana bank yang berdaftar di Malaysia atau sumber-sumber kewangan yang bergabung dengan Bank-Bank tersebut. Tuan tanah apabila hendak menggadaikan atau mencagarkan tanahnya bagi kali yang kedua dan berikutnya hendaklah terlebih dahulu mendapat kebenaran Penguasa Negeri. (The landlord is only permitted to charge his land once to the government or any statutory bodies or banks registered in Malaysia or any financial sources obtained from the said bank. The landlord has to obtain consent from the State Superintendent prior to charging to the bank for the second time onwards.)

Registered Owners:

Lot 31999
PJ Corporate Park Sdn Bhd (As informed by the Group, PJ Corporate Park Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

Lot 31488
Malaysia Pacific Development Co. Sdn. Bhd. (currently known as PJ Corporate Park Sdn Bhd) (As informed by the Group, PJ Corporate Park Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

Endorsement:

Lot 31999
Rumah Kos Rendah
(Low-Cost House)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.7	An unsold single storey cluster house, No. 17, Jalan Murai 8 and 16 unsold single storey low-cost terraced houses, No. 31 Jalan Kedidi 3, Nos. 7 and 15, Jalan Kedidi 8, No. 12 Jalan Kedidi 10, Nos. 6, 8, 10, 14, 16, 26, 28, 30, 31 and 35 Jalan Kedidi 13, Nos. 23 and 41 Jalan Kedidi 14, Pantai Sepang Putra, Sg Pelek, Selangor, Malaysia HSD 24975/Lot PT 8664, HSD 25475/Lot PT 6309, HSD 25476/Lot PT 6310, HSD 25477/Lot PT 6311, HSD 25482/Lot PT 6316, HSD 25483/Lot PT 6317, HSD 25485/Lot PT 6319, HSD 25486/Lot PT 6320, HSD 25487/Lot PT 6321, HSD 25501/Lot PT 6336, HSD 25510/Lot PT 6346, HSD 25391/Lot PT 6223, HSD 25389/Lot PT 6221, HSD 25383/Lot PT 6215, HSD 25324/Lot PT 6155, HSD 25262/Lot PT 6092 and HSD 25266/Lot PT 6096 all within Mukim and District of Sepang, State of Selangor	Pantai Sepang Putra, a large scale mixed residential development project within Bagan Lalang, Sepang lying at approximately 70 kilometres south of Kuala Lumpur, the Capital City of Malaysia. The subject property is located adjacent to the south of Sg Pelek township where it can be easily accessed by the Sg Pelek-Tg Sepat main road and the service roads within Pantai Sepang Putra. A 3-bedroom single storey cluster house completed and issued with a temporary certificate of fitness for occupation. The land and gross floor areas of the cluster house is approximately 139.35 sqm and 65.03 sqm. 16 units of 3-bedroom single storey low-cost terraced houses completed and issued with a temporary certificate of fitness for occupation. The total land area of the 16 low-cost terraced houses is approximately 1,665.1 sqm. Each of the low-cost terraced houses has a gross floor area of approximately 60.39 sqm. The land use rights of the sites are in perpetuity (Freehold). The annual rent payable to the state government is RM46.00 each.	The subject property is vacant. Externally, the state of decorative repair of the subject property is fair.	**HK$1,900,000** (RM755,000– MALAYSIAN RINGGIT SEVEN HUNDRED FIFTY FIVE THOUSAND) (21.0% interests attributable to the Company: **HK$400,000**)

Notes:

a) Address:

Lot No.	**Address**
Lot PT 8664	No. 17, Jalan Murai 8, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6309	No. 30, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6310	No. 28, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6311	No. 26, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6316	No. 16, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6317	No. 14, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6319	No. 10, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6320	No. 8, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6321	No. 6, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6336	No. 23, Jalan Kedidi 14, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6346	No. 41, Jalan Kedidi 14, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6223	No. 31, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6221	No. 35, Jalan Kedidi 13, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6215	No. 12, Jalan Kedidi 10, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6155	No. 31, Jalan Kedidi 3, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6092	No. 7, Jalan Kedidi 8, Pantai Sepang Putra, 43950 Sg Pelek, Selangor
Lot PT 6096	No. 15, Jalan Kedidi 8, Pantai Sepang Putra, 43950 Sg Pelek, Selangor

b) The basis of valuation is the Market Value of the freehold interest in the properties held under the individual titles mentioned above, Mukim and District of Sepang, State of Selangor in their respective existing condition with vacant possession and subject to the titles being free from encumbrances and registrable.

c) The existing use for the subject property is residential.

d) Our verbal enquiries with the Bahagian Lembaga Perumahan, Setiausaha Negeri Selangor (Housing Division of the State Secretary of Selangor) revealed that the ceiling sale price of low-cost terrace house is fixed at RM42,000 (approx. HK$110,000) per unit.

e) The approximate age of the cluster house is about 10 years whilst the low-cost terraced houses are about 6 years.

f) The subject property is presently provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

g) The low-cost terraced houses are essentially valued by adopting the ceiling sale price which is fixed by the State Secretary of Selangor at RM42,000 per unit.

h) The titles are all registered to The East Asiatic Company (M) Bhd. As informed by the Group, The East Asiatic Company (M) Bhd is now renamed as "Hap Seng Consolidated Berhad". The subject property is held on trust by Hap Seng Consolidated Berhad for Vintage Heights Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad, Hap Seng Consolidated Berhad and other parties independent of the Group. Vintage Heights Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 21.0% attributable interest.

i) External inspections to the subject property were carried out by Mr. Simon Wong, B. (Hons) Estate Management on 15 January 2013.

j) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

k) Legal Details

Brief particulars extracted from the registered documents of title provided by the Group are as follows:

Title Nos.	Lot Nos.	Provisional Land Area (sqm)	Annual Rent (RM)
HSD 24975	Lot PT 8664	139.35	46.00
HSD 25475	Lot PT 6309	102.2	46.00
HSD 25476	Lot PT 6310	102.2	46.00
HSD 25477	Lot PT 6311	102.2	46.00
HSD 25482	Lot PT 6316	102.2	46.00
HSD 25483	Lot PT 6317	102.2	46.00
HSD 25485	Lot PT 6319	102.2	46.00
HSD 25486	Lot PT 6320	102.2	46.00
HSD 25487	Lot PT 6321	102.2	46.00
HSD 25501	Lot PT 6336	102.2	46.00
HSD 25510	Lot PT 6346	102.2	46.00
HSD 25391	Lot PT 6223	102.2	46.00
HSD 25389	Lot PT 6221	127.7	46.00
HSD 25383	Lot PT 6215	102.2	46.00
HSD 25324	Lot PT 6155	102.2	46.00
HSD 25262	Lot PT 6092	106.6	46.00
HSD 25266	Lot PT 6096	102.2	46.00

The particulars common of the above titles are as follows:

Mukim:	Sepang
District:	Sepang
State:	Selangor
Tenure:	Freehold
Category of Land Use:	Bangunan (Building)
Express Condition:	Bangunan Kediaman (Residential Building)
Restriction-in-interest:	Nil
Registered Owner:	The East Asiatic Company (M) Bhd (As informed by the Group, The East Asiatic Company (M) Bhd is now renamed as "Hap Seng Consolidated Berhad". The subject property is held on trust by Hap Seng Consolidated Berhad for Vintage Heights Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad, Hap Seng Consolidated Berhad and other parties independent of the Group. Vintage Heights Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 21.0% attributable interest.)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C3.8	An unsold 2-storey semi-detached house, Developer's Plot No. 122, Phase 4C Address No. 2, Jalan KE 9/1B1K, Emerald West, Rawang, Selangor, Malaysia 10 unsold detached house lots, Developer's Plot Nos. 23A, 25 to 29 and 36 to 39, Phase 2F, Emerald West, Rawang, Selangor, Malaysia The subject property is located within the suburb of Rawang where it can be easily accessed by the Rawang-Batang Berjuntai main road and the service roads within Emerald West.	Emerald West, a large scale ongoing mixed residential development project within the western suburb of the Township of Rawang at approximately 30 kilometres north of Kuala Lumpur, the Capital City of Malaysia. A 4-bedroom 2-storey semi-detached house completed and issued with a certificate of completion and compliance of a standard developer's design and construction known as Type C within the Amberley Residential Precinct. The land and gross floor areas of the semi-detached house is approximately 374.31 sqm and 209.12 sqm. 10 detached house lots prepared ready for immediate building works. The total land area of the 10 detached house lots is approximately 4,571.57 sqm. The land use rights of the sites are in perpetuity (Freehold).	The subject property was vacant upon our inspection.	**HK$11,000,000** (RM4,400,000– MALAYSIAN RINGGIT FOUR MILLION AND FOUR HUNDRED THOUSAND) (22.2% interests attributable to the Company: **HK$2,400,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in the subject property held under parts of the parent titles viz. GRN 51712/Lot 934 and GRN 52772/Lot 1286, Mukim of Rawang, District of Gombak, State of Selangor in their respective existing condition with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

b) The existing use for the subject property is residential.

c) The approximate age of the semi-detached house is less than a year.

d) The current planning or zoning use is residential in accordance with the approved site layout plan of Emerald West.

e) The semi-detached house is new-completed and its condition is good. The subject property is presently provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

f) According to the titles obtained from the Registry of Land Titles Selangor, the registered owner of Lots 934 and 1286 is Hong Bee Realty Sdn Bhd. As informed by the Group, the subject property is held on trust by Hong Bee Realty Sdn Bhd for Promakmur Development Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad and Hong Bee Land Sdn Bhd. Pertinent details of the parent titles are as follows:

Tenure:	Freehold
Land Use:	Building
Encumbrances:	Charged to OCBC Bank (Malaysia) Berhad

g) According to the Sale and Purchase Agreement dated 31 May 2000 and Fifth Supplemental Agreement dated 25 April 2003, the beneficial owner of the Emerald West development land and the subject property is Promakmur Development Sdn Bhd. As informed by the Group, Promakmur Development Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) In our valuation, we have made the following title assumptions:

- The total provisional land areas of the subject property of 374.31 and 4,571.57 square metres are correct;
- The subject property will be issued with 11 individual registrable documents of title;
- The title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

j) External inspections to the subject property were carried out by Mr. Yong Heng Yuen (Vice President of CBRE Malaysia) on 16 January 2013.

Group C4: Property interests held by the Group Under Development in Malaysia

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C4.1	Commerce One, Part of PM 8254/Lot 45788, Locality of Batu 5, Jalan Klang Lama, Mukim of Petaling and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia The subject property is located at Bedford Business Park along Jalan Klang Lama, Kuala Lumpur at approximately 10 kilometres north east of the City Centre of Kuala Lumpur.	The subject site consists of a parcel of commercial land with the site area of approximately 4,634 sqm. The subject property known as Commerce One which is a commercial development comprising a 21-storey office tower with 7 levels of elevated and basement car parks. Upon completion, the Commerce One will comprise a total saleable area of approximately 20,505 sqm with a total of 465 car parking bays. As advised, the Commerce One will be completed in July 2013. The land use right of the site is a 99-year leasehold interest expiring on 8 November 2106. The annual land rent (parent title) payable to the government is RM15,987.30.	The subject property is currently in advance stages of construction upon our inspection.	**HK$130,000,000** (RM52,000,000– MALAYSIAN RINGGIT FIFTY TWO MILLION) (44.3% interests attributable to the Company: **HK$58,000,000**)

Notes:

a) The basis of valuation is the Market Value of the subject property i.e. the unexpired 94-year leasehold interest of Commerce One located at Bedford Business Park along Jalan Klang Lama, Kuala Lumpur (held under Part of PM 8254/Lot 45788, Locality of Batu 5, Jalan Klang Lama, Mukim of Petaling and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur) in its existing condition with benefit of its new development approvals with vacant possession and subject to the parent title and title assumptions being free from encumbrances and registrable.

b) The subject property is zoned commercial.

c) The subject property has been approved for a 21-storey stratified office block vide the latest Development Order bearing Reference No. (111)dlm.DBKL.JPRB.10872/84T (OSC(B)A13S3100817-028) dated 22 April 2011, issued by Dewan Bandaraya Kuala Lumpur (DBKL).

d) The Sold Portions of the subject property comprises 151 office units and a retail unit and a total saleable area of approximately 14,754 sqm, have been contracted to be sold for the total consideration of approx. RM72 million. In arriving at our opinion on the capital value of the subject property, we have taken into account of the consideration of those portions.

e) We are specifically instructed by the Group to exclude the amount billed to date (on the sold units above) but to include (deduct) the amount certified (on the contracts awarded above/the certified details of the cost incurred) from our valuation.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately RM66.5 million and the construction costs incurred up to 31 January 2013 was in the sum of approximately RM37.2 million.

g) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of RM105.3 million.

h) In our valuation, we have made the following title assumptions:

- The total saleable area of the subject property at 20,505 sqm is correct;
- The subject property will be issued with various strata titles upon completion of its construction;
- The title(s) to be issued for the subject property shall convey a 99-year leasehold interest; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

i) External inspections to the subject property were carried out by Mr. Chia Chin Phang, B. (Hons) Estate Management on 14 January 2013.

j) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

k) Legal Details (Parent Title)

Extracted from a search at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on 22 January 2013:-

Title No. : PM 8254

Lot No. : Lot 45788

Locality : Batu 5, Jalan Klang Lama

Mukim : Petaling

District : Kuala Lumpur

State : Wilayah Persekutuan Kuala Lumpur

Tenure : 99-year leasehold interest expiring on 8 November 2106

Title Land Area : 4,634 sqm

Annual Rent : RM15,987.30

Category of Land Use : Bangunan (Building)

Express Condition : Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan kedai dan pejabat sahaja. (This land is to be used for commercial building designed for shop and office purposes.)

Restriction in Interest : Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur. (This land cannot be transferred, leased, charged or mortgaged without the consent of the Federal Territories Land Executive Committee.)

Registered Owner : Bedford Industrial Development Sdn Bhd (As informed by the Group, Bedford Industrial Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

Endorsement : Nil.

Encumbrance : Nil.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C4.2	Damansara City Development located within Damansara Town Centre (DTC), Kuala Lumpur GRN 74955/Lot 58303 Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia The subject property is located within Damansara Town Centre (DTC) which lies off the north-eastern side of the Sprint Highway at approximately 5 kilometres west of the City Centre of Kuala Lumpur.	The subject site consists of a parcel of commercial land with a site area of approximately 32,450 sqm. The subject property known as Damansara City which is a mixed development comprising office towers A and B, service apartments, retail podium, a boutique hotel and elevated/basement car parking spaces. During our course of inspection, we noted that the basic infrastructural works, the piling works (raft foundation) and the contiguous bored pile retaining walls have been undertaken with several levels of basement fully completed across the entire section of the 8 acres site. The developer has designed and constructed the Damansara City project as a single integrated development where these 5 components are located on the platform levels and the car parking facilities are actually common and shared across the entire development. The ingress and egress to the project and the infrastructural facilities are also designed and built to accommodate the development as a whole. Upon completing the basic platforms for the various components, the developer will then parcel the 5 components out to 5 different companies and the car park component to another.	The subject property is currently in various stages of construction upon our inspection. The construction of basement/elevated car park is currently in progress and the construction works are in various advance stages.	**HK$978,000,000** (RM390,000,000– MALAYSIAN RINGGIT THREE HUNDRED NINETY MILLION) (44.3% interests attributable to the Company: **HK$433,000,000**)

Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
	The Damansara City will have a total gross floor area of 214,795 sqm plus a total of 2,743 car parking bays.		

	Gross Floor Area (sqm)
Office Tower A	59,212
Office Tower B	29,190
Service Apartment	67,440
Retail Podium	26,153
Boutique Hotel	32,800
Total	**214,795**

As advised, Phase I (service apartment and basement/elevated car park) of the development will be completed in March 2014 and the Phase II (Office Towers A and B, Retail Podium and Boutique Hotel) of the development will be completed in May 2015.

The land use right of the site is in perpetuity (Freehold).

The annual land rent payable to the government is RM111,953.

Notes:

a) The basis of valuation is the Market Value of the subject property i.e. the freehold interest of the Damansara City Development located within Damansara Town Centre (DTC), Kuala Lumpur (held under GRN 74955/Lot 58303, Mukim and District of Kuala Lumpur, WP Kuala Lumpur) in its existing condition and subject to the *Bases/Assumptions* as stated in Note (d) below and its title being free from encumbrances and registrable.

b) The subject property is zoned commercial.

c) Based on the latest approvals:-

(i) Approved site layout plan bearing Reference No. 1142/J/KTPS/30.8.2012/42 Jld II dated 8 October 2012,

(ii) Amended Development Order bearing Reference No. dlm.BP T2 2006 0194 (BP T2 OSC 2010 4476) (OSC(B)A10T2101229-025) dated 23 November 2012.

- DC project has the following:
  - i. 8.52 acres of land
  - ii. Plot ratio of 5.9
  - iii. Allowable gross floor area – 203,491 sqm
- Apportionment based on the GFA of the development components:-

i.	Service Apartments	– 35.07% @ 71,356 sqm
ii.	Office Towers (A and B)	– 38.31% @ 77,967 sqm
iii.	Retail Podium	– 12.21% @ 24,848 sqm
iv.	Boutique Hotel	– 14.41% @ 23,320 sqm

PLUS A total of 2,743 car parking bays.

d) For the present exercise – Assumption Basis,

- We have been specifically instructed by the Group to value the subject property based on the latest Costs Plan and Costs Statement provided by the Group dated 31 January 2013:
    - DC project has the following:
        - i. 8.51 acres of land (8.02 acres net)
        - ii. Plot Ratio of 6.24
        - iii. GFA without Car Park Bays – 214,795 sqm.
    - Apportioned based on the GFA of the 5 main components:
        - i. Office Tower A – 27.57% @ 59,212 sqm
        - ii. Office Tower B – 13.59% @ 29,190 sqm
        - iii. Service Apartments – 31.40% @ 67,440 sqm
        - iv. Retail Podium – 12.18% @ 26,153 sqm
        - v. 5-star Boutique Hotel – 15.26% @ 32,800 sqm

  PLUS A total of 2,743 car parking bays.

  Details of components:

  - i. Office Tower A – 31-storey/NLA @ 47,820 sqm
  - ii. Office Tower B – 19-storey/NLA @ 22,475 sqm
  - iii. Service Apartments – 2 blocks of 30-storey/370 units/NLA @ 58,237 sqm
  - iv. Retail Podium – 4-storey/NLA @ 16,415 sqm
  - v. 5-star Boutique Hotel – 23-storey/312 rooms

  Other common BASES/ASSUMPTIONS for the Damansara City Development:

  - i. The External Works and Preliminaries for the DC project have been largely estimated by their Quantity Surveyors and some of the initial payments have already been paid.
  - ii. The Piling Works for the entire DC development has been fully completed and the said costs have also been paid accordingly.
  - iii. The building works have commenced for the following:
    - Service Apartments
    - Basement/Elevated Levels.
  - iv. The green feature upgrades will be specifically for
    - Office Tower A
    - Office Tower B and
    - Service Apartments.

e) Based on the details provided by the Group, the total estimated construction costs (based Group's Cost Plan) for the entire project is approximately RM1,458,000,000.

f) The construction costs incurred up to 31 January 2013 is approximately RM239,700,000.

g) The gross development value of the proposed development project is estimated at approximately RM2,092,100,000.

h) External inspections to the subject property were carried out by Mr. Chia Chin Phang, B. (Hons) Estate Management on 11 January 2013.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

j) Legal Details

Extracted from a search at the Registry of Land Titles, Wilayah Persekutuan Kuala Lumpur on 14 January 2013:

Title No.:	GRN 74955
Lot No.:	58303
Mukim:	Kuala Lumpur
District:	Kuala Lumpur
State:	Wilayah Persekutuan Kuala Lumpur
Tenure:	Freehold
Title Land Area:	32,450 sqm
Annual Rent:	RM111,953
Category of Land Use:	Bangunan (Building)
Express Condition:	1. Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan menara pejabat/perniagaan. (This land is to be used as a commercial building for office block/business.) 2. Tanah ini hendaklah digunakan untuk banguan perdagangan sahaja. (This land is to be used for commercial building only.)
Registered Owner:	Damansara City Sdn Bhd (As informed by the Group, Damansara City Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)
Endorsement:	Private Caveat lodged by Public Bank Berhad
Encumbrance:	Charged to Public Bank

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C4.3	Amandarii, Seksyen 9, Bandar Kajang, Daerah Hulu Langat, Selangor Darul Ehsan, Malaysia • GM 6188-6190/ Lot 87042-87044 • GM 6191-6193/ Lot 87046-87048 • GM 6166-6171/ Lot 87022, 87024, 87007, 87045, 87041, 87049 • GM 6178-6187/ Lot 87031-87040 • GM 6147/Lot 87023 • HSM 25019-25022/ Lot PT 66102-66105 • HSM 25025-25027/ Lot PT 66108-66110 • HSM 25029-25037/ Lot PT 66112-66120 all within Seksyen 9, Bandar Kajang, Daerah Hulu Langat, Selangor Darul Ehsan, Malaysia The subject property is located off Persiaran Saujana Impian within Kajang.	The subject site consists of 39 bungalow plots with a total title land area of approximately 22,242.94 sqm. The subject property known as "Amandarii" which is a residential development comprising 36 unit of bungalow houses. As advised, the Amandarii Development will be completed in March 2013. The land use right of the sites are in perpetuity (Freehold). The annual land rent payable to the government is RM2,521.	The subject property is currently in various advance stages of construction upon our inspection.	**HK$98,000,000** (RM39,000,000– MALAYSIAN RINGGIT THIRTY NINE MILLION) (44.3% interests attributable to the Company: **HK$43,000,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in 39 parcels of residential lands known as "Amandarii" Development within Kajang City Centre held under:

- GM6188-6190/Lot 87042-87044
- GM6191-6193/Lot 87046-87048
- GM6166-6171/Lot 87022, 87024, 87007, 87045, 87041, 87049
- GM6178-6187/Lot87031-87040
- GM6147/Lot 87023
- HSM 25019-25022/Lot PT 66102-66105
- HSM25025-25027/Lot PT 66108-66110
- HSM25029-25037/Lot PT 66112-66120

all within Seksyen 9, Bandar Kajang, Daerah Hulu Langat, Selangor Darul Ehsan in its existing condition and its titles being free from encumbrances and registrable.

b) The subject property is zoned residential.

c) The subject property has been approved for a residential project comprising 36 units of 2-storey bungalows vide the Approval Letter bearing Reference No. (3)dlm.MPKJ.JPPK/PELAN/1/247/2010 dated 13 January 2011, issued by Majlis Perbandaran Kajang (MPK).

Type	**Units**	**Built Up Area** *(sqm each)*	**Built Up Area** *(sqft each)*
Type A/ AM	12	448	4,826
Type A1/ A1M	10	427	4,591
Type A1A	1	427	4,591
Type B	1	541	5,823
Type B1/ B1M	3	518	5,577
Type CM	1	448	4,826
Type C1	1	448	4,826
Type D	3	412	4,438
Type E/ EM	4	535	5,755

d) The Sold Portions of the subject property comprising 17 units, with a total gross floor area of approximately 7,727.40 sqm, have been contracted to be sold for the total consideration of RM33.3 million. In arriving at our opinion on the market value of the subject property, we have fully included those sold portions.

e) We are specifically instructed by the Group to exclude the amount billed to date (on the sold units above) but to include (deduct) the amount certified (on the contracts awarded above/the certified details of the cost incurred) from our valuation.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately RM38.7 million and the construction costs incurred up to 31 January 2013 was in the sum of approximately RM23.7 million.

g) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of RM68,477,659.

h) An internal inspection was carries out by Ms. Hun Shuang Ding, B.(Hons) Estate Management & Master of Real Estate on 11 January 2013.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

j) Legal Details

Extracted from searches at the Land Registry of Hulu Langat Selangor at 9 and 10 January 2013:

No	**Title No.**	**Lot No.**	**Registered Owner**
1	GM 6191	87046	Liew Eng Kiat and Por Kim Yoke (As informed by the Group, Ace Acres Sdn Bhd has transferred the ownership of the lands to the purchasers while pending for the completion and delivery of the sold properties to the purchasers.)
2	GM 6192	87047	Ace Acres Sdn Bhd (As informed by the Group, Ace Acres Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
3	GM 6193	87048	Ace Acres Sdn Bhd
4	GM 6071	87049	Ace Acres Sdn Bhd
5	GM 6188	87042	Ace Acres Sdn Bhd
6	GM 6189	87043	Ace Acres Sdn Bhd
7	GM 6190	87044	Ace Acres Sdn Bhd
8	GM 6069	87045	Ace Acres Sdn Bhd
9	GM 6178	87031	Ace Acres Sdn Bhd
10	GM 6179	87032	Ace Acres Sdn Bhd
11	GM 6180	87033	Chai Chui Lin and Tan Hock Ann (As informed by the Group, Ace Acres Sdn Bhd has transferred the ownership of the lands to the purchasers while pending for the completion and delivery of the sold properties to the purchasers.)
12	GM 6181	87034	Ace Acres Sdn Bhd
13	GM 6182	87035	Ace Acres Sdn Bhd
14	GM 6183	87036	Ace Acres Sdn Bhd
15	GM 6184	87037	Ace Acres Sdn Bhd

No	Title No.	Lot No.	Registered Owner
16	GM 6185	87038	Ace Acres Sdn Bhd
17	GM 6186	87039	Ace Acres Sdn Bhd
18	GM 6187	87040	Ace Acres Sdn Bhd
19	GM 6070	87041	Ace Acres Sdn Bhd
20	GM 6066	87022	Ace Acres Sdn Bhd
21	H.S.(M) 25019	PT 66102	Tan Kok Choo (As informed by the Group, Ace Acres Sdn Bhd has transferred the ownership of the lands to the purchasers while pending for the completion and delivery of the sold properties to the purchasers.)
22	H.S.(M) 25020	PT 66103	Khoo Seng Sian and Lee Peck Yoke (As informed by the Group, Ace Acres Sdn Bhd has transferred the ownership of the lands to the purchasers while pending for the completion and delivery of the sold properties to the purchasers.)
23	H.S.(M) 25021	PT 66104	Impirama Sdn Bhd (As informed by the Group, Ace Acres Sdn Bhd has transferred the ownership of the lands to the purchasers while pending for the completion and delivery of the sold properties to the purchasers.)
24	H.S.(M) 25022	PT 66105	Khoo Seng Chen and Tan Chian Chian (As informed by the Group, Ace Acres Sdn Bhd has transferred the ownership of the lands to the purchasers while pending for the completion and delivery of the sold properties to the purchasers.)
25	GM 6147	87023	Ace Acres Sdn Bhd
26	GM 6067	87024	Ace Acres Sdn Bhd
27	H.S.(M) 25025	PT 66108	Ace Acres Sdn Bhd
28	H.S.(M) 25026	PT 66109	Ace Acres Sdn Bhd
29	H.S.(M) 25027	PT 66110	Ace Acres Sdn Bhd
30	GM 6068	87007	Ace Acres Sdn Bhd
31	H.S.(M) 25029	PT 66112	Ace Acres Sdn Bhd
32	H.S.(M) 25030	PT 66113	Ace Acres Sdn Bhd
33	H.S.(M) 25031	PT 66114	Ace Acres Sdn Bhd
34	H.S.(M) 25032	PT 66115	Ace Acres Sdn Bhd
35	H.S.(M) 25033	PT 66116	Ace Acres Sdn Bhd
36	H.S.(M) 25034	PT 66117	Ace Acres Sdn Bhd
37	H.S.(M) 25035	PT 66118	Ace Acres Sdn Bhd
38	H.S.(M) 25036	PT 66119	Ace Acres Sdn Bhd
39	H.S.(M) 25037	PT 66120	Ace Acres Sdn Bhd

Seksyen : 9

Mukim : Bandar Kajang

District : Hulu Langat

Tempat : Sungai Kantan

State : Selangor Darul Ehsan

Tenure : Freehold

Title Land Area : 22,242.94 sqm (for all 39 lots)

Annual Rent : RM2,521

Category of Land Use : Bangunan (Building)

Express Condition : Bangunan Kediaman (Residential Building)

Endorsements : Private caveats and charges entered by various banks, i.e.:

- Hong Leong Bank Berhad
- Hong Leong Islamic Bank Berhad
- Malayan Banking Berhad
- CIMB Bank Berhad
- CIMB Islamic Bank Berhad

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C4.4	PJ City Corporate Hub located within Section 51A, Petaling Jaya, Selangor Darul Ehsan, PN 91909/Lot 13508 Seksyen 32 Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan, Malaysia The subject property is located along Jalan 225, within Section 51A, Petaling Jaya which lies off the north-western side of the Federal Highway at approximately 2 and 12 kilometres south-west of the City Centres of Petaling Jaya and Kuala Lumpur respectively.	The subject site consists of a parcel of industrial land with a site area of approximately 31,390 sqm. The subject property known as PJ City Corporate Hub which is an industrial development comprising 16 units of 2.5/3-storey semi-detached factory and 12 units of 2-storey terraced factory. Upon completion, the PJ City Corporate Hub will comprise approximately a total gross floor area of 18,486 sqm. As advised, the PJ City Corporate Hub will be completed in April 2014. The land use right of the site is 99-year leasehold interest expiring on 12 December 2107. The annual land rent payable to the government is RM80,855.	The subject property is currently in various stages of construction upon our inspection.	**HK$140,000,000** (RM56,000,000– MALAYSIAN RINGGIT FIFTY SIX MILLION) (44.3% interests attributable to the Company: **HK$62,000,000**)

Notes:

a) The basis of valuation is the Market Value of the subject property i.e. the unexpired 95-year leasehold interest in a parcel of industrial land located within Section 51A, Petaling Jaya, Selangor (held under PN 91909/Lot 13508 Seksyen 32, Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan) in its existing condition with benefit of its new development approvals with vacant possession and subject to its title being free from encumbrances and registrable

b) The subject property is zoned industrial.

c) The subject property has been recently approved for an industrial project vides Approval Letter bearing Reference No. (33)dlm.MBPJ/040100/T/P23/S51A/1240/2007Jld dated 4 January 2012, issued by Majlis Bandaraya Petaling Jaya (MBPJ). The saleable development content comprises:–

Type of Development	Units	Land Area *(sqm each)*	Land Area *(sqft each)*
3-storey semi-detached factory (Type A)	2	1,595 – 1,808	17,171 – 19,459
2 ½-storey semi-detached factory (Type B)	6	941	10,124
3-storey semi-detached factory (Type C)	8	1,056 – 1,621	11,368 – 17,449
2-storey terraced factory (Type D)	12	186	2,000

d) The Sold Portions of the subject property comprising 18 units, with a total gross floor area of approximately 13,892 sqm, have been contracted to be sold for the total consideration of RM93.1 million. In arriving at our opinion on the capital value of the subject property, we have fully included those sold portions.

e) We are specifically instructed by the Group to exclude the amount billed to date (on the sold units above) but to include (deduct) the amount certified (on the contracts awarded above/the certified details of the cost incurred) from our valuation.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately RM50 million and the construction costs incurred up to 31 January 2013 was in the sum of approximately RM10.6 million.

g) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of RM123.4 million.

h) External inspections to the subject property were carried out by Mr. Chia Chin Phang, B. (Hons) Estate Management on 11 January 2013.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

j) Legal Details

Extracted from a search at the Registry of Land Titles of Selangor Darul Ehsan on 14 January 2013:

Title No.	:	PN 91909
Lot No.	:	13508 Seksyen 32
Mukim	:	Bandar Petaling Jaya
District	:	Petaling
State	:	Selangor Darul Ehsan
Tenure	:	99-year leasehold interest expiring on 12 December 2107
Title Land Area	:	31,390 sqm
Annual Rent	:	RM80,855
Category of Land Use	:	Perusahaan (Industrial)
Express Condition	:	Perusahaan ringan (Light Industrial)
Restriction-in-interest	:	Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri (This land can be transferred, leased or charged upon obtaining approval of the State Authority)
Registered Owner	:	PJ Corporate Park Sdn Bhd (As informed by the Group, PJ Corporate Park Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
Encumbrance	:	Charged to Affin Bank Berhad

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C4.5	Phase 3J, 3K and 3L of Emerald East, GM4825/Lot 263, G48238/Lot 952 and G48239/Lot 1318, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia The subject property is located within the suburb of Rawang where it can be easily accessed by the Rawang-Batang Berjuntai main road and the service roads within Emerald East.	The Phase 3J site consists of 131 terrace house lots with a total net area of approximately 21,298.77 sqm. The Phase 3K site consists of 55 terrace house lots with a total net area of approximately 12,930.80 sqm. The Phase 3L site consists of 164 terrace house lots with a total net area of approximately 26,968.27 sqm. Emerald East, which Phases 3J, 3K and 3L form part, is a fairly large scale ongoing mixed residential development project within the western suburb of the Township of Rawang at approximately 30 kilometres north of Kuala Lumpur, the Capital City of Malaysia. Upon completion, Phases 3J, 3K and 3L will comprise approximately the total gross floor areas of 19,703.71, 11,460.98 and 28,552.45 sqm respectively. As advised, Phases 3J, 3K and 3L of the development will be completed in 1st quarter of 2013, 1st quarter 2014 and 3rd quarter of 2013 respectively. The land use rights of the site are in perpetuity (Freehold).	The subject property was under construction upon our inspection.	**HK$208,000,000** (RM83,000,000– MALAYSIAN RINGGIT EIGHTY THREE MILLION) (22.2% interests attributable to the Company: **HK$46,000,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in the subject property held under parts of the parent titles viz. GM4825/Lot 263, G48238/Lot 952 and G48239/Lot 1318, Mukim of Rawang, District of Gombak, State of Selangor in its existing condition with benefit of the completed main infrastructural works within Emerald East and the site/ building works thereon, with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

b) The current planning or zoning use is residential in accordance with the approved site layout plan of Emerald West.

c) The subject property is sited within a neighbourhood provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

d) All main infrastructural works inclusive of roads, drainage, water reticulation, sewerage, landscaping, bridge, mechanical and electrical installations and other minor works have already been completed to provide services to the completed and ongoing phases within Emerald East. These are common-sharing infrastructures for the whole Emerald East project.

e) According to the titles obtained from the Registry of Land Titles Selangor, the registered owner of Lots 263, 952 and 1318 is Kota Selatan Indah Sdn Bhd. As informed by the Group, Kota Selatan Indah Sdn Bhd is a joint venture between GuocoLand (Malaysia) Berhad and Hong Bee Land Sdn Bhd. Kota Selatan Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest. Pertinent details of the parent titles are as follows:

Tenure:	Freehold
Land Use:	Agriculture (Lot 263), Building (Lot 952) and Nil (Lot 1318)
Encumbrances:	Charged to OCBC Bank (Malaysia) Berhad

f) The sold portions of the subject property comprising 131 units (Phase 3J), 55 units (Phase 3K) and 159 units (Phase 3L) with total gross floor areas of approximately 19,703.71, 11,460.98 and 28,552.45 sqm, have been contracted to be sold for the total considerations of RM45,883,516, RM33,551,518 and RM71,098,038 respectively. In arriving at our opinion on the capital value of the subject property, we have fully included those sold portions.

g) We are specifically instructed by the Group to exclude the amount billed to date (on the sold units above) but to include (deduct) the amount certified (on the contracts awarded above/the certified details of the cost incurred) from our valuation.

h) As provided by the Group, the total estimated construction costs are in the sums of approximately RM24,125,918 (Phase 3J), RM15,704,904 (Phase 3K) and RM29,818,909 (Phase 3L) and the construction costs incurred up to 31 January 2013 were in the sums of approximately RM21,282,788, RM5,971,075 and RM13,787,281 respectively.

i) We are of the opinion that the gross development values of the subject property assuming it were just completed are in the sums of RM45,883,516 (Phase 3J), RM33,551,518 (Phase 3K) and RM73,210,038 (Phase 3L).

j) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

k) In our valuation, we have made the following title assumptions:

- The total provisional land areas of the subject property of 21,298.77 (Phase 3J), 12,930.80 (Phase 3K) and 26,968.27 (Phase 3L) square metres are correct;
- The Subject Property will be issued with 350 individual registrable documents of title;
- The title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

l) External inspections to the subject property were carried out by Mr. Yong Heng Yuen (Vice President of CBRE Malaysia) on 16 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C4.6	Phase 2C of Emerald West, Part of GRN 51712/Lot 934 and GRN 52772/Lot 1286, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia The subject property is located within the suburb of Rawang where it can be easily accessed by the Rawang-Batang Berjuntai main road and the service roads within Emerald West.	The subject site consists of 161 units of 2 and 2 ½-storey super link house with a total net area of approximately 36,864.02 sqm. Emerald West, which Phase 2C forms part, is a large scale ongoing mixed residential development project within the western suburb of the Township of Rawang at approximately 30 kilometres north of Kuala Lumpur, the Capital City of Malaysia. Upon completion, the Phase 2C will comprise approximately a total gross floor area of 55,267.56 sqm. As advised, the Phase 2C of the development will be completed in 2nd quarter 2014. The land use rights of the site are in perpetuity (Freehold).	The subject property was under construction upon our inspection.	**HK$110,000,000** (RM44,000,000– MALAYSIAN RINGGIT FORTY FOUR MILLION) (22.2% interests attributable to the Company: **HK$24,000,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in the subject property held under parts of the parent titles viz. GRN 51712/Lot 934 and GRN 52772/Lot 1286, Mukim of Rawang, District of Gombak, State of Selangor in its existing condition with benefit of the completed main infrastructural works within Emerald West and the site/building works thereon, with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

b) The current planning or zoning use is residential in accordance with the approved site layout plan of Emerald West.

c) The subject property is sited within a neighbourhood provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

d) Selective main infrastructural works inclusive of roads, drainage, water reticulation, sewerage, landscaping, bridge, mechanical and electrical installations and other minor works have already been completed to provide services to the completed and ongoing phases within Emerald West. These are common-sharing infrastructures for the whole Emerald West project.

e) According to the titles obtained from the Registry of Land Titles Selangor, the registered owner of Lots 934 and 1286 is Hong Bee Realty Sdn Bhd. As informed by the Group, the subject property is held on trust by Hong Bee Realty Sdn Bhd for Promakmur Development Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad and Hong Bee Land Sdn Bhd. Pertinent details of the parent titles are as follows:

Tenure : Freehold

Land Use : Building

Encumbrances : Charged to OCBC Bank (Malaysia) Berhad

f) According to the Sale and Purchase Agreement dated 31 May 2000 and Fifth Supplemental Agreement dated 25 April 2003, the beneficial owner of the Emerald West development land and the subject property is Promakmur Development Sdn Bhd. As informed by the Group, Promakmur Development Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest.

g) The sold portions of the subject property comprising 119 units, with a total gross floor area of approximately 40,849.93 sqm, have been contracted to be sold for the total consideration of RM111,719,708. In arriving at our opinion on the capital value of the subject property, we have fully included those sold portions.

h) We are specifically instructed by the Group to exclude the amount billed to date (on the sold units above) but to include (deduct) the amount certified (on the contracts awarded above/the certified details of the cost incurred) from our valuation.

i) As provided by the Group, the total estimated construction cost is in the sum of approximately RM66,443,929 and the construction costs incurred up to 31 January 2013 was in the sum of approximately RM7,407,006.

j) We are of the opinion that the gross development value of the subject property assuming it were just completed is in the sum of RM146,677,508.

k) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

l) In our valuation, we have made the following title assumptions:

- The total provisional land area of the subject property of 36,864.02 square metres is correct;
- The subject property will be issued with 161 individual registrable documents of title;
- The title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

m) External inspections to the subject property were carried out by Mr. Yong Heng Yuen (Vice President of CBRE Malaysia) on 16 January 2013.

Group C5: Property interests held by the Group for Future Development in Malaysia

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.1	A parcel of vacant development land, GRN 25964, Lot 241 Seksyen 63, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia The subject property is located along Jalan Changkat Kia Peng within Section 63 of the City Centre of Kuala Lumpur. It is easily accessible from all parts of the city via Jalan Tun Razak, Jalan Pinang, and Jalan Kia Peng.	The subject property is a parcel of development land with provisional title land area of 3,029.985 sqm. The land use right of the site is in perpetuity (Freehold). The annual land rent payable to the government is RM2,182.	The subject property is a vacant commercial land which is presently overgrown with bushes and trees and built upon with an old dilapidated bungalow.	**HK$155,000,000** (RM62,000,000– MALAYSIAN RINGGIT SIXTY TWO MILLION) (44.3% interests attributable to the Company: **HK$69,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in a parcel of Development Land (held under GRN 25964/ Lot 241 Seksyen 63, Bandar Kuala Lumpur, District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur) in its existing condition, with vacant possession and subject to its title being free from encumbrances and registrable.

b) Our verbal enquiries with the Planning Department of Dewan Bandaraya Kuala Lumpur (DBKL) confirmed that the subject property is zoned city centre commercial and has a plot ratio of 1:6.

c) Site and Services

Shape	:	Regular in shape.
Topography	:	Undulating in terrain and lies slightly lower than the frontage road i.e. Jalan Changkat Kia Peng. It is overgrown with bushes and trees and is built upon with an old dilapidated bungalow.
Site Area	:	3,029.985 sqm
Fencing	:	Metal hoarding.
Street Frontage	:	Jalan Changkat Kia Peng.
Services	:	Main water, electricity supply and telephone lines are available in the immediate neighbourhood. The Dewan Bandaraya Kuala Lumpur provides the usual public services to this area. Public transportation is available within the vicinity.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

e) Legal Details

Extracted from a search at the Registry of Land Titles of Wilayah Persekutuan Kuala Lumpur on 9 January 2013:

Title No.	:	GRN 25964
Lot No.	:	Lot 241 Seksyen 0063
Mukim	:	Bandar Kuala Lumpur
District	:	Kuala Lumpur
State	:	Wilayah Persekutuan Kuala Lumpur
Tenure	:	Freehold
Provisional Title Land Area	:	3,029.985 sqm
Annual Rent	:	RM 2,182
Category of Land Use	:	Bangunan (Building)
Express Condition	:	Tanah ini hendaklah digunakan untuk bangunan kediaman bagi tujuan pangsapuri mewah sahaja. (Luxury Condominium only)
Registered Owner	:	Sabna Development Sdn Bhd (As informed by the Group, Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

f) An external inspection was carried out by Ms. Hun Shuang Ding, B.(Hons) Estate Management & Master of Real Estate on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.2	The subject property comprises: 4 parcels of '*Building*' land and 24 parcels of '*Commercial*' terraced plots within Mukim of Rawang, District of Gombak, Selangor Darul Ehsan identified as Phase 6 of Bukit Rahman Putra. 4 parcels of '*Building*' land within Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan identified as Phase CL11, 8D and 5B of Bukit Rahman Putra. The subject property is located in Bukit Rahman Putra, Selangor Darul Ehsan.	Bukit Rahman Putra is an established mixed residential/ commercial/ industrial project located off the Sungai Buloh Interchange at the North-South Highway. It lies approximately 30 kilometers due north-west of the Kuala Lumpur City Centre. The total provisional land area of the subject property is approximately 71,944 sqm (774,400 sqft/ 17.78 acres). The land use right of the site is in perpetuity (Freehold). The total annual rent payable to the government is approximately RM38,380.	Phase 6 and 5B The sites are presently overgrown with bushes, shrubs and trees. Presently no development. Phase 8D The construction of works (precast concrete piles and pile caps) on site has been stalled. The site is presently overgrown with bushes and shrubs. Phase CL11 The site is presently an existing public road and also part of an open-air car parking area.	No Commercial Value

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in the subject property (on an aggregate basis).

1. 4 parcels of '*Building*' land and 24 parcels of '*Commercial*' terraced plots within Mukim of Rawang, District of Gombak (identified as Phase 6, Bukit Rahman Putra)
2. 4 parcels of '*Building*' land within Mukim of Sungai Buloh, District of Petaling (identified as Phase CL11, 8D and 5B, Bukit Rahman Putra)

Selangor Darul Ehsan with vacant possession and subject to its titles being free from all encumbrances and registrable.

No.	Phase, Bukit Rahman Putra	Title Particulars	Land Area	
			In sqm	*In sqft*
1)	Phase 6	• HS(D) 31904/PT 13195	22,820	245,639
		• HS(D) 31906/PT 13197	12,353	132,971
		• HS(D) 31910/PT 13201	14,939	160,808
		• HS(D) 31911/PT 13202	2,023	21,779
		• HS(D) 31912/PT 13203	226	2,858
		• HS(D) 31913/PT 13204	121	1,300
		• HS(D) 31914/PT 13205	121	1,300
		• HS(D) 31915/PT 13206	121	1,300
		• HS(D) 31916/PT 13207	121	1,300
		• HS(D) 31917/PT 13208	121	1,300

No.	Phase, Bukit Rahman Putra	Title Particulars	Land Area	
			In sqm	*In sqft*
		• HS(D) 31918/PT 13209	121	1,300
		• HS(D) 31919/PT 13210	121	1,300
		• HS(D) 31920/PT 13211	121	1,300
		• HS(D) 31921/PT 13212	121	1,300
		• HS(D) 31922/PT 13213	121	1,300
		• HS(D) 31923/PT 13214	244	2,623
		• HS(D) 31924/PT 13215	287	3,093
		• HS(D) 31925/PT 13216	121	1,300
		• HS(D) 31926/PT 13217	121	1,300
		• HS(D) 31927/PT 13218	121	1,300
		• HS(D) 31928/PT 13219	121	1,300
		• HS(D) 31929/PT 13220	121	1,300
		• HS(D) 31930/PT 13221	121	1,300
		• HS(D) 31931/PT 13222	121	1,300
		• HS(D) 31932/PT 13223	121	1,300
		• HS(D) 31933/PT 13224	121	1,300
		• HS(D) 31934/PT 13225	121	1,300
		• HS(D) 31935/PT 13226	266	2,858
		all in Mukim of Rawang, District of Gombak, Selangor Darul Ehsan		
2)	Phase 5B	HS(D) 94844/PT 28770 Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan	7,893	84,959
3)	Phase 8D	HS(D) 94076/PT 28002 Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan	4,186	45,057
4)	Phase CL11	• HS(D) 94315/PT 28241	411	4,421
		• HS(D) 94316/PT 28242	3,840	41,334
		both in Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan		

b) Phase 6, Bukit Rahman Putra

Shape : Irregular shape.

Topography : Undulating in terrain and is overgrown with bushes, shrubs and trees. Presently no development.

Total Land Area : Approximately 55,613 sqm in 28 separate titles.

Services : Main water, electricity supply and telephone lines are available in the immediate neighbourhood.

Public transportation in the form of buses and taxis is easily available in the vicinity.

Legal Details : Extracted from registered documents of title provided by the Group/ the Registry of Land Titles Selangor Darul Ehsan in Shah Alam.

Mukim of Rawang, District of Gombak, Selangor Darul Ehsan.

Tenure: Freehold

Category of Land Use: Building

Registered Owner: Harta Kemunchak Sdn Bhd
(As informed by the Group, the subject property is held on trust by Harta Kemunchak Sdn Bhd for Sabna Development Sdn Bhd. Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

Endorsement: HS(D) 31904/PT 13195
Part of the land measuring at approximately 21 sqm (226 sqft) has been acquired under Form D of Land Acquisition Act 1960 (Act 486) via Presentation No. 2017/2004, registered on 30 December 2004.

Remarks : According to the Approved Master Layout Plan (Bearing Reference No. MBSA/PRG/PSA U20B-4-04 approved by Shah Alam City Council), these sites are designated for construction of low-cost flats (subject to a ceiling sale price of RM42,000 per unit) and low-cost shops (subject to a ceiling sale price of RM120,000 per unit) together with a public community hall and stalls.

These are part of the social obligations of the Developer to the local community when the project was first approved for development by the State Government Authority (State Secretary of Selangor).

We further note that the costs of construction of these low-cost units are usually higher than the fixed selling price and in most of cases, have negative cashflow positions.

c) Phase 5B, Bukit Rahman Putra

Shape : Near rectangular in shape.

Topography : Flat in terrain and lies at about level to its frontage road i.e. Jalan BRP 6/8. It has been cleared for development.

Land Area : Approximately 7,893 sqm

Legal Details : Extracted from a search at the Registry of Land Titles Selangor Darul Ehsan in Shah Alam on 21 January 2013:

Title No. : HS(D) 94844

Lot No. : PT 28770

Mukim : Sungai Buloh

District : Petaling

State : Selangor Darul Ehsan

Tenure : Freehold

Provisional Land Area : Approximately 7,893 sqm

Category of Land Use : Bangunan (Building)

Express Condition : Rumah pangsa untuk kediaman (Apartment)

Registered Owner : Harta Kemunchak Sdn Bhd
(As informed by the Group, the subject property is held on trust by Harta Kemunchak Sdn Bhd for Sabna Development Sdn Bhd. Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

Remarks: According to the Approved Master Layout Plan (Bearing Reference No. MBSA/PRG/PSA U20B-4-04 approved by Shah Alam City Council), this site is designated for low medium-cost apartments (subject to a ceiling sale price of RM72,000 per unit).

These low medium-cost apartments are further subject to a "Bumiputra discount" quota i.e. a 7% discount off the total selling price on 70% of the total units built.

d) Phase 8D, Bukit Rahman Putra

Shape : Regular in shape.

Topography : Levelled for building construction and site boundaries are demarcated with metal hoardings. Project is now stalled and site is now overgrown with bushes and shrubs.

Land Area : Approximately 4,186 sqm.

Legal Details : Extracted from a search at the Registry of Land Titles Selangor Darul Ehsan in Shah Alam on 21 January 2013:

Title No. : HS(D) 94076

Lot No. : PT 28002

Mukim : Sungai Buloh

District : Petaling

State : Selangor Darul Ehsan

Tenure : Freehold

Provisional Land Area : Approximately 4,186 sqm

Category of Land Use : Bangunan (Building)

Express Condition : Rumah pangsa (Condominium)

Registered Owner : Harta Kemunchak Sdn Bhd
(As informed by the Group, the subject property is held on trust by Harta Kemunchak Sdn Bhd for Sabna Development Sdn Bhd. Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

Remarks : According to the Approved Building Plan (Bearing Reference No. MBSA/PRG/KMPG/Sek.U20/133-2-2010 approved by Shah Alam City Council on 24 February 2011), this site is approved for an 18-storey condominium building consisting of 84 condominium units, 4-level car parks, 1-level basement car park and facilities.

Site clearance and earthworks completed and the precast concrete piles and pile caps partially done.

e) Phase CL11, Bukit Rahman Putra

Shape : Irregular in shape.

Topography : Flat in terrain. It is an existing road and part of an open-air car park area. Located at the south-western side of The Store (Shopping Mall).

Total Land Area : Approximately 4,251 sqm.

Legal Details : Extracted from searches at the Registry of Land Titles Selangor Darul Ehsan in Shah Alam on 21 January 2013:

Title/ Lot No.	**Provisional Land Area**	**Annual Rent**
HS(D) 94315/ PT 28241	Approx. 411 sqm	RM82
HS(D) 94316/ PT 28242	Approx. 3,840 sqm	RM695

The particulars common of the above titles are as follows:

Mukim	:	Sungai Buloh
District	:	Petaling
State	:	Selangor Darul Ehsan
Tenure	:	Freehold
Category of Land Use	:	Bangunan (Building)
Registered Owner	:	Harta Kemunchak Sdn Bhd (As informed by the Group, the subject property is held on trust by Harta Kemunchak Sdn Bhd for Sabna Development Sdn Bhd. Sabna Development Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)

Remarks : Our verbal enquiries at the Town and Country Planning Department of Shah Alam City Council revealed that:

- The site is zoned as a road reserve and no development is permitted on site.

f) All the abovementioned sites are viewed and valued together as the last few remaining parcels of the development of the Bukit Rahman Putra project.

g) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

h) External inspections to the subject property were carried out by Ms. Lee Hooi San, a Registered Valuer with the Board of Valuers, Appraisers and Estate Agents Malaysia on 14 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.3	A parcel of residential land (the "Upper Condo Project") HSD 15960/Lot PT 3059, Mukim of Ulu Kelang, District of Gombak, Selangor Darul Ehsan, Malaysia The subject property is sited at Jalan 7A, Taman Hill View, Ampang. It lies approximately 9 kilometers north east of the City Centre of Kuala Lumpur.	The subject property is a parcel of residential land with provisional title land area of 30,417.8754 sqm (approx. 7.52 acres). The land use right of the site is in perpetuity (Freehold). The annual rent payable to the government is RM60,502.	Presently the subject property is a vacant residential land which is overgrown with bushes and trees lying alongside Jalan 7A, Taman Hill View.	**HK$50,000,000** (RM20,000,000– MALAYSIAN RINGGIT TWENTY MILLION) (44.3% interests attributable to the Company: **HK$22,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in a parcel of residential land within Taman Hill View (held under HSD 15960/Lot PT 3059, Mukim of Ulu Kelang, District of Gombak, Selangor Darul Ehsan) in its existing condition, with vacant possession and subject to its title being free from encumbrances and registrable.

b) Our verbal enquiries with the Ampang Jaya Town Planning Department confirms that the subject property is zoned residential with a density of 8 units per acre.

c) Site and Services

Shape : Regular in shape.

Topography : Undulating in terrain and lies slightly above the frontage road i.e. Jalan 7A. It is overgrown with bushes and trees.

Fencing : Chain link fencing at the boundary facing to the frontage road.

Street Frontage : Jalan 7A.

Services : Main water, electricity supply and telephone lines are available in the immediate neighbourhood.

Majlis Perbandaran Ampang Jaya provides the usual public services to this area. Public transportation is available within the vicinity.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

e) Legal Details

Extracted from a search at the Registry of Land Titles, Selangor on 11 January 2013:

Title No.	:	HSD 15960
Lot No.	:	Lot PT 3059
Mukim	:	Ulu Kelang
District	:	Gombak
State	:	Selangor Darul Ehsan
Tenure	:	Freehold
Provisional Title Land Area	:	30,417.8754 sqm
Annual Rent	:	RM60,502
Category of Land Use	:	Bangunan (Building)
Express Condition	:	Rumah Pangsa (Apartments)
Registered Owner	:	Hampstead Corporation Sdn Bhd (As informed by the Group, Hampstead Corporation Sdn Bhd is now renamed as "Hong Leong Housing Sdn Bhd". Hong Leong Housing Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

f) An external inspection was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 11 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.4	A parcel of development land Geran 20438/Lot 36 Section 1, Town of Batu Ferringgi, District of North-East, Penang, Malaysia The subject property located along the south-eastern side of Jalan Batu Feringghi. It lies approximately 16 kilometres to the north-west of the George Town City Centre.	The subject property is a parcel of development land (zoned for Residential) with title land area of 18,538.6473 sqm. The land use right of the site is in perpetuity (Freehold). The annual rent payable to the government is RM9,978.	The subject property is a development land which is built upon and occupied by about 85 illegal structures (squatters).	**HK$33,000,000** (RM13,000,000– MALAYSIAN RINGGIT THIRTEEN MILLION) (44.3% interests attributable to the Company: **HK$15,000,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in a parcel of Development Land (held under Geran 20438/Lot 36 Section 1, Town of Batu Ferringgi, District of North-East, Penang) in its existing condition, without vacant possession and subject to its title being free from encumbrances and registrable.

b) Our verbal enquiries with the Town Planning Department of Majlis Perbandaran Pulau Pinang (MPPP) confirm that the subject property is zoned residential and has a density of 15 units per acre.

c) From our enquiries at the Jabatan Kerja Raya (JKR) and the Town Planning Department, Majlis Perbandaran Pulau Pinang, we note that:

    (i) The subject property will be severed into 2 parcels of land due to the proposed North Coast Road (proposed by JKR).

    (ii) This proposed road project cuts through the centre of the land at a width of about 250 feet.

    (iii) On the western and north-western sides of the site, the land is further subject to a 66-foot road widening exercise on the existing Jalan Batu Feringghi.

    (iv) The south-eastern portion currently has:

    - A remaining area of about 1.8 acres (extracted from details provided by the Group);
    - Current density at 15 units per acre; and
    - A responsibility to subsidize the costs of construction of the North Coast Road is estimated at RM2 million per kilometer upon development.

d) There has been no proper land survey done and all usable areas given are estimated figures provided by the Group.

e) Site and Services

Shape	:	Irregular in shape.
Topography	:	Flat in terrain except for its south-western portions which ascends with contour of about 20 metres (approx. 66 ft). It is built upon with about 85 illegal semi-permanent structures (squatters).
Fencing	:	No fencing.
Street Frontage	:	Jalan Batu Feringghi.
Services	:	Main water, electricity supply and telephone lines are available in the immediate neighbourhood. The Majlis Perbandaran Pulau Pinang (MPPP) provides the usual public services to this area.

f) An external inspection was carried out by Mr. Tam See Wei, B.(Hons) Estate Management on 17 January 2013.

g) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

h) Legal Details

Extracted from a search at the Penang Land Registry on 16 January 2013:

Title No.	:	Geran 20438
Lot No.	:	Lot 36, Section 1
Town	:	Batu Ferringgi
District	:	North-East
State	:	Penang
Title Land Area	:	18,538.6473 sqm
Annual Rent	:	RM 9,978
Category of Land Use	:	Nil
Express Condition	:	The land comprised in this title: i) shall not be affected by any provision of the National Land Code or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land; ii) shall not be affected by any provision of the National Land Code limiting the compensation payable on the creation of a Collector's right of way to compensation for damage in respect of trees, crops or buildings.
Registered Owner	:	Pembinaan Sri Jati Sdn Bhd (As informed by the Group, Pembinaan Sri Jati Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.5	9 adjoining parcels of residential land, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan, Malaysia The subject property is located off the western side of Jalan Alam Damai, within Kuala Lumpur It is located about 14 kilometres due south-east of the Kuala Lumpur City Centre.	The subject property is 9 adjoining parcels of residential land, with a total provisional title land area of 189,083 sqm. The land use right of the site is in perpetuity (Freehold). The annual rent payable to the government is RM62,403.	Presently the subject property is vacant and overgrown with bushes and trees. There is an abandoned concrete structure found within the land amongst the trees. We further note that there is a registered Easement recently endorsed on the title in 2012.	**HK$306,000,000** (RM122,000,000– MALAYSIAN RINGGIT ONE HUNDRED TWENTY TWO MILLION) (44.3% interests attributable to the Company: **HK$136,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in 9 parcels of residential lands (held under GRN 18799/Lot 7589, GRN 18798/Lot 7588, GRN 18797/Lot 7587, GRN 18796/Lot 7586, GRN 18795/Lot 7585, GRN 18803/Lot 7597, GRN 18804/Lot 7598, GRN 18805/Lot 7599 and GRN 18831/Lot 7600) in its existing condition, with vacant possession and subject to its titles being free from encumbrances and registrable.

b) Our verbal enquiries with the Dewan Bandaraya Kuala Lumpur (DBKL) Town Planning Department confirms that the subject property is zoned Residential with a density of 80 person per acre.

c) Site and Services

Shape : Regular in shape.

Topography : Undulating in terrain and lies about the same level as the frontage road i.e. Jalan 3/154D. It is overgrown with bushes and trees.

Fencing : Nil

Street Frontage : Jalan 3/154D.

Services : Main water, electricity supply and telephone lines are available in the immediate neighbourhood.

The Dewan Bandaraya Kuala Lumpur (DBKL) provides the usual public services to this area. Public transportation is available within the vicinity.

d) On 7 December 2012, a proposal to amalgamate and subdivide the land for a mixed residential and commercial development was submitted to Dewan Bandaraya Kuala Lumpur (DBKL) and it is currently pending approval.

e) An external inspection was carried out by Mr. Mohd Suri Bin Ismail, B. Sury. (Hons) Property Management on 15 January 2013.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

g) Legal Details

Extracted from searches at the Wilayah Persekutuan Kuala Lumpur Land Office on 15 January 2013:

Title Nos.	**Lot Nos.**	**Title Land Area** *(sqm)*	**Annual Rent** *(RM)*
GRN 18799	7589	21,395.029	7,061.00
GRN 18798	7588	20,715.18	6,837.00
GRN 18797	7587	21,322.188	7,037.00
GRN 18796	7586	21,017.208	6,936.00
GRN 18795	7585	21,194.716	6,995.00
GRN 18803	7597	20,840.628	6,878.00
GRN 18804	7598	20,840.628	6,878.00
GRN 18805	7599	20,891.212	6,895.00
GRN 18831	7600	20,865.92	6,886.00

The particulars common of the above titles are as follows:

Mukim	:	Petaling
District	:	Kuala Lumpur
State	:	Wilayah Persekutuan Kuala Lumpur
Tenure	:	Freehold
Category of Land Use	:	Bangunan (Building)
Express Conditions	:	(a) Tanah ini hendaklah digunakan hanya untuk tapak rancangan perumahan yang pembangunannya hendaklah diselaraskan dengan pelan pertapakan yang akan dipersetujui oleh Dewan Bandaraya, Kuala Lumpur. (This land shall be used as a site for planned housing where its development is in line with the site layout plan which will be approved by the City Hall of Kuala Lumpur). (b) Pembangunan di atas tanah ini hendaklah mematuhi perintah pembangunan yang dikeluarkan oleh Dewan Bandaraya, Kuala Lumpur. (The development on this land should adhere to the development order issued by the City Hall of Kuala Lumpur).
Registered Owner	:	Wonderful Space Sdn Bhd (As informed by the Group, Wonderful Space Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest)
Encumbarnces	:	Charged to RHB Bank Berhad.
Endorsements	:	Private caveat lodged by Wonderful Space Sdn Bhd.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at January 2013
C5.6	A parcel of commercial land, within PJ City Development, Section 51A, Petaling Jaya, Selangor Darul Ehsan, Malaysia Part of PN 91908/Lot 13507 Seksyen 32 Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan, Malaysia The subject property is located within Section 51A, Petaling Jaya which lies off the north-western side of the Federal Highway at approximately 2 kilometres south-west of the City Centre of Petaling Jaya.	The subject site consists of a parcel of commercial land with a site area of approximately 12,140 sqm (3 acres) within PJ City Development. PJ City Development is an integrated commercial complex comprising 2 existing office towers (Blocks A and B) and another proposed 4 office towers (Blocks C – F) which are yet to be built. The land use right of the site is 99-year leasehold interest expiring on 12 December 2107. The annual land rent (parent title) payable to the government is RM99,066.	Part of the subject property (about 6,070 sqm or 1.5 acres) is currently tenanted to Ideal Wealth Creation Sdn Bhd as an open air car park with a monthly rental of RM18,000.	**HK$62,000,000** (RM24,800,000– MALAYSIAN RINGGIT TWENTY FOUR MILLION EIGHT HUNDRED THOUSAND) (44.3% interests attributable to the Company: **HK$27,000,000**)

Notes:

a) The basis of valuation is the Market Value of the subject property i.e. the unexpired 95-year leasehold interest in a 3-acre parcel of commercial land located within PJ City Development, Section 51A, Petaling Jaya, Selangor (held under parent title PN 91908/Lot 13507 Seksyen 32, Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan) in its existing condition with benefit of its new development approval with vacant possession and subject to the parent title and title assumptions being free from encumbrances and registrable.

b) The subject property is located within an area designated for commercial.

c) Details of approvals (from Majlis Bandaraya Petaling Jaya) are as follows:

- the Amended Master Layout Plan bearing Plan No. KWAP/PJ DEVELOPMENT SB/MBPJ/PINDAAN/01-2009
- the Letter of Approval from Majlis Bandaraya Petaling Jaya bearing Reference No. (4) dlm. MPPJ/JPB331/T/P23/S51/1240/2007 Jld. 5 both issued together on 4 May 2009 and
- the Approved Building Plans bearing Plan No. MBPJ/120100/T/P100921/2010 dated 2 September 2009.

The estimated land area for the undeveloped portion of the subject property is about 12,140 sqm (3.0 acres).

Approved Development Content	**Net Lettable Area** *(sqm)*	**Gross Floor Area** *(sqm)*
Office Tower – Block C	9,391	10,993.1
Office Tower – Block D	9,278	10,879.3
Office Tower – Block E	9,278	10,894.6
Office Tower – Block F	9,390	10,938.9
TOTAL	**37,337**	**43,705.9**
Basement Car Parking Bays	872 bays (based on approved building plans)	

d) In our valuation, we have made the following title assumptions:

- The provisional land area of the subject property of 12,140 sqm is correct;
- The subject property will be issued with individual registrable documents of title;
- The title(s) to be issued for the subject property shall convey a 99-year leasehold interest; and
- There will be no new and onerous conditions imposed on the title which shall be issued free from all encumbrances and registrable.

e) External inspections to the subject property were carried out by Mr. Chia Chin Phang, B. (Hons) Estate Management on 11 January 2013.

f) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

g) Legal Details (Parent Title)

Extracted from a search at the Registry of Land Titles Selangor Darul Ehsan on 14 January 2013:-

Title No.	:	PN 91908
Lot No.	:	13507 Seksyen 32
Mukim	:	Bandar Petaling Jaya
District	:	Petaling
State	:	Selangor Darul Ehsan
Tenure	:	99-year leasehold interest expiring on 12 December 2107
Title Land Area	:	32,060 sqm
Annual Rent	:	RM99,066
Category of Land Use	:	Bangunan (Building)
Express Condition	:	Bangunan Perniagaan (Commercial Building)
Restriction-in-interest	:	Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri (This land can be transferred, leased or charged after securing consent from the state government authority.)
Registered Owner	:	PJ Corporate Park Sdn Bhd (As informed by the Group, PJ Corporate Park Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 44.3% attributable interest.)
Encumbrance	:	Charged to Affin Bank Berhad

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.7	2 parcels of building land within Telok Kemang, Port Dickson GRN 84693 and GRN 84697/Lot 7252 and 7257 respectively, both in Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia. The subject property is sited off the western side of Jalan Port Dickson – Pasir Panjang within KM 16, Telok Kemang, Port Dickson. It lies approximately 40 kilometers to the north east of the Seremban town centre.	The subject site comprises two parcels of building land with a total land area of 26,988 sqm (6.70 acres). The land use right of the site is in perpetuity (Freehold). The total annual rent payable to the government is RM6,310.	Presently the subject property is a vacant and overgrown with bushes and trees.	**HK$13,000,000** (RM5,200,000– MALAYSIAN RINGGIT FIVE MILLION AND TWO HUNDRED THOUSAND) (50.6% interests attributable to the Company: **HK$6,600,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in two (2) parcels of building land within KM 16, Telok Kemang, Port Dickson (held under GRN 84693 and GRN 84697/Lot 7252 and 7257 respectively, both in Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan Darul Khusus) in its existing condition, with vacant possession and subject to its titles being free from encumbrances and registrable.

b) Our verbal enquiries with Port Dickson Town Planning Department confirmed that the subject property is zoned Commercial.

c) Site and Services

Shape	:	Regular in shape.
Topography	:	Flat in terrain and lies slightly above the frontage metalled roads. It is overgrown with bushes and trees.
Fencing	:	Not secured with any sort of fencing.
Street Frontage	:	Internal roads within Thistle Port Dickson
Services	:	Main water, electricity supply and telephone lines are available in the immediate neighbourhood. The Majlis Perbandaran Port Dickson provides the usual public services to this area. Public transportation is available within the vicinity.

d) An external inspection was carried out by Mr. Mohamad Hafiz Johan, Bsc. (Hons) Property Management on 15 January 2013.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

f) Legal Details

Extracted from a search at the Negeri Sembilan Land Registry in Seremban on 15 January 2013:-

Title No.	**Lot No.**	**Titular Land Area**	**Annual Rent**
GRN 84693	Lot 7252	16,458 square metres	RM6,090.00
GRN 84697	Lot 7257	10,530 square metres	RM220.00

Mukim	:	Pasir Panjang
District	:	Port Dickson
State	:	Negeri Sembilan
Tenure	:	Freehold
Category of Land Use	:	Bangunan (Building)
Express Condition	:	Lot 7252 – Tanah ini hendaklah digunakan untuk bangunan perniagaan sahaja (Commercial Building Only) Lot 7257 – Tanah ini hendaklah digunakan untuk padang golf sahaja (Golf-Course Only)
Restrictions-in-Interest	:	Not stated
Registered Owner	:	PD Resort Sdn Bhd (As informed by the Group, PD Resort Sdn Bhd is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 50.6% attributable interest)
Endorsements	:	Nil

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.8	6 parcels of development land located within Bagan Lalang, Sepang, GRN 251910/Lot 41, GRN 176674/Lot 3347, GRN 176675/Lot 5832, GRN 118269/Lot 3910, GM 273/Lot 223, GRN 118286/Lot 5773 and balance 962 subdivided titles to be developed within Mukim and District of Sepang, State of Selangor, Malaysia The subject property is located adjacent to the south and south-west of Sg Pelek township where it can be easily accessed from the Sg Pelek-Tg Sepat main road and also the service roads within Pantai Sepang Putra.	These development lands and Pantai Sepang Putra (a large scale mixed residential development project) are located within Bagan Lalang, Sepang at approximately 70 kilometres south of Kuala Lumpur, the Capital City of Malaysia. The 6 parcels of the development land (inclusive of the Northern Portion) have a total land area of approximately 4,674.7 acres. The balance undeveloped area of the Southern Portion of the Pantai Sepang Putra project has a gross land area of approximately 268.15 acres (The total net title land area is approximately 104.24 acres based on the 962 subdivided titles). The land use right of the subject property is in perpetuity (Freehold). The total annual rent payable to the State Government is RM139,271.70.	The 6 parcels of the development land (inclusive of the Northern Portion of the developed Pantai Sepang Putra project) are largely improved by the registered owner as an oil palm plantation. The balance undeveloped area of the Southern Portion is currently vacant. Part of the area is ready for immediate development where earthworks has been completed, especially in Phases 2E and 3A whilst other phases are largely overgrown with bushes and trees.	**HK$1,446,000,000** (RM577,000,000– MALAYSIAN RINGGIT FIVE HUNDRED SEVENTY SEVEN MILLION) (21.0% interests attributable to the Company: **HK$304,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in:-

No.	**Title No./Lot No.**
1	GRN 251910/Lot 41
2	GRN 176674/Lot 3347
3	GRN 176675/Lot 5832
4	GRN 118269/Lot 3910
5	GM 273/Lot 223
6	GRN 118286/Lot 5773 (Northern Portion of the Pantai Sepang Putra project)
7	962 subdivided titles (within the Southern Portion of the Pantai Sepang Putra project)

all within Mukim and District of Sepang, State of Selangor in its existing condition with vacant possession and subject to the titles being free from encumbrances and registrable.

b) Our verification with the Sepang Municipal Council Planning Department confirms that the development lands above is zoned Mixed Development. Meanwhile the master layout plan for Northern and Southern Portions were approved for a mixed residential development project known as Pantai Sepang Putra.

c) Site and Services

Shape:	Regular in shape.
Topography:	Generally flat in terrain and the development lands were planted with oil palm.
Street Frontage:	The development lands are situated along the Sg Pelek-Tg Sepat main road whilst the subdivided lots can be access via service roads within Pantai Sepang Putra.
Services:	Main water, electricity supply and telephone lines are available in the immediate neighbourhood. Sepang Municipal Council provides the public services to this area. Public transportation is available within the vicinity.

d) For the present exercise, we were specifically instructed by the Group to value the subject property as parcels of land with development potential (i.e. excluding all biological assets).

e) During our inspection of the subject site, we note that:

   (i) There are some structures erected on site to support the operations of the Plantation such as bungalows, quarters, office, temples, warehouses, etc. on Lot 3910.

   (ii) There are some vegetable farming activities found within these lands.

f) Selective main infrastructural works inclusive of roads, drainage, water reticulation, sewerage, landscaping, mechanical and electrical installations and other minor works have already been completed to provide services to the completed and future phases within the Southern Portion of Pantai Sepang Putra. These are common-sharing as well as local infrastructures works. The total completed works apportioned to the future phases within Southern Portion are estimated at RM57,000,000.

g) The common particulars for the titles are as follows:

   (i) Mukim and District of Sepang, State of Selangor

   (ii) Tenure: Freehold

h) The titles are registered to Hap Seng Consolidated Berhad and The East Asiatic Company (M) Bhd. As informed by the Group, The East Asiatic Company (M) Bhd is now renamed as “Hap Seng Consolidated Berhad”. The subject property is held on trust by Hap Seng Consolidated Berhad for Vintage Heights Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad, Hap Seng Consolidated Berhad and other parties independent of the Group. Vintage Heights Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 21.0% attributable interest.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

j) An external inspection was carried out by Mr. Simon Wong, B. (Hons) Estate Management on 15 January 2013.

k) Legal Details

Extracted from searches of the registered documents of title at the Registry of Land Titles Selangor and District and Land Office of Sepang (for Lot 223) on various occasions:

No	Title Nos.	Lot Nos.	Land Area	Annual Rent (RM)	Category of Land Use	Express Condition	Registered Owner	Encumbrances	Endorsement
1	GRN 251910	41	190.9 hectares (approx. 1,909,000 sqm)	6,426	Pertanian (Agriculture)	Tiada (Nil)	Hap Seng Consolidated Berhad	Nil	Nil
2	GRN 176674	3347	354.108 hectares (approx. 3,541,080 sqm)	11,920	Tiada (Nil)	Tiada (Nil)	Hap Seng Consolidated Berhad	Charged to Public Bank Berhad vide Presentation No. 69121/2006 dated on 3 August 2006.	Nil
3	GRN 176675	5832	416 hectares (approx. 4,160,000 sqm)	14,003	Tiada (Nil)	Tiada (Nil)	Hap Seng Consolidated Berhad	Charged to Public Bank Berhad vide Presentation No. 69121/2006 dated on 3 August 2006.	Nil
4	GRN 118269	3910	679.2 hectares (approx. 6,792,000 sqm)	22,862	Tiada (Nil)	Tiada (Nil)	Hap Seng Consolidated Berhad	Charged to Public Bank Berhad vide Presentation No. 69121/2006 dated on 3 August 2006.	Nil
5	GM 273	223	4.8562 hectares (approx. 48,562 sqm)	136	Pertanian (Agriculture)	Tanaman Kekal – Industri (Permanent Crop-Industrial)	Hap Seng Consolidated Berhad	Nil	Nil
6	GRN 118286	5773	271 hectares (approx. 2,710,000 sqm)	9,122	Tiada (Nil)	Tiada (Nil)	The East Asiatic Company (M) Bhd	Nil	1. Part of the land of about 10 acres has been acquired (Form K) vide Presentation No. 5441/1983 Vol. 1 Fol. 194 registered on 18 November 1983. Gazette No 451 dated 17 March 1983. 2. Part of the land of about 40 acres has been acquired (Form K) vide Presentation No. 604/1984 Vol. 2 Fol. 16 registered on 6 February 1984. 3. Part of the land of about 10 acres has been acquired (Form K) vide Presentation No. 6812/1987 Vol. 3 Fol. 44 registered on 5 November 1987.

l) Summary of the 962 subdivided titles as provided by the Group (within the Southern Portion of the Pantai Sepang Putra project) is as follows:

No.	**Phase**	**No. of Lots**	**Area (sqm)**	**Quit Rent (RM)**	**Express Condition**	**Usage (as per approved master layout plan)**
1	2C1	5	3,202	230	Bangunan Kediaman (Residential Building)	Bungalow Lots
2	2C2	6	24,355	16,130	Bangunan Perniagaan (Commercial Building)	Commercial Plots
3	2E	107	54,041	4,944.10	Bangunan Kediaman (Residential Building)	Bungalow Lots
4	3A4	31	5,428	1,443.10	Bangunan Kediaman (Residential Building)	Terrace House Lots
5	3A3	51	8,122	2,346	Bangunan Kediaman (Residential Building)	Terrace House Lots
6	3A4	80	12,820	3,680	Bangunan Kediaman (Residential Building)	Terrace House Lots
7	3C	376	56,394	17,313.10	Bangunan Kediaman (Residential Building)	Cluster House Lots
8	3F	77	10,854	3,542	Bangunan Kediaman (Residential Building)	Low Medium-Cost Terrace House Lots
9	4C	142	49,114	6,532	Bangunan Kediaman (Residential Building)	Semi-Detached House Lots
10	5A	1	24,812	1,479	Bangunan Kediaman (Residential Building)	Low-Cost Apartment Land
11	5B	1	61,854	3,687	Bangunan Kediaman (Residential Building)	Low-Cost Apartment Land

No.	Phase	No. of Lots	Area (sqm)	Quit Rent (RM)	Express Condition	Usage (as per approved master layout plan)
12	5C	1	29,592	1,764	Bangunan Kediaman (Residential Building)	Low-Cost Apartment Land
13	5D	1	35,129.90	2,094	Bangunan Kediaman (Residential Building)	Low-Cost Apartment Land
14	6A	18	2,278	1,524	Bangunan Perniagaan (Commercial Building)	Low-Cost Shop Lots
15	6B	35	4,290	3,134	Bangunan Perniagaan (Commercial Building)	Low-Cost Shop Lots
16	6C	30	3,834	2,830.40	Bangunan Perniagaan (Commercial Building)	Low-Cost Shop Lots
17	8B	1	35,731	2,130	Bangunan Kediaman (Residential Building)	Medium-Cost Apartment Land
Total		962	421,850.90	74,802.70		

* *Note:* Only 1 title randomly provided by the Group for phases with multiple units.

The particulars common of the above titles are as follows:–

Mukim:	Sepang
District:	Sepang
State:	Selangor
Tenure:	Freehold
Category of Land Use:	Bangunan (Building)
Registered Owner:	The East Asiatic Company (M) Bhd (As informed by the Group, The East Asiatic Company (M) Bhd is now renamed as “Hap Seng Consolidated Berhad”. The subject property is held on trust by Hap Seng Consolidated Berhad for Vintage Heights Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad, Hap Seng Consolidated Berhad and other parties independent of the Group. Vintage Heights Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 21.0% attributable interest.)

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.9	10 parcels of development land (known as Continental Estate). • HSD 10216/Lot PT 6145 • HSD 10219/Lot PT 6148 • HSD 10221/Lot PT 6150 • GRN 46412/Lot 7044 • GRN 46413/Lot 7045 • GRN 46414/Lot 7046 • GRN 11214/Lot 1051 • GRN 11217/Lot 1294 • GRN 22676/Lot 1050 • GRN 53455/Lot 7001 all within Mukim and District of Jasin, Melaka, Malaysia. The subject property is sited along both sides of Jasin Toll Plaza and is located at the fringe of Jasin/ Bemban Town. It lies approximately 10 kilometers and 40 kilometers to the south eastern of the Jasin Town Centre and south western of the City Centre of Melaka respectively.	The subject property comprises 10 parcels of development land with total land area of 1,646.74 hectares (approx. 4,069.19 acres). The land use right of the site is in perpetuity (Freehold). The total annual rent payable to the state government is RM99,267.20.	The subject property is still cultivated as an oil palm plantation known as "Continental Estate" upon our inspection. Presently the subject property is improved by the registered owners as a plantation except for the following lots (2 nos.) which have been sold and are still pending on completion as at the date of valuation. 1) Lot PT 6145 2) Lot PT 6148 These above sold lots still form part of the subject property and are fully taken into consideration (i.e. without any adjustments made to the deposits collected).	**HK$867,000,000** (RM346,000,000– MALAYSIAN RINGGIT THREE HUNDRED FORTY SIX MILLION) (22.2% interests attributable to the Company: **HK$192,000,000**)

Notes:

a) Basis of Valuation:

Market Value of the freehold interest in 10 parcels of development lands known as "Continental Estate" within Jasin held under:

No.	**Title No./Lot No.**	**No.**	**Title No./Lot No.**
1	HSD 10216/Lot PT 6145	6	GRN 46414/Lot 7046
2	HSD 10219/Lot PT 6148	7	GRN 11214/Lot 1051
3	HSD 10221/Lot PT 6150	8	GRN 11217/Lot 1294
4	GRN 46412/Lot 7044	9	GRN 22676/Lot 1050
5	GRN 46413/Lot 7045	10	GRN 53455/Lot 7001

all within Mukim and District of Jasin, Melaka in its existing condition with vacant possession and subject to its titles being free from encumbrances and registrable.

b) Our verification with the Melaka State Town and Country Planning Department confirmed that the subject property is zoned residential.

c) Site and Services

Shape	:	Regular in shape.
Topography	:	Gently undulating in terrain and planted with oil palm.
Fencing	:	Partly secured with chain link fencing.
Street Frontage	:	Situated along North-South Highway at the Jasin Toll Interchange and alongside Jalan Merlimau-Jasin, Jalan Merlimau- Bemban and Jalan Dato Mulia.
Services	:	Main water, electricity supply and telephone lines are available in the immediate neighbourhood. Majlis Perbandaran Jasin provides the public services to this area. Public transportation is available within the vicinity.

d) For the present exercise, we were specifically instructed by the Group to value the subject property as parcel of land with development potential (i.e. excluding all biological assets).

e) During our inspection of the subject site, we note that:

i. There are some structures erected on site to support the operations of the Plantation such as bungalows, quarters, office, temples, warehouses, etc..

ii. A primary school, SJK(T) Ladang Jasin Lalang is sited on Lot 7046.

iii. A cemetery is also found sited on the southern part of Lot 1294 (approximately 0.57 hectare)

f) The common particulars for the titles are as follows:

i. Mukim and District of Jasin, Melaka

ii. Tenure: Freehold

g) The titles are registered to IOI Corporation Berhad. As informed by the Group, the subject property is held on trust by IOI Corporation Berhad for Continental Estate Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad, IOI Corporation Berhad and other parties independent of the Group. Continental Estate Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest.

h) An external inspection was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 18 January 2013.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

j) Legal Details

Extracted from searches of the registered documents of title at the Registry of Land Titles Melaka on 18 January 2013:

No	Title Nos.	Lot Nos.	Land Area	Annual Rent (RM)	Category of Land Use	Express Condition	Registered Owner	Encumbrances	Endorsement
1	HSD 10216	PT 6145	40.5495 hectares (approx. 405,495 sqm)	2,677	Pertanian (Agriculture)	Untuk tanaman kelapa sawit sahaja. (For oil palm only)	IOI Corporation Berhad	Nil	Nil
2	HSD 10219	PT 6148	40.4686 hectares (approx. 404,686 sqm)	2,671	Pertanian (Agriculture)	Untuk tanaman kelapa sawit sahaja. (For oil palm only)	IOI Corporation Berhad	Nil	Nil
3	HSD 10221	PT 6150	263.8513 hectares (approx. 2,638,513 sqm)	17,415	Pertanian (Agriculture)	Untuk tanaman kelapa sawit sahaja. (For oil palm only)	IOI Corporation Berhad	Nil	Nil
4	GRN 46412	Lot 7044	111.4 hectares (approx. 1,114,000 sqm)	7,353	Pertanian (Agriculture)	Untuk tanaman kelapa sawit sahaja. (For oil palm only)	IOI Corporation Berhad	Nil	Nil
5	GRN 46413	Lot 7045	147.5 hectares (approx. 1,475,000 sqm)	9,735	Pertanian (Agriculture)	Untuk tanaman kelapa sawit sahaja. (For oil palm only)	IOI Corporation Berhad	Nil	Nil
6	GRN 46414	Lot 7046	217.9 hectares (approx. 2,179,000 sqm)	14,382	Pertanian (Agriculture)	Untuk tanaman kelapa sawit sahaja. (For oil palm only)	IOI Corporation Berhad	Charged to OCBC Bank (Malaysia) Berhad vide Presentation No. 5623/2006 dated on 5 June 2006	Nil
7	GRN 11214	Lot 1051	108.8097 hectares (approx. 1,088,097 sqm)	5,441.90	Not Stated	Nil	IOI Corporation Berhad	Nil	1. Porposed land acquisition (Form D) vide Presentation No. P14449/2001 Vol. 22 Fol. 38 registered on 24 May 1999. Gazette No 400 dated 19 November 1998. 2. Part of the land of about 2.79902 acres has been acquired (Form K) and tax amended to RM5,441.90 vide Presentation No. P25775/2002 Vol. 22 Fol. 87 registered on 6 March 2000.

No	Title Nos.	Lot Nos.	Land Area	Annual Rent (RM)	Category of Land Use	Express Condition	Registered Owner	Encumbrances	Endorsement
8	GRN 11217	Lot 1294	243.5197 hectares (approx. 2,435,197 sqm)	13,151	Not Stated	Nil	IOI Corporation Berhad	Nil	Nil
9	GRN 22676	Lot 1050	445.5582 hectares (approx. 4,455,583 sqm)	24,319.30	Not Stated	Nil	IOI Corporation Berhad	Nil	1. Part of the land of about 8 acres 0 road 8 pole has been acquired (Form K) and tax amended to RM24,319.30 vide Presentation No. P30664/2002 Vol. 4 Fol. 63 registered on 27 February 1974. Gazette No. 71 dated 1 March 1973. 2. Part of the land of about 1.3876 acres has been acquired (Form K) and tax amended to RM24,319.30 vide Presentation No. P30665/2002 Vol. 22 Fol. 87 registered on 6 March 2000. Gazette No. 400 dated 19 November 1998.
10	GRN 53455	Lot 7001	32.14 hectares (approx. 321,400 sqm)	2,122	Not Stated	Nil	IOI Corporation Berhad	Charged to OCBC Bank (Malaysia) Berhad vide Presentation No. 5623/2006 dated on 5 June 2006	Part of the land had been leased to The Federal Lands Commissioner vide Presentation No. 3335/1967 Vol. 1 Fol. 25 for 30 years started from 1 January 1967.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.10	10 parcels of land, Emerald East, Section 18, Municipality of Rawang, District of Gombak, State of Selangor, Malaysia The subject property is located within the suburb of Rawang where it can be easily accessed by the Rawang-Batang Berjuntai main road and the service roads within Emerald East.	The subject property includes 5 Commercial Lands, HSD 70367/Lot PT 6686, HSD 70368/Lot PT 6687, HSD 70369/Lot PT 6688, HSD 70350/Lot PT 6669 and HSD 70351/Lot PT 6670, are variously located in Emerald East with a total site area of approximately 2,653,163.88 sqm. A parcel of land for Private Institution HSD 70208/Lot PT 6532 and partly under parent titles viz. GM4825/Lot 263 and G48239/Lot 1318 has a total site area of approximately 2,515,515.00 sqm. A parcel of land for Townhouses HSD 68959/Lot PT 7213 has a total site area of approximately 987,244.30 sqm. A parcel of land for Low-Cost Apartments HSD 70207/Lot PT 6531 has a total site area of approximately 2,889,743.86 sqm. A parcel of land for Low Medium-Cost Apartments HSD 70206/Lot PT 6530 has a total site area of approximately 1,433,063.92 sqm. A parcel of land for Medium-Cost Apartments HSD 70205/Lot PT 6529 and partly under parent title viz. G48239/Lot 1318 has a total site area of approximately 1,393,969.40 sqm. Emerald East, a fairly large scale ongoing mixed residential development project within the western suburb of the Township of Rawang at approximately 30 kilometres north of Kuala Lumpur, the Capital City of Malaysia. These are the lands for the remaining future phases of the Emerald East development and are prepared ready for immediate building purposes thereon. The land use rights of the site are in perpetuity (Freehold).	The subject property was vacant upon our inspection.	**HK$43,000,000** (RM17,000,000– MALAYSIAN RINGGIT SEVENTEEN MILLION) (22.2% interests attributable to the Company: **HK$9,500,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in the subject property held under the parent titles stated below, Section 18, Municipality of Rawang, District of Gombak, State of Selangor in their respective existing condition with benefit of the completed main infrastructural works within Emerald East, with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

- HSD 70367/Lot PT 6686, HSD 70368/Lot PT 6687, HSD 70369/Lot PT 6688, HSD 70350/Lot PT 6669 and HSD 70351/Lot PT 6670 (Commercial Lands)
- HSD 70208/Lot PT 6532 and partly under parent titles viz. GM4825/Lot 263 and G48239/Lot 1318 (Private Institution Land)
- HSD 68959/Lot PT 7213 (Land for Townhouses)
- HSD 70207/Lot PT 6531 (Land for Low-Cost Apartments)
- HSD 70206/Lot PT 6530 (Land for Low Medium-Cost Apartments)
- HSD 70205/Lot PT 6529 and partly under parent title viz. G48239/Lot 1318 (Land for Medium-Cost Apartments)

b) The existing use for the subject property is expressly stated in the respective documents of title.

c) The subject property is sited within a neighbourhood provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

d) All main infrastructural works inclusive of roads, drainage, water reticulation, sewerage, landscaping, bridge, mechanical and electrical installations and other minor works have already been completed to provide services to the completed and ongoing phases within Emerald East. These are common-sharing infrastructures for the whole Emerald East project.

e) According to the titles provided by the Group, the registered owner of the subject property is Kota Selatan Indah Sdn Bhd. As informed by the Group, Kota Selatan Indah Sdn Bhd is a joint venture between GuocoLand (Malaysia) Berhad and Hong Bee Land Sdn Bhd. Kota Selatan Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest. Pertinent details of the titles are as follows:

Tenure	:	Freehold
Land Use	:	Building/Agriculture (Lot 263) and Nil (Lot 1318)
Encumbrances	:	Charged to OCBC Bank (Malaysia) Berhad

f) In our valuation, we have made the following title assumptions:

- The total provisional land areas of the lands for Private Institution and Medium-Cost Apartments of 2,515,515.00 and 1,393,969.40 square metres are correct;
- The subject property will be issued with individual registrable documents of title;
- The title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

g) External inspections to the subject property were carried out by Mr. Yong Heng Yuen (Vice President of CBRE Malaysia) on 16 January 2013.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) Legal Details

Extracted from copies of the documents of title provided by the Group:

No	**Title No.**	**Lot No.**	**Land Area** *(sqm)*	**Express Condition**
1	HSD 70367	PT 6686	2,581.5	Commercial Building
2	HSD 70368	PT 6687	3,542.0	Commercial Building
3	HSD 70369	PT 6688	1,660.1	Commercial Building
4	HSD 70350	PT 6669	12,951.9	Commercial Building
5	HSD 70351	PT 6670	2,163.9	Commercial Building
6	HSD 70208	PT 6532	14,071.7	Commercial Building
7	HSD 68959	PT 7213	8,520.9	Residential Building
8	HSD 70207	PT 6531	24,941.3	Residential Building
9	HSD 70206	PT 6530	12,368.7	Residential Building
10	HSD 70205	PT 6529	1,015.6	Residential Building
11	GM4825 (parent title)	263	20,740.0	Rubber Trees
12	G48239 (parent title)	1318	143,157.0	Nil

Section	:	18
Municipality	:	Rawang
District	:	Gombak
State	:	Selangor Darul Ehsan
Tenure	:	Freehold
Category of Land Use	:	Building Agriculture (Lot 263) Nil (Lot 1318)
Registered Owner	:	Kota Selatan Indah Sdn Bhd (As informed by the Group, Kota Selatan Indah Sdn Bhd is a joint venture between GuocoLand (Malaysia) Berhad and Hong Bee Land Sdn Bhd. Kota Selatan Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest.)
Endorsements	:	Charged to OCBC Bank (Malaysia) Berhad

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C5.11	A parcel of land within Emerald West, Part of GRN 51712/Lot 934 and GRN 52772/Lot 1286, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia A parcel of land for Future Development located opposite side of Emerald West, Part of GRN 52207/Lot 997, Mukim of Rawang, District of Gombak, State of Selangor, Malaysia The subject property is located within the suburb of Rawang where it can be easily accessed by the Rawang-Batang Berjuntai main road and the service roads within Emerald West and Taman Velox.	The future development land in Emerald West consists of two adjoining lands with a total site area of approximately 2,223,383.51 sqm. This is the land for the remaining future phases of the Emerald West development. The future development land forming part of Lot 997 has a total site area of approximately 450,698.40 sqm. Lot 997 on the opposite side of Emerald West is earmarked for future development and currently no approvals have been secured. Emerald West, a large scale ongoing mixed residential development project within the western suburb of the Township of Rawang at approximately 30 kilometres north of Kuala Lumpur, the Capital City of Malaysia. The land use rights of the site are in perpetuity (Freehold).	The subject property was vacant upon our inspection.	**HK$762,000,000** (RM304,000,000– MALAYSIAN RINGGIT THREE HUNDRED AND FOUR MILLION) (22.2% interests attributable to the Company: **HK$169,000,000**)

Notes:

a) The basis of valuation is the Market Value of the freehold interest in the subject property held under parts of the parent titles viz. GRN 51712/Lot 934, GRN 52772/Lot 1286 and GRN 52207/Lot 997, Mukim of Rawang, District of Gombak, State of Selangor in their respective existing condition with benefit of the completed main infrastructural works within Emerald West, with vacant possession and subject to the parent titles and title assumptions being free from encumbrances and registrable.

b) The current planning or zoning use of the future development land forming part of Lots 934 and 1286 is residential in accordance with the approved site layout plan of Emerald West.

c) The subject property is sited within a neighbourhood provided with basic infrastructures and public services including water, electricity, telephone lines, service roads, drainage and sewerage and other supporting amenities.

d) Selective main infrastructural works inclusive of roads, drainage, water reticulation, sewerage, landscaping, bridge, mechanical and electrical installations and other minor works have already been completed to provide services to the completed and ongoing phases within Emerald West. These are common-sharing infrastructures for the whole Emerald West project. The completed works apportioned to the future development land within Emerald West are estimated at RM12,000,000.

e) According to the titles obtained from the Registry of Land Titles Selangor, the registered owner of Lots 934, 1286 and 997 is Hong Bee Realty Sdn Bhd. As informed by the Group, the subject property is held on trust by Hong Bee Realty Sdn Bhd for Promakmur Development Sdn Bhd, which is a joint venture between GuocoLand (Malaysia) Berhad and Hong Bee Land Sdn Bhd. Pertinent details of the parent titles are as follows:

Tenure	:	Freehold
Land Use	:	Building (Lots 934 and 1286)/ Agriculture (Lot 997)
Encumbrances	:	Charged to OCBC Bank (Malaysia) Berhad

f) According to the Sale and Purchase Agreement dated 31 May 2000 and Fifth Supplemental Agreement dated 25 April 2003, the beneficial owner of the subject property is Promakmur Development Sdn Bhd. As informed by the Group, Promakmur Development Sdn Bhd is an associated company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 22.2% attributable interest.

g) In our valuation, we have made the following title assumptions :

- The total provisional land areas of the subject property of 2,223,383.51 and 450,698.40 square metres are correct;
- The subject property will be issued with individual registrable documents of title;
- The title(s) to be issued for the subject property shall convey a freehold tenure; and
- There will be no new and onerous conditions imposed on the title(s) which shall be issued free from all encumbrances and registrable.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

i) External inspections to the subject property were carried out by Mr. Yong Heng Yuen (Vice President of CBRE Malaysia) on 16 January 2013.

Group C6: Property interests Rented by the Group in Malaysia

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.1	Lot 17-02 on 17th floor and Portion of 20th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by GLM Property Management Sdn Bhd for a term of three (3) years expiring on 31 May 2015 with an option to renew for a further term of three (3) years at an open market rent. The tenanted areas are as follows: sqm / sqft Lot 17-02: 804 / 8,653 20th Floor: 398 / 4,288 Total: 1,202 / 12,941 The subject property is tenanted at a monthly rental of RM51,764 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by GLM Property Management Sdn Bhd as offices.	No Commercial Value

Notes:

a) According to Section 16 of the tenancy offer letter, "the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord".

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust ("Tower REIT")). As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.2	Lot 17-01, 17th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by Raikon Building Management Co Sdn Bhd for a term of three (3) expiring on 31 May 2015 with an option to renew for a further term of three (3) years at the revised rent. The tenanted area is 319 sqm (approx. 3,412 sqft) and it is tenanted at a monthly rental of RM13,648 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by Raikon Building Management Co Sdn Bhd as an office.	No Commercial Value

Notes:

a) According to Section 16 of the tenancy offer letter, “the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant’s fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord”.

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust (“Tower REIT”)). As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad (“GLM”), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.3	Portion of 20th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by GuocoLand (Malaysia) Berhad for a term of three (3) years expiring on 31 May 2015 with an option to renew for a further term of three (3) years at an open market rent. The tenanted area is 309 sqm (approx. 3,326 sqft) and it is tenanted at a monthly rental of RM13,304 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by GuocoLand (Malaysia) Berhad as an office.	No Commercial Value

Notes:

a) According to Section 16 of the tenancy offer letter, "the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord".

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust ("Tower REIT")).As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.4	Lot 19-01 of 19th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by GLM REIT Management Sdn Bhd for a term of three (3) years expiring on 31 May 2015 with an option to renew for a further term of three (3) years at an open market rent. The tenanted area is 123.5 sqm (approx. 1,329 sqft) and it is tenanted at a monthly rental of RM5,316 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/ utilities consumed within or supplied to the premises.	The subject property is currently occupied by GLM REIT Management Sdn Bhd as an office.	No Commercial Value

Notes:

a) According to Section 16 of the tenancy offer letter, "the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord".

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust ("Tower REIT")). As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	**Description and tenure**	**Details of occupancy**	**Capital value as at January 2013**
C6.5	Lot 19-03 of 19th floor and portion of 20th floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by GLM Property Services Sdn Bhd for a term of three (3) years expiring on 31 May 2015 with an option to renew for a further term of three (3) years at an open market rent. The tenanted areas are as follows: *sqm* *sqft* Lot 19-03 533.4 5,742 20th Floor 330.4 3,556 Total 863.8 9,298 The subject property is tenanted at a monthly rental of RM37,192 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by GLM Property Services Sdn Bhd as an office.	No Commercial Value

Notes:

a) According to Section 16 of the tenancy offer letter, "the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord".

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust ("Tower REIT")). As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at January 2013
C6.6	Storage Room 1 and 2, MF floor, Block B, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by GLM Property Services Sdn Bhd for a term of one (1) year expiring on 31 July 2013 with an option to renew for a further term of one (1) year at an open market rent. The tenanted areas are as follows: *sqm* *sqft* S. Room 1 36.3 391 S. Room 2 39.0 420 Total 75.3 811 The subject property is tenanted at a monthly rental of RM1,500 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by GLM Property Services Sdn Bhd as storage rooms.	No Commercial Value

Notes:

a) According to Section 15 of the tenancy offer letter, "the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord".

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust ("Tower REIT")). As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.7	Lot G-01 of Ground Floor, Block A, HP Towers, No. 12, Jalan Gelenggang 50490 Bukit Damansara, Kuala Lumpur, Malaysia HP Towers comprise of two (2) blocks of office tower namely Block A (9-storey) and Block B (21-storey). It lies approximately 8 kilometers to the north western of the City Centre of Kuala Lumpur.	The subject property is tenanted by Damansara City Sdn Bhd for a term of two (2) years expiring on 15 October 2013 with an option to renew for a further term of one (1) year at an open market rent. The tenanted area is 752.5 sqm (approx. 8,100 sqft) and it is tenanted at a monthly rental of RM56,700 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by Damansara City Sdn Bhd as a showroom/ office.	No Commercial Value

Notes:

a) According to Section 18 of the tenancy offer letter, "the Tenant shall upon expiry or sooner determination of the tenancy ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Demised Premises to its original condition and state prior to renovation being made by the Tenant, save and except for the enhancement carried out for the followings:

(i) Façade, full heght glass and glass canopy;

(ii) Timber deck at front entrance;

(iii) Floor finishes and plaster ceiling to gallery area;

(iv) Upgrading of common area toilets and adjoining common area leading to the toilets (exclusive for Tenant's use);

(v) Re-location/re-designing of current "slanted" door at front entrance;

(vi) Removal of internal of partition walls;

(vii) Relocation of electrical room adjacent to Block 'A' lift lobby;

(viii) Removal of roller shutter adjacent to Block 'A' lift lobby;

(ix) Removal of compartment beside the fire escape."

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is AmTrustee Berhad (acting as trustee for and on behalf of Tower Real Estate Investment Trust ("Tower REIT")). As informed by the Group, the registered owner is an independent third party of the Group. GLM REIT Management Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), is the manager of Tower REIT and GLM has a 21.66% interest in Tower REIT.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.8	Portion of 8th floor, Wisma Hong Leong, No. 18, Jalan Perak 50490 Kuala Lumpur, Malaysia Wisma Hong Leong is fronting into Jalan Perak, located within the City Centre of Kuala Lumpur. It lies approximately 1 kilometer to the north eastern of the Petronas Twin Towers.	The subject property is tenanted by GuocoLand (Malaysia) Berhad for a term of three (3) years expiring on 31 August 2012. The tenanted area is 111.8 sqm (approx. 1,203 sqft) at a monthly rental of RM6,315.75 inclusive of service charges but excluding electricity, water and telephone charges consumed within or supplied to the premises.	The subject property is currently occupied by GuocoLand (Malaysia) Berhad as an office.	No Commercial Value

Notes:

a) The Tenancy Agreement given by the Group has expired on 31 August 2012 and the new Tenancy Agreement is pending for completion. Therefore, we have assumed that the term of tenancy for the subject property is on month-to-month basis at monthly rental of RM6,315.75.

b) According to Section 14 of the tenancy offer letter, “the Tenant shall upon vacating the premises, ensure that the Premises is in good and tenantable condition (fair, wear and tear excepted) and remove all the Tenant’s fixtures, fittings and partitions and restore the Premises to its original condition prior to the renovation being made by the Tenant”.

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

c) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

d) The registered owner of the subject property is Hong Leong Assurance Berhad. As informed by the Group, the registered owner is an associate of the Company.

e) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 21 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.9	Lot 5.03B, 5th floor, Wisma Hong Leong, No. 18, Jalan Perak 50490 Kuala Lumpur, Malaysia Wisma Hong Leong is fronting into Jalan Perak, located within the City Centre of Kuala Lumpur. It lies approximately 1 kilometer to the north eastern of the Petronas Twin Towers.	The subject property is tenanted by Guoman Hotel Management (Malaysia) Sdn Bhd for a term of one (1) year and nine (9) months expiring on 30 November 2013 with an option to renew for a further term of three (3) years at an open market rent. The tenanted area is 136.4 sqm (approx. 1,468 sqft) at a monthly rental of RM8,808 inclusive of service charges but excluding electricity, water, telephone charges, waste disposal and any other services/utilities consumed within or supplied to the premises.	The subject property is currently occupied by Guoman Hotel Management (Malaysia) Sdn Bhd as an office.	No Commercial Value

Notes:

a) According to Section 15 of the tenancy offer letter, "notwithstanding that the Tenant has taken the Premise together with the existing renovation and fixture and fittings which it has purchased from the previous tenant of the Premises, the Tenant acknowledges and confirms that the Tenant shall, upon expiry or sooner determination of the Tenancy, ensure that the Premises is in good and tenantable condition (fair wear and tear excepted) and remove all the Tenant's fixtures, fittings and partitions and restore the Premises to a bare condition reasonably acceptable to the Landlord".

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

b) The parking arrangement in this building is a separate arrangement and does not form part of the tenancy agreement. The tenant is allocated car parking bays but are subject to monthly rental payments.

c) The registered owner of the subject property is Hong Leong Assurance Berhad. As informed by the Group, the registered owner is an associate of the Company.

d) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 8 February 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
C6.10	3rd Floor, No.2- 3 Lorong 2/137C, Off Jalan Kelang Lama, 58200 Kuala Lumpur, Malaysia The subject property is located at Bedford Business Park, off Old Klang Road, Kuala Lumpur at approximately 10 kilometres north east of the City Centre of Kuala Lumpur.	The subject property is tenanted by Bedford Industrial Development Sdn Bhd for a term of one (1) year expiring on 31 March 2012 with an option to renew for a further term of one (1) year an open market rent. The tenanted area is 348.2 sqm (approx. 3,748 sqft) at a monthly rental of RM3,800 inclusive of service charges.	The subject property is currently occupied by Bedford Industrial Development Sdn Bhd as an office.	No Commercial Value

Notes:

a) The Tenancy Agreement given by the Group has expired on 31 March 2012 (with an option to renew for a further term of one (1) year an open market rent) and the new Tenancy Agreement is pending for completion. Therefore, we have assumed that the term of tenancy for the subject property is on month-to-month basis at monthly rental of RM3,800.

b) The electricity supply is subject to separate contract with Tenaga Nasional Berhad and the Tenant is responsible for the electricity consumed within the tenanted area.

c) According to Section 12 of the tenancy offer letter, “the Tenant shall upon expiry or sooner determination of the tenancy ensure that the Premises is in good condition (fair, wear and tear excepted) and remove all the Tenant’s fixtures, fittings and partitions and restore the Premises to its original bare condition acceptable to the Landlord”.

- For the present exercise, we have been specifically instructed by the Group to exclude the reinstatement costs in this valuation.

d) The registered owner of the subject property is Hong Leong Bank Berhad. As informed by the Group, the registered owner is an associate of the Company.

e) An external inspection to the subject property was carried out by Mr. Chang Chung Yuen, B. (Hons) Estate Management on 7 March 2013.

Group D1: Property interests held by the Group for Investment in Singapore

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D1.1	21 strata office units, Reversionary interest of 7 strata office units and Reversionary interest of 3 strata office units within Tung Centre, 20 Collyer Quay, Singapore. The property is located at Collyer Quay within the Central Business District of Singapore.	Tung Centre is an office building. It was originally completed in 1985 but renovation and upgrading works was carried out to the building in 2009. Tung Centre comprises a 24-storey office building with 3 basement car parking levels. There are a total of 106 car parking lots within the building. The total strata area of the 31 strata units that form this valuation is 23,248 sqm.	Some 95.2% of the premises have been leased to various tenants for office use.	**HK$2,393,000,000** (S$382,000,000– SINGAPORE DOLLARS THREE HUNDRED EIGHTY TWO MILLION) (65.2% interests attributable to the Company: **HK$1,560,000,000**)

Notes:

a) According to the records of Singapore Land Authority, the 21 strata units comprise #B1-02, #01-02 and 02-02, #06-01, #08-02, #09-00. #10-01, #10-02, #11-01, #11-02, #12-01, #12-02, #13-01, #13-02, #14-01, #14-02, #15-00, #16-00, #17-00, #18-00, #19-00, #20-00 and #21-00. They are legally known as Strata Lots U285X, U291M, U264T, U265A, U266K, U267N, U268X, U269L, U270N, U271X, U272L, U273C, U275W, U276V, U277P, U278T, U279A, U280P, U281T, U282A and U283K of Town Subdivision 21 respectively with strata areas of 1,635 sqm, 121 sqm, 294 sqm, 899 sqm, 529 sqm, 254 sqm, 529 sqm, 254 sqm, 529 sqm, 254 sqm, 529 sqm, 254 sqm, 583 sqm, 254 sqm, 899 sqm, 899 sqm, 899 sqm, 899 sqm, 899 sqm, 899 sqm and 899 sqm respectively, totalling 13,211 sqm. The tenure of the 21 strata units is leasehold for a term of 999 years commencing on 5 November 1862 and the registered owner is First Capital Land Pte Ltd.

b) As informed by the Group, the registered owner, now renamed as "GLL Land Pte. Ltd.", is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the records of Singapore Land Authority, the 7 strata units comprise part of 1st basement to 6th storey (lift well and lift motor room), #B1-01, #01-01 and #02-01, #03-00, #04-00, #05-00, #07-00 and #08-01. They are legally known as Strata Lots U263P, U274M, U288M, U289W, U290C, U292W and U293V of Town Subdivision 21 respectively with strata areas of 155 sqm, 1,704 sqm, 1,323 sqm, 1,323 sqm, 1,323 sqm, 899 sqm and 601 sqm respectively, totalling 7,328 sqm. The registered owner of the leasehold interest for a term of 50 years commencing on 29 January 1985 is Banque Nationale De Paris (now known as BNP Paribas). The reversionary estate which has leasehold term of 999 years commencing on 5 November 1862 is held by First Capital Land Pte Ltd.

d) According to the records of Singapore Land Authority, the 3 strata units comprise #22-00, #23-00 and #24-00. They are legally known as Strata Lots U284N, U286L and U287C of Town Subdivision 21 respectively with strata areas of 903 sqm, 903 sqm and 903 sqm respectively totalling 2,709 sqm. The registered owner of the leasehold interest for a term of 99 years commencing on 1 March 1985 is Awin Resource International Pte. Ltd. Strata Lots U284N, U286L and U287C of Town Subdivision 21 are mortgaged to The Bank Of East Asia Limited. The reversionary estate which has leasehold term of 999 years commencing on 5 November 1862 is held by GLL Land Pte. Ltd.

e) The 3 strata units known as #22-00, #23-00 and #24-00 with total strata area of 2,709 sqm and leasehold interest for a term of 99 years commencing on 1 March 1985 was sold by Dresdner Bank Aktiengesellschaft to Awin Resource International Pte. Ltd. at a consideration of S$63,566,620 on 30 April 2012.

f) The property lies within an area zoned "Commercial" with a plot ratio of 12.6+ under the Singapore Master Plan 2008.

g) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

h) An internal site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

Group D2: Property interests held by the Group Under Development in Singapore

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D2.1	URA Land Parcel at Peck Seah Street/ Choon Guan Street, Singapore. The property is a development site located at Peck Seah Street/ Choon Guan Street. It is within the Central Business District of Singapore.	The subject site has a fairly regular configuration with a site area of 15,022.6 sqm. The proposed mixed development will integrate into the Tanjong Pagar MRT Station and will stand at a height of 290 metres Above Mean Sea Level, currently defining it as the tallest building in Singapore upon completion. Upon completion, the development will contain a total gross floor area of 157,738 sqm with the following components: **Gross Floor Area** *(sqm)* Office 95,387.6 Retail 15,021.1 Hotel and Shops 19,334.8 Residential 27,994.5 **Total** **157,738.0** The net floor area for the office and retail components will be 80,000.0 sqm and 9,364.1 sqm respectively. The 5-star hotel will accommodate 220 rooms and shops with net floor area of 1,614 sqm. The residential component will contain a total 181 units with total saleable area of 23,000 sqm. The tenure of the site is leasehold for a term of 99 years commencing on 21 February 2011.	The property was under construction during our inspection. The expected Temporary Occupation Permit date for the proposed development is between first and second quarter of 2016.	**HK$12,121,000,000** (S$1,935,000,000– SINGAPORE DOLLARS ONE BILLION NINE HUNDRED AND THIRTY FIVE MILLION) (52.2% interests attributable to the Company: **HK$6,327,000,000**)

Notes:

a) According to the records of Singapore Land Authority, Lot 876K of Town Subdivision 3 has a site area of 15,022.6 sqm and the registered owners are Belmeth Pte. Ltd., Guston Pte. Ltd. and Perfect Eagle. Pte Ltd. in the proportion of 6,089, 1,033 and 2,878 shares respectively, out of a total of 10,000 shares.

b) As informed by the Group, the registered owners are subsidiaries of the Company which are indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 52.2% attributable interest.

c) According to the records of Singapore Land Authority, Lot 876K of Town Subdivision 3 is mortgaged to United Overseas Bank Limited.

d) As at 31 January 2013, the project has yet to be launched for sale.

e) We are of the opinion that the gross development value of the proposed development as at 31 January 2013 assuming it were just completed is in the sum of S$3,406,000,000.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately S$716,000,000 and the construction costs incurred up to 31 January 2013 was in the sum of approximately S$36,000,000.

g) The subject site was purchased through the Government Land Sales program by Urban Redevelopment Authority ("URA") at a consideration of S$1,708,080,000. The tender closing date was 16 November 2010 and the site was awarded to Belmeth Pte Ltd, Guston Pte Ltd and Perfect Eagle Pte Ltd. on 22 November 2010.

h) The property lies within an area zoned "White Site" with a plot ratio of 8.4+ under the Singapore Master Plan 2008. However, based on URA's Tender Document, the maximum permissible gross floor area for the site is 157,738 sqm, reflecting a permissible plot ratio of 10.5.

i) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

j) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D2.2	Site of Goodwood Residence, Lot 598N of Town Subdivision 26, Bukit Timah Road, Singapore. The property is a development site located along Bukit Timah Road, near its junction with Sarkies Road. It is within District 10, an exclusive residential district of Singapore.	The subject site has a fairly regular configuration with a site area of 24,844.7 sqm. Goodwood Residence is a residential condominium development which comprises two 12-storey blocks, namely, 261 Bukit Timah Road and 263 Bukit Timah Road (total 210 units) with swimming pool and communal facilities. Upon completion, the development will contain a total gross floor area of 43,696.5 sqm and total saleable area of 51,188.7 sqm. The tenure of the site is Estate in Fee Simple.	The property was under construction during our inspection. The Temporary Occupation Permit is expected to be issued in the first half of 2013.	**HK$7,598,000,000** (S$1,213,000,000– SINGAPORE DOLLARS ONE BILLION TWO HUNDRED THIRTEEN MILLION) (65.2% interests attributable to the Company: **HK$4,954,000,000**)

Notes:

a) According to the records of Singapore Land Authority, the registered owner of Lot 598N of Town Subdivision 26 is Goodwood Residence Development Pte. Ltd.

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the records of Singapore Land Authority, Lot 598N of Town Subdivision 26 is mortgaged to United Overseas Bank Limited.

d) As provided by the Group, as at 31 January 2013, 137 units with total saleable area of 32,415.3 sqm have been sold with total sales proceeds of S$827,449,100 (average sale price of S$2,371 psf). As at date of valuation, 73 units with total saleable area of 18,773.4 sqm remain unsold.

e) We are of the opinion that the gross development value of the proposed development as at 31 January 2013 assuming it were just completed is in the sum of S$1,282,000,000 inclusive of the actual total sales proceeds from the units sold.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately S$221,000,000 and the construction costs incurred up to 31 January 2013 was in the sum of approximately S$201,000,000.

g) The property lies within an area zoned "Residential" with a plot ratio 1.6 under the Singapore Master Plan 2008.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

i) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D2.3	Site of Leedon Residence, Lots 2219N, 2220A, 2222N, 2228V, 2229P, 2464L and 70000W of Mukim 2, Leedon Heights, Singapore The property is a development site located along Leedon Heights, off Farrer Road. It is within District 10, an exclusive residential district of Singapore.	The subject site has a fairly regular configuration with a site area of 48,525.3 sqm, excluding Airspace Lot 70000W of Mukim 2 with area of 56 sqm. Leedon Residence is a residential condominium development which comprises eleven 12-storey blocks (total 381 units) with a basement car park, swimming pool and communal facilities. Upon completion, the development will contain a total gross floor area of 85,242.1 sqm and total saleable area of 97,188.0 sqm. The tenure of the site is Estate in Fee Simple.	The property was under construction during our inspection. The expected Temporary Occupation Permit date for the proposed development is 1 November 2014.	**HK$8,908,000,000** (S$1,422,000,000– SINGAPORE DOLLARS ONE BILLION FOUR HUNDRED AND TWENTY TWO MILLION) (65.2% interests attributable to the Company: **HK$5,808,000,000**)

Notes:

a) According to the records of Singapore Land Authority, the registered owner of Lots 2219N, 2220A, 2222N, 2228V, 2229P and 2464L of Mukim 2 with site areas of 44,214.8 sqm, 504.1 sqm, 1,413.6 sqm, 1,483.3 sqm, 741.2 sqm and 168.3 sqm respectively is Rivaldo Investments Pte Ltd. The registered owner of Airspace Lot 70000W of Mukim 2 with area of 56 sqm is Leedon Residence Development Pte. Ltd.

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the records of Singapore Land Authority, Lots 2219N, 2220A, 2222N, 2228V, 2229P, 2464L and 70000W of Mukim 2 are mortgaged to Oversea-Chinese Banking Corporation Limited.

d) As provided by the Group, as at 31 January 2013, 96 units with total saleable area of 22,920.7 sqm have been sold with total sales proceeds of S$473,735,000 (average sale price of S$1,920 psf). As at date of valuation, 285 units with total saleable area of 74,197.3 sqm remain unsold.

e) We are of the opinion that the gross development value of the proposed development as at 31 January 2013 assuming it were just completed is in the sum of S$1,927,000,000 inclusive of the actual total sales proceeds from the units sold.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately S$418,000,000 and the construction costs incurred up to 31 January 2013 was in the sum of approximately S$73,000,000.

g) The property lies within an area zoned “Residential” with a plot ratio 1.6 under the Singapore Master Plan 2008.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

i) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D2.4	Site of Sophia Residence, Lots 406M and 420X of Town Subdivision 19, Sophia Road, Singapore. The property is a development site located along Sophia Road. It is within District 9, an exclusive residential district of Singapore.	The subject site has a fairly regular configuration with a site area of 15,434.8 sqm. Sophia Residence is a residential condominium development which comprises five 8 to 14-storey blocks (total 272 units) with basement car park, swimming pool and communal facilities. Upon completion, the development will contain a total gross floor area of 35,560.2 sqm and total saleable area of 36,996.0 sqm. The tenure of the site is Estate in Fee Simple.	The property was under construction during our inspection. The expected Temporary Occupation Permit date for the proposed development is 31 December 2013.	**HK$3,276,000,000** (S$523,000,000– SINGAPORE DOLLARS FIVE HUNDRED AND TWENTY THREE MILLION) (65.2% interests attributable to the Company: **HK$2,136,000,000**)

Notes:

a) According to the records of Singapore Land Authority, the registered owner of Lots 406M and 420X of Town Subdivision 19 with site areas of 141.5 sqm and 15,293.3 sqm respectively is Sophia Residence Development Pte. Ltd.

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the records of Singapore Land Authority, Lots 406M and 420X of Town Subdivision 19 are mortgaged to United Overseas Bank Limited.

d) As provided by the Group, as at 31 January 2013, 270 units with total saleable area of 36,716.1 sqm have been sold with total sales proceeds of S$589,149,714 (average sale price of S$1,491 psf). As at date of valuation, 2 units with total saleable area of 279.9 sqm remain unsold.

e) We are of the opinion that the gross development value of the proposed development as at 31 January 2013 assuming it were just completed is in the sum of S$594,000,000 inclusive of the actual total sales proceeds from the units sold.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately S$127,000,000 and the construction costs incurred up to 31 January 2013 was in the sum of approximately S$57,000,000.

g) The property lies within an area zoned "Residential" with a plot ratio 2.1 under the Singapore Master Plan 2008.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

i) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D2.5	Site of The Waterline, Lots 3838K, 3841K and 3842N of Mukim 22, Poh Huat Road West, Singapore. The property is a development site located along Poh Huat Road West, off Yio Chu Kang Road. It is within District 19, a suburban residential district of Singapore.	The subject site has a fairly regular configuration with a site area of 8,071.5 sqm. The Waterline is a residential condominium development which comprises four 5-storey blocks (total 103 units) with basement car park, swimming pool and communal facilities. Upon completion, the development will contain a total gross floor area of 12,426.6 sqm and total saleable area of 13,150.0 sqm. The tenure of the site is Estate in Perpetuity.	The property was under construction during our inspection. The Temporary Occupation Permit is expected to be issued in the first quarter of 2013.	**HK$896,000,000** (S$143,000,000– SINGAPORE DOLLARS ONE HUNDRED FORTY THREE MILLION) (65.2% interests attributable to the Company: **HK$584,000,000**)

Notes:

a) According to the records of Singapore Land Authority, the registered owner of Lots 3838K, 3841K and 3842N of Mukim 22 with respective site areas of 7,347.7 sqm, 531.1 sqm and 192.7 sqm is Waterline Development Pte. Ltd.

b) As informed by the Group, the registered owner is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

c) According to the records of Singapore Land Authority, Lots 3838K, 3841K and 3842N of Mukim 22 are mortgaged to DBS Bank Ltd.

d) As provided by the Group, as at 31 January 2013, 100 units with total saleable area of 13,006.6 sqm have been sold with total sales proceeds of S$143,637,000 (average sale price of S$1,026 psf). As at date of valuation, 3 units with total saleable area of 143.4 sqm remain unsold.

e) We are of the opinion that the gross development value of the proposed development as at 31 January 2013 assuming it were just completed is in the sum of S$146,000,000 inclusive of the actual total sales proceeds from the units sold.

f) As provided by the Group, the total estimated construction cost is in the sum of approximately S$41,000,000 and the construction costs incurred up to 31 January 2013 was in the sum of approximately S$38,000,000.

g) The property lies within an area zoned “Residential” with a plot ratio 1.4 under the Singapore Master Plan 2008.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

i) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

Group D3: Property interests held by the Group for Future Development in Singapore

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D3.1	Reversionary interest of Lots 152T, Lots 99951A, 99952K and 99953N of Town Subdivision 30, No. 61 Robinson Road, Singapore The property is located along Robinson Road within the Central Business District of Singapore.	Currently standing on site is a 20-storey commercial development known as Robinson Centre which is erected on Lots 152T, 99951A, 99952K and 99953N of Town Subdivision 30 with a combined site area of 1,405.2 sqm. However, we have ignored the existing building and site improvements on the site and valued the property as a vacant land parcel.	Presently, the premises within Robinson Centre is predominantly leased to various tenants for office use.	**HK$38,000,000** (S$6,100,000– SINGAPORE DOLLARS SIX MILLION AND ONE HUNDRED THOUSAND) (65.2% interests attributable to the Company: **HK$25,000,000**)

Notes:

a) According to the records of Singapore Land Authority, the existing building is erected on Lots 152T, 99951A, 99952K and 99953N of Town Subdivision 30 with site areas of 803 sqm, 200.7 sqm, 200.7 sqm and 200.8 sqm respectively, totalling 1,405.2 sqm.

b) According to the records of Singapore Land Authority, the tenure of Lot 152T of Town Subdivision 30 is leasehold for a term of 99 years commencing on 19 March 1997 and the registered owner is Robson (CP) Investment Private Limited. Lot 152T of Town Subdivision 30 is mortgaged to United Overseas Bank Limited. Lot 152T of Town Subdivision 30 does not form this valuation.

c) According to the records of Singapore Land Authority, the leasehold interest for a term of 98 years commencing on 19 March 1998 for Lots 99951A and 99952K of Town Subdivision 30 is held by Robson (CP) Investment Private Limited. Lots 99951A and 99952K of Town Subdivision 30 are mortgaged to United Overseas Bank Limited. The reversionary estate which has a tenure of Estate In Perpetuity is held Da Zhong Investment Pte Ltd.

d) According to the records of Singapore Land Authority, the leasehold interest for a term of 98 years commencing on 19 March 1998 for Lot 99953N of Town Subdivision 30 is held by First Capital Asia Land Pte Ltd. The reversionary estate which has a tenure of Estate In Perpetuity is held Da Zhong Investment Pte Ltd.

e) As informed by the Group, First Capital Asia Land Pte Ltd is now renamed as "Sophia Residence Development Pte Ltd". Both Sophia Residence Development Pte Ltd and Da Zhong Investment Pte Ltd are subsidiaries of the Company which are indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest.

f) It was reported in the press that the leasehold interest for Robinson Centre was sold in October 2011 at a consideration of around S$292,900,000.

g) The property lies within an area zoned "Commercial" with a plot ratio of 11.2+ under the Singapore Master Plan 2008.

h) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 17%.

i) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

Group D4: Property interests Rented by the Group in Singapore

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D4.1	#11-01 Suntec Tower Two, No. 9 Temasek Boulevard, Singapore The property is located at Temasek Boulevard within the Central Business District of Singapore.	Suntec City is Singapore's single largest shopping, entertainment, commercial as well as convention and exhibition development. The integrated development comprises the 6-storey Suntec Singapore International Convention and Exhibition Centre, an 18-storey office block, four 45-storey office towers, a retail and entertainment complex known as Suntec City Mall and a large car park over two basement levels. The development was completed in various phases between 1994 and 1997. The lettable area of the subject office unit is approximately 320 sqm. As advised by the Group, the property is leased from Progress Realty Pte. Ltd. to the Group for a term of three years from 1 November 2011 to 31 October 2014 at a monthly gross rent of S$29,282.5.	The property is occupied by the Group as an office unit.	No Commercial Value

Notes:

a) According to the records of Singapore Land Authority, the registered owner of the subject property is Progress Realty Pte. Ltd. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned "Commercial" with a plot ratio of 4.1 under the Singapore Master Plan 2008.

c) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D4.2	#06-01 Robinson Centre, No. 61 Robinson Road, Singapore The property is located along Robinson Road within the Central Business District of Singapore.	Robinson Centre comprises a 20-storey commercial building which was completed in September 2000. The building accommodates three shop units on Level 1, office units on Level 2 as well as Level 6 to Level 20 and 71 car parking lots on Level 3 to Level 5. The lettable area of the subject office unit is approximately 856 sqm. The property is leased from Robson (CP) Investment Private Limited to the Group for a term of three years from 16 April 2010 to 15 April 2013 at a monthly gross rent of S$59,154.	The property is occupied by the Group as an office unit.	No Commercial Value

Notes:

a) The registered owner of the subject property is Robson (CP) Investment Private Limited. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned "Commercial" with a plot ratio of 11.2+ under the Singapore Master Plan 2008.

c) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388)on 17 January 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
D4.3	#08-03 Robinson Centre, No. 61 Robinson Road, Singapore The property is located along Robinson Road within the Central Business District of Singapore.	Robinson Centre comprises a 20-storey commercial building which was completed in September 2000. The building accommodates three shop units on Level 1, office units on Level 2 as well as Level 6 to Level 20 and 71 car parking lots on Level 3 to Level 5. The lettable area of the subject office unit is approximately 172 sqm. The property is leased from Robson (CP) Investment Private Limited to the Group for a term of three years from 16 July 2011 to 15 April 2013 at a monthly gross rent of S$15,853.	The property is occupied by the Group as an office unit.	No Commercial Value

Notes:

a) The registered owner of the subject property is Robson (CP) Investment Private Limited. As informed by the Group, the registered owner is an independent third party of the Group.

b) The property lies within an area zoned “Commercial” with a plot ratio of 11.2+ under the Singapore Master Plan 2008.

c) An external site inspection was carried out by Mr. Kamal Hamdi (BSc (Est Mgt), MSISV, Appraisers Licence AD41-6388) on 17 January 2013.

Group E1: Property interests held by the Group for Investment in Vietnam

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E1.1	Office and retail building – (Canary Plaza), a portion of GuocoLand Complex Project Lot No. 42 Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	GuocoLand Complex Project is a large scale mixed residential/ office/ commercial/ school project developing in phases. The Canary Plaza was completed in May 2012. The subject property consists of a 3-storey office and retail block and an ancillary building in phase I of the development. The gross floor area of the subject office and retail building is approximately 3,192 sqm, plus 144.43 sqm of the ancillary building. As per information provided by the Group, the total net leasable area of the Canary Plaza is 2,885 sqm. **Gross Floor Area** *(sqm)* Office and Retail 3,192.00 Ancillary 144.43 **Total** **3,336.43** The land use rights of the site are held for a term to be expired on 22 September 2056 in respect of which a lump sum land rent payment has been paid to the government.	Some 689 sqm net leasable area, accounting for 23.4% of the spaces have been occupied, of which 316 sqm has been leased to Hong Leong Bank for their office use with lease terms of 3 years and the income was approximately VND157.43 million per month including rent and management fee, and another 373 sqm has been temporally occupied by the Group for its own office uses until finding tenants.	**HK$22,000,000** (VND59,800,000,000– VIETNAMESE DONG FIFTY NINE BILLION EIGHT HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$14,000,000**)

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E1.2	An Existing School portion of GuocoLand Complex Project Lot No. 41 and 157 Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam The properties are located nearby VSIP Industrial Park, in close proximity to Song Be Golf Course, Metro supermarket, approximately 30km radially south west of Tan Son Nhat airport, approximately 17km radially south of CBD of Ho Chi Minh City, where it can be easily accessed by National Highway 13.	GuocoLand Complex Project is a large scale mixed residential/ office/ commercial/ school project developing in phases. An existing school was completed in 2008, the subject property consists of a 3-storey school building and ancillary buildings in phase I of the development. The gross floor area of the school building is approximately 3,893.1 sqm, plus 194.66 sqm of the ancillary buildings. As per information provided by the Group, the total net leasable area of school building is 3,300 sqm. **Gross Floor Area** *(sqm)* School 3,893.10 Ancillaries 194.66 **Total** **4,087.76** The land use rights of the site are held for a term to be expired on 22 September 2056 in respect of which a lump sum land rent payment has been paid to the government.	The school was vacant upon our inspection.	**HK$17,000,000** (VND46,500,000,000 – VIETNAMESE DONG FORTY SIX BILLION FIVE HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$11,000,000**)

Notes:

a) According to the Certificate of Land Use Rights and Assets Attached to the Land no. BK033609 dated 18 December 2012, the land use rights of the site with a site area of approximately 9,700.4 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong (GuocoLand Binh Duong Property Co., Ltd, is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest) for office uses for a term to be expired on 22 September 2056, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration. The ownership right of the Canary Plaza (including the office and retail building and the ancillary building) with a total gross floor area of approximately 3,336.43 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong.

b) According to the Building Ownership Certificate No. 747252598700781 dated 1 September 2009, the ownership right of the existing school and its ancillary improvements with a total gross floor area of approximately 4,087.76 sqm was granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong.

c) According to the Land Use Rights Certificates No. AM565255 and AM565256 dated 14 July 2008, amendments dated 11 August 2008 and 20 January 2009. The land use rights of the site with a total site area of approximately 11,014 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong for educational uses for a term to be expired on 22 September 2056, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration, of which the existing school and its ancillary buildings were built on a total land area of approximately 3,762 sqm.

d) According to the Decision no.3591/QD-UBND dated 14 November 2008 issued by The People's Committee of Binh Duong Province regarding the Master Plan 1/500 scale approval for the school component phase 1 within GuocoLand complex project, the school was approved to build on total land area of approximately 3,762 sqm.

e) We have been provided with a legal opinion on the property prepared by the Group's Vietnam legal advisor, NTK Consulting Firm dated 18 March 2013, which contains, inter alia, the following information:

(i) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to use the land area of 20,860 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

(ii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to invest, construct, operate, lease and sell (in accordance with Vietnamese Laws from time to time) commercial buildings and a residential complex (including high rise apartment building, hotel tower, office buildings, commercial centre, real estate trading floor, educational – training – research facilities, hospital, clinics, sport complex, commercial home offices, parking area and other business space) together with completed and uniform infrastructure facilities on the land area of 160,154.3 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

(iii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has fully paid the lump-sum land rental for the entire Land Use Duration with respect to each of the Land Lots.

(iv) As at 31 January 2013 Cong Ty TNHH Bat Dong San GuocoLand Binh Duong did not pledge and mortgage the Land Use Right Certificates.

f) In our valuation, we have made the following assumptions: The inspection for this valuation was conducted prior to the valuation date. We have assumed that no material change to the subject property has occurred between the date of inspection and valuation.

g) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

h) An internal inspection was carried out on 10 January 2013 by Mr. Pham Thanh Duong, Manager of Valuation and Advisory Service of CBRE (Vietnam) Co., Ltd, Valuation license no. 565 issued by the Construction Department of The People's Committee of Ho Chi Minh City, Vietnam.

Group E2: Property interests held by the Group for Sale in Vietnam

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E2.1	17 Unsold Residential Apartment Units, Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam The property is located nearby VSIP Industrial Park, in close proximity to Song Be Golf Course, Metro supermarket, approximately 30km radially south west of Tan Son Nhat airport, approximately 17km radially south of CBD of Ho Chi Minh City, where it can be easily accessed by National Highway 13.	GuocoLand Complex Project is a large scale mixed residential/ office/ commercial/ school project developing in phases. Completed between June 2009 and December 2009, the subject property consists of 17 units in three different 10-storey apartment blocks. As advised, the total sellable area of 17 unsold units is approximately 1,538.4 sqm. **Saleable Area** *(sqm)* In Three different apartment blocks: 1,538.4 **Total**: **1,538.4** The land use rights of the site are held for a term to be expired on 22 September 2056 in respect of which a lump sum land rent payment has been paid to the government.	The property was vacant upon our inspection.	**HK$9,800,000** (VND26,200,000,000– VIETNAMESE DONG TWENTY SIX BILLION TWO HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$6,400,000**)

Notes:

a) According to the Land Use Rights Certificates no. AM565260 dated 14 July 2008, amendments dated 11 August 2008 and 20 January 2009 and the Decision No.2162/QD-UBND dated 6 August 2012, the land use rights of the site with a total site area of approximately 12,015.2 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong (GuocoLand Binh Duong Property Co., Ltd, is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest) for urban residential land use for a term to be expired on 22 September 2076, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration.

b) We have been provided with a legal opinion on the property prepared by the Group's Vietnam legal advisor, NTK Consulting Firm dated 18 March 2013, which contains, inter alia, the following information:

  (i) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to use the land area of 12,015.2 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

(ii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to invest, construct, operate, lease and sell (in accordance with Vietnamese Laws from time to time) commercial buildings and a residential complex (including high rise apartment building, hotel tower, office buildings, commercial centre, real estate trading floor, educational – training – research facilities, hospital, clinics, sport complex, commercial home offices, parking area and other business space) together with completed and uniform infrastructure facilities on the land area of 160,154.3 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province

(iii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has fully paid the lump-sum land rental for the entire Land Use Duration with respect to each of the Land Lots.

(iv) As at 31 January 2013, except the Land Use Right Certificate No.AM565260 which has been submitted to the Binh Duong Department of Natural Resources and Environment for applying the Apartment Ownership Certificate for Cong Ty TNHH Bat Dong San GuocoLand Binh Duong's customer, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong did not pledge and mortgage any other Land Use Right Certificate.

c) In our valuation, we have made the following assumptions: The Building Ownership certificates for 17 unsold units accounting for 1,538.4 sqm have been granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong as at the date of valuation; The inspection for this valuation was conducted prior to the valuation date. We have assumed that, no material change to the subject property has occurred between the date of inspection and valuation.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

e) An internal inspection was carried out on 10 January 2013 by Mr. Pham Thanh Duong, Manager of Valuation and Advisory Service of CBRE (Vietnam) Co., Ltd, Valuation license no. 565 issued by the Construction Department of The People's Committee of Ho Chi Minh City, Vietnam.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E2.2	A 62,015.1 sqm Commercial Land, Phase I National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam The property is located nearby VSIP Industrial Park, in close proximity to Song Be Golf Course, Metro supermarket, approximately 30km radially south west of Tan Son Nhat airport, approximately 17km radially south of CBD of Ho Chi Minh City, where it can be easily accessed by National Highway 13.	GuocoLand Complex Project is a large scale mixed residential/ office/ commercial/ school project developing in phases. The subject property comprises various lots with a total of 62,015.1–sqm vacant commercial irregular shape land parcel. The land use rights of the site are held for a term to be expired on 22 September 2056 in respect of which a lump sum land rent payment has been paid to the government.	The property was vacant upon our inspection.	**HK$167,000,000** (VND449,300,000,000– VIETNAMESE DONG FOUR HUNDRED FORTY NINE BILLION AND THREE HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$109,000,000**)

Notes:

a) According to the Land Use Rights Certificates no. AM565253 and AM565264 dated 14 July 2008, amendments dated 11 August 2008, 20 January 2009 and 12 December 2012 and the Land Use Rights Certificate no. AM565265 dated 14 July 2008, amendments dated 11 August 2008 and 20 January 2009, the land use rights of the site with a total site area of approximately 62,015.1 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong (GuocoLand Binh Duong Property Co., Ltd, is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest) for commercial uses for a term to be expired on 22 September 2056, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration.

b) As per information provided by the Group, as at the valuation date, the total land area of 62,015.1 sqm of commercial land has been contracted to be sold for the total consideration of VND449,335,266,000 after deducting the cost to complete its own infrastructure. In arriving at our opinion on the capital value of the property, we have taken into account the consideration of those portions since it has been sold but not yet handover.

c) We have been provided with a legal opinion on the property prepared by the Group's Vietnam legal advisor, NTK Consulting Firm dated 18 March 2013, which contains, inter alia, the following information:

   (i) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to use the land area of 62,015.1 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

   (ii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to invest, construct, operate, lease and sell (in accordance with Vietnamese Laws from time to time) commercial buildings and a residential complex (including high rise apartment building, hotel tower, office buildings, commercial centre, real estate trading floor, educational – training – research facilities, hospital, clinics, sport complex, commercial home offices, parking area and other business space) together with completed and uniform infrastructure facilities on the land area of 160,154.3 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

(iii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to deal with land and infrastructure with the Project site (including the transferring and subleasing of developed land areas) during the duration of the Project.

(iv) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has fully paid the lump-sum land rental for the entire Land Use Duration with respect to each of the Land Lots.

(v) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong is in the process of transfer of land use right with respect to the entire Retail Land of 62,015.1 sqm to Aeon Vietnam Co., Ltd in accordance with Partial Project Transfer Agreement for Land Use Rights for Leased Land dated 14 December 2012.

d) In our valuation, we have made the following assumptions: The infrastructure systems have been completed and connected to the boundaries of the subject site as at the date of valuation. The inspection for this valuation was conducted prior to the valuation date. We have assumed that, no material change to the subject property has occurred between the date of inspection and valuation.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

f) An external inspection was carried out on 10 January 2013 by Mr. Pham Thanh Duong, Manager of Valuation and Advisory Service of CBRE (Vietnam) Co., Ltd, Valuation license no. 565 issued by the Construction Department of The People's Committee of Ho Chi Minh City, Vietnam.

Group E3: Property interests held by the Group Under Development in Vietnam

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E3.1	Residential Phase II of Proposed Project/Lot No. 162 National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam The property is located nearby VSIP Industrial Park, in close proximity to Song Be Golf Course, Metro supermarket, approximately 30km radially south west of Tan Son Nhat airport, approximately 17km radially south of CBD of Ho Chi Minh City, where it can be easily accessed by National Highway 13.	The subject site has a total site area of approximately 11,880.5 sqm. GuocoLand Complex Project is a large scale mixed residential/ office/ commercial/ school project developing in phases, which Property E3.1 forms part is a residential development. The subject property is the phase II of the development. Upon completion, the phase II will comprise approximately a total gross floor area above ground of 23,799.63 sqm, and as advised, the total sellable area is approximately 19,768.21 sqm. **Gross Floor Area** *(sqm)* Residential apartment 23,681.33 Ancillary 118.30 **Total** **23,799.63** As advised, the phase II of the development will be completed in 3rd quarter 2013. The land use rights of the site are held for a term to be expired on 22 September 2076 in respect of which a lump sum land rent payment has been paid to the government.	The property was under construction upon our inspection.	**HK$111,000,000** (VND296,900,000,000– VIETNAMESE DONG TWO HUNDRED NINETY SIX BILLION AND NINE HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$72,000,000**)

Notes:

a) According to the Land Use Rights Certificates no. AM565263 dated 14 July 2008, amendments dated 11 August 2008, 20 January 2009 and 28 August 2012, the land use rights of the site with a total site area of approximately 11,880.5 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong (GuocoLand Binh Duong Property Co., Ltd, is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest) for urban residential land use for a term to be expired on 22 September 2076, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration.

b) Portions of the property comprising 20 units, with a total sellable area of approximately 2,017.59 sqm, have been contracted to be sold for the total consideration of VND52,040,183,015. In arriving at our opinion on the capital value of the property, we have taken into account the consideration of those portions since it has been sold but not yet handover.

c) As provided by Cong Ty TNHH Bat Dong San GuocoLand Binh Duong, the total estimated construction cost is in the sum of approximately US$15,470,084 and the construction costs incurred up to 31 January 2013 was in the sum of approximately US$10,313,416.

d) We are of the opinion that the gross development value of the proposed development assuming it were just completed is in the sum of VND460,304,500,000 (HK$171,750,000).

e) We have been provided with a legal opinion on the property prepared by the Group's Vietnam legal advisor, NTK Consulting Firm dated 18 March 2013, which contains, inter alia, the following information:

(i) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to use the land area of 11,880.5 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

(ii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to invest, construct, operate, lease and sell (in accordance with Vietnamese Laws from time to time) commercial buildings and a residential complex (including high rise apartment building, hotel tower, office buildings, commercial centre, real estate trading floor, educational – training – research facilities, hospital, clinics, sport complex, commercial home offices, parking area and other business space) together with completed and uniform infrastructure facilities on the land area of 160,154.3 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

(iii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has fully paid the lump-sum land rental for the entire Land Use Duration with respect to each of the Land Lots.

(iv) As at 31 January 2013 Cong Ty TNHH Bat Dong San GuocoLand Binh Duong did not pledge and mortgage the Land Use Right Certificate.

f) In our valuation, we have made the following assumptions: The subject property has been constructed in accordance with its' approved relevant legal documents, and upon completion the subject property will be issued the property ownership certificate. The inspection for this valuation was conducted prior to the valuation date. We have assumed that, no material change to the subject property has occurred between the date of inspection and valuation.

g) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

h) An internal inspection was carried out on 10 January 2013 by Mr. Pham Thanh Duong, Manager of Valuation and Advisory Service of CBRE (Vietnam) Co., Ltd, Valuation license no. 565 issued by the Construction Department of The People's Committee of Ho Chi Minh City, Vietnam.

Group E4: Property interests held by the Group for Future Development in Vietnam

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E4.1	Residential Development Phase III and IV of Proposed Project/Lots No. 160, 161 National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam	The subject site consists of two adjoining residential lands and another two separated lands with a total site area of approximately 41,175.10 sqm. GuocoLand Complex Project is a large scale mixed residential/ office/ commercial/ school project developing in phases, which Property E4.1 and E4.2 forms part is a mixed residential/ commercial/ school development. The subject property is the land for phase III and IV and a part of Phase II of the development. Upon completion, the phase III and IV will comprise approximately a total gross floor area above ground of 75,025.8 sqm, the remaining Phase II will comprise approximately a total gross floor area above ground of 66,433.62 sqm	The subject site was vacant upon our inspection.	**HK$124,000,000** (VND332,600,000,000– VIETNAMESE DONG THREE HUNDRED THIRTY TWO BILLION AND SIX HUNDRED MILLION) (65.2% interests attributable to the Company: **HK$81,000,000**)
E4.2	Office/ hotel and school development Phase II of Proposed Project/Lots No,41,42,157 and 158 National Highway 13 (Binh Duong Boulevard), Binh Hoa – Thuan Giao Commune, Thuan An District, Binh Duong Province, Vietnam The properties are located nearby VSIP Industrial Park, in close proximity to Song Be Golf Course, Metro supermarket, approximately 30km radially south west of Tan Son Nhat airport, approximately 17km radially south of CBD of Ho Chi Minh City, where it can be easily accessed by National Highway 13.	**Gross Floor Area** *(sqm)* Residential Phase III and IV: 72,025.80 Hotel, office and school of remaining Phase II: 66,433.62 **Total: 138,459.42** The land use rights of the residential Phase III and IV are held for a term to be expired on 22 September 2076. The land use rights of the hotel, office and school of remaining Phase II are held for a term to be expired on 22 September 2056. Both have a lump sum land rent payment which has been paid to the government.		**HK$45,000,000** (VND120,000,000,000 – VIETNAMESE DONG ONE HUNDRED TWENTY BILLION) (65.2% interests attributable to the Company: **HK$29,000,000**)

Notes:

a) According to the Land Use Rights Certificates no. AM565259 and AM565262 dated 14 July 2008, amendments dated 11 August 2008, 20 January 2009 and 28 August 2012, the land use rights of the residential land Phase III and IV with a total site area of approximately 28,100.1 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong (GuocoLand Binh Duong Property Co., Ltd, is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 65.2% attributable interest) for urban residential uses for a term to be expired on 22 September 2076, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration.

b) According to the Land Use Rights Certificates no. AM565255, AM565256 and AM565257 dated 14 July 2008, amendments dated 11 August 2008 and 20 January 2009 and the Certificate of Land Use Right and Assets Attached on the Land no. BK033609 dated 18 December 2012, the land use rights of the hotel, office and school development of remaining Phase II with a total site area of approximately 13,075 sqm were granted to Cong Ty TNHH Bat Dong San GuocoLand Binh Duong for office, educational uses for a term to be expired on 22 September 2056, and original land use is leased land with the land rental payment paid in one lump-sum for the entire land use duration.

c) We have been provided with a legal opinion on the property prepared by the Group's Vietnam legal advisor, NTK Consulting Firm dated 18 March 2013, which contains, inter alia, the following information:

   (i) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to use the land area of 41,175.1 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

   (ii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to invest, construct, operate, lease and sell (in accordance with Vietnamese Laws from time to time) commercial buildings and a residential complex (including high rise apartment building, hotel tower, office buildings, commercial center, real estate trading floor, educational – training – research facilities, hospital, clinics, sport complex, commercial home offices, parking area and other business space) together with completed and uniform infrastructure facilities on the land area of 160,154.3 sqm in Binh Hoa Ward, Thuan An Town, Binh Duong Province.

   (iii) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has fully paid the lump-sum land rental for the entire Land Use Duration with respect to each of the Land Lots.

   (iv) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong has the legal right to deal with land and infrastructure with the Project site (including the transferring and subleasing of developed land areas) during the duration of the Project.

   (v) As at 31 January 2013, Cong Ty TNHH Bat Dong San GuocoLand Binh Duong did not pledge and mortgage the Land Use Right Certificates.

d) In our valuation, we have made the following assumptions: The infrastructure systems have been completed and connected to the boundaries of the subject sites as at the date of valuation. The inspection for this valuation was conducted prior to the valuation date. We have assumed that no material change to the subject property has occurred between the date of inspection and valuation.

e) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 25%.

f) An external inspection was carried out on 10 January 2013 by Mr. Pham Thanh Duong, Manager of Valuation and Advisory Service of CBRE (Vietnam) Co., Ltd, Valuation license no. 565 issued by the Construction Department of The People's Committee of Ho Chi Minh City, Vietnam.

Group E5: Property interests Rented by the Group in Vietnam

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
E5.1	Units 1203-1204, 12th floor No. 37, Ton Duc Thang Street, Saigon Trade Center Building Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam The property is located in the CBD of Ho Chi Minh City.	Completed in 1997, the property comprises two mid floor office units in a 34-storey commercial building (excluding one level basement). The net lettable area of the subject office units is approximately 233 sqm. The property is leased from Cong Ty TNHH Luks Land (Vietnam) to the Group for a term of two years from 1 September 2011 at a monthly rent of US$6,058 exclusive of management fees and utility charges.	The property is occupied by the Group as staff quarters and other uses.	No Commercial Value

Notes:

a) The registered owner of the subject property is Cong Ty TNHH Luks Land (Vietnam). As informed by the Group, the registered owner is an independent third party of the Group.

b) An internal inspection was carried out on 10 January 2013 by Mr. Pham Thanh Duong, Manager of Valuation and Advisory Service of CBRE (Vietnam) Co., Ltd, Valuation license no. 565 issued by the Construction Department of The People's Committee of Ho Chi Minh City, Vietnam.

Group F1: Property interests held by the Group for Sale in Fiji

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
F1.1	Vacant Development Site 'N1', Denarau Island, Nadi Region, legally known as Lot 1 on SO 3706, District of Nadi, Province of Ba, Fiji. The property is located upon Denarau Island, a mostly reclaimed land mass which is easily accessible via a two lane bridge (currently under repair), from Fiji's mainland of Viti Levu.	An easy contoured, trapezium shaped parcel of vacant land comprising 6.9508 hectares situated upon the western coastline of Denarau Island and adjoining the WorldMark Resort to the north and 16th hole of the Denarau Island Golf Course to the south. The land has a road frontage of approximately 120 metres, widening to a beachfront boundary (defined by the High Water Mark), of approximately 650 metres. The land is held under Native Lease No. 434878 for a term of 99 years from 1 July 1997 with no specific right of renewal. At the date of valuation, 83.5 years of the term remain. Whilst undeveloped the current annual rent is FJ$4,518 rising to FJ$150,000 per annum for the first 5 years once improved. Consent from the iTaukei Land Trust Board is required prior to subdividing or subleasing any of the land, however consent cannot be unreasonably withheld.	The property is essentially vacant and undeveloped excluding a small single level office building which has been disregarded in terms of the valuation.	**HK$50,000,000** (FJ$11,300,000– FIJIAN DOLLARS ELEVEN MILLION AND THREE HUNDRED THOUSAND) (66.5% interests attributable to the Company: **HK$33,000,000**)

Notes:

a) The Memorandum of Lease states that the Registered Lessee is Te Arawa Limited. As informed by the Group, Te Arawa Limited is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 66.5% attributable interest.

b) The property lies within the jurisdiction of the Nadi Rural Local Authority although is more appropriately identified as being suitable for Hotel/ Resort development in accordance with the approved Denarau Masterplan.

c) In our valuation, we have made the following specific assumptions:

   (i) The Fiji Government operates a somewhat antiquated land registry system, where physical paper copies of titles and leases are commonly held within volumes. As such, documents can be outdated or difficult to source in a short timeframe. We have not been able to undertake an updated search of the Lease document(s) and assume that no variations have occurred which are likely to affect value or saleability.

   (ii) Denarau Island is a mostly reclaimed and engineered land mass. As such, the land's geotechnical characteristics may be of mixed quality and suitability for the likely form of development. Our valuation assumes that the site is of a geotechnical standard, no less than that of adjoining sites which have been developed by way of resort hotels, and would not require extraordinary foundation design.

   (iii) Improvements comprising a small freestanding office and various ancillary structures have been disregarded in terms of our assessment. In the context of the property's underlying land value, the improvements offer limited, if any added value.

   (iv) The location and capacity of public and utility services available to the land is unknown. Our valuation assumes that access to utility services (water, wastewater and electricity) is available at the boundary of the land. We acknowledge however that it is common for developed sites to establish internal networks which supplement and provide residual capacity to the 'public' Denarau Island services.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 20%.

e) A physical inspection of the land (where accessible) was carried out on 16 January 2013 by Mr. Stephen Doyle B.Prop, ANZIV, MPINZ Director – Hotels Valuation & Advisory Services of CBRE Limited of New Zealand.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value as at 31 January 2013
F1.2	First Floor Office, Unit 019, Port Denarau Retail and Commercial Centre, Denarau Island, Nadi Region, legally known as Unit 1T Strata Lease Plan 30 being a subdivision of Lot 1 DP 9594, District of Nadi, Province of Ba, Fiji The property is located upon Denarau Island, a mostly reclaimed land mass which is easily accessible via a two lane bridge (currently under repair), from Fiji's mainland of Viti Levu.	Unit 019 is a regular shaped, first floor office/ commercial unit situated within an integrated commercial, marina and port facility that opened during July 2007, being located upon Denarau Island, a master-planned residential/ resort development. The surveyed floor area of the unit, measured to the centerline of inter-tenancy walls and exterior faces of exterior walls equates to 88 sqm. **Floor Area** *(sqm)* Office 88.00 **Total** **88.00** No exclusive use car parking is legally associated with the unit, but extensive car parking is located within a privately owned lot that adjoins the centre. Common property associated with the Unit includes various access walkways and a central landscaped courtyard. The property is a Sublease (Ref: 606621) of the 'head' Crown Lease (Ref: 16977), offering an unexpired lease term of 85 years.	The Unit is currently occupied by the operator of the adjoining Port Denarau Car Park under an informal arrangement. For valuation purposes, vacant possession has been assumed. Operating expenses for 2012/ 2013 comprising the Body Corporate budget equate to FJ $132.99 psm.	**HK$880,000** (FJ$200,000– FIJIAN DOLLARS TWO HUNDRED THOUSAND) (66.5% interests attributable to the Company: **HK$590,000**)

Notes:

a) The Memorandum of Sublease states that the registered Sublessee is Aotea Limited. As informed by the Group, Aotea Limited is a subsidiary of the Company which is indirectly owned by the Company through its non-wholly owned subsidiaries and in which the Company has a 66.5% attributable interest.

b) The property lies with the jurisdiction of the Nadi Rural Local Authority although is more appropriately identified as being suitable for commercial uses in accordance with the approved Denarau Masterplan.

c) In our valuation, we have made the following specific assumptions:

(i) The Fiji Government operates a somewhat antiquated land registry system, where physical paper copies of titles and leases are commonly held within volumes. As such, documents can be outdated or difficult to source in a short timeframe. We have not been able to undertake an updated search of the Lease document(s) and assume that no variations have occurred which are likely to affect value or saleability.

(ii) The Fiji Islands experienced a major storm event (Cyclone Evan) during late 2012. The Port Denarau Retail and Commercial Centre sustained some damage which appears to be mostly of a superficial nature. The valuation assumes that no extraordinary contributions are required to the Body Corporate to undertake any necessary repairs.

(iii) The Unit is currently occupied under an informal arrangement. Our valuation assumes that vacant possession is available upon a hypothetical sale of the property.

d) As advised by the Group, the potential tax liabilities which may arise from the sale of the property include profit tax levied on the profit from the sale of the property at 20%.

e) An external inspection of the unit, which permitted the opportunity to also view the interior, was carried out on 16 January 2013 by Mr. Stephen Doyle B.Prop, ANZIV, MPINZ Director – Hotels Valuation & Advisory Services of CBRE Limited of New Zealand.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Composite Document received from Christie + Co, an independent valuer, in connection with their valuation as at 31 January 2013 of property interests of the Guoco Group in the United Kingdom.

Christie+Co
BUSINESS INTELLIGENCE

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30 April 2013

The Directors
Guoco Group Limited
50th Floor
The Center
99 Queen's Road Central
Hong Kong

Dear Sirs,

1.0 INSTRUCTIONS

In accordance with your instructions confirmed by correspondence dated 15 January 2013, we have undertaken various valuations (hereinafter referred to as the "Valuations" and each a "Valuation") of the freehold, long and short leasehold interests in 15 (fifteen) hotels and 1 (one) office building (the "Properties" and each a "Property") owned and operated by Guoman Hotels Limited and its subsidiary companies (the "Companies"), as at 31 January 2013. We list the Properties as follows:

Freehold Properties

The Tower – a Guoman Hotel, St Katharine's Way, London E1W 1LD
Thistle Kensington Gardens, Bayswater Road, London W2 3HL

Long Leasehold Properties

Royal Horseguards and One Whitehall Place – a Guoman Hotel, Whitehall Court, London SW1A 2EJ
Charing Cross – a Guoman Hotel, Strand, London WC2N 5HX
Thistle Heathrow, Bath Road, Longford, West Drayton UB7 OEQ
Thistle Marble Arch, Bryanston Street, Marble Arch, London W1H 7EH
The Grosvenor – a Guoman Hotel, Buckingham Palace Road, London SW1W OSJ

Short Leasehold Properties

The Cumberland – a Guoman Hotel, Marble Arch, London W1A 4RF
Thistle Trafalgar Square, Whitcomb Street, Trafalgar Square, London WC2H 7HG
Bloomsbury Park, 126 Southampton Row, London WC1B 5AD
Thistle City Barbican, 120 Central Street, London EC1V 8DS
Thistle Edinburgh, 107 Leith Street, Edinburgh EH1 3SW
Thistle Euston, Cardington Street, London NW1 2LP
Thistle Hyde Park, Hyde Park, Lancaster Gate, London W2 3NR
Thistle Piccadilly, Coventry Street, London W1D 6BZ
Offices at Stephenson House, 67-87 Hampstead Road & 146-162 Drummond Street, London NW1 2PL

Brief summaries (the "Summaries" and each a "Summary") of the Properties are included in an Appendix attaching to this valuation report (the "Valuation Report"). We have ascribed Market Values (refer sub-point 2.0) to the Properties as fully operational trading hotels as at 31 January 2013, in their current condition, save in respect on one of the Properties which is part of an office building. The Properties have been valued as individual entities, not part of a group or portfolio.

The Valuation Report is for inclusion in Guoco Group Limited's ("Guoco") composite document (the "Composite Document") in relation to a general offer announced on 12 December 2012 on The Stock Exchange of Hong Kong Limited. The Valuation Report has been prepared in accordance with Valuation – Professional Standards (the "Red Book", 8th Edition) issued by the Royal Institution of Chartered Surveyors incorporating the International Valuation Standards (the "IVS") and complies with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases (the "Takeovers Code") issued by the Securities and Futures Commission, and in accordance with the HKIS Valuation Standards published by The Hong Kong Institute of Surveyors. The Basis, General and Special Terms and Assumptions of the Valuations are set out under sub-points 2.0, 4.0 and 5.0. The Properties were inspected between 4 and 9 January 2013 by independent valuers qualified in accordance with Valuation Standard 1.7 of the Red Book and who all have experience of valuing similar properties and businesses. The Valuation Report has been prepared under the supervision of R Chess FRICS, Director of Christie + Co and I A Martin MA, Director of Christie + Co. Furthermore, we advise that Christie + Co has been valuers to the Companies since October 1996 and the Properties are well known to us. We hold records and files on the Properties from previous inspections.

2.0 BASIS OF THE VALUATIONS — MARKET VALUE

We have ascribed Market Values to the Properties. Market Value is defined in Valuation Standard 3.2 of the Red Book as follows:

> "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 addition of the words "in existing use" to Market Value makes it necessary to assume that the Properties will continue to be used for the same or similar purposes, subject to redevelopment as and when appropriate.

The definition of Market Value has been applied in accordance with the Conceptual Framework as set out under paragraphs 31 to 35 of the IVS.

The Market Values ascribed assume orderly marketing programmes for the Properties of individual disposals, not a sale of all the Properties at one time, depending on their tenure. For the 7 (seven) freehold and long leasehold Properties a period of 6 (six) months; for the 9 (nine) short leasehold Properties a period of up to 2 (two) years. Commensurate with this assumption we have valued the Properties assuming efficient marketing and management systems are in operation.

3.0 VALUATION METHODOLOGY

We have valued the Properties by the income capitalisation method of valuation, one of the recognised methods of hotel valuation, save for the Property which is part of an office building. In our opinion this is the most appropriate valuation method for the Properties which have established trading histories. Furthermore, we have benchmarked the Properties against transactions recorded in the UK hotel property market. For this purpose comparisons of sales evidence of hotels are given on a "per letting bedroom" basis, the market or comparative approach, which is easily understood by operators and investors alike, and such comparisons are widely quoted in the professional press and local and national media. Sales of comparable hotels have been carefully analysed and weighted against all the respective advantages and disadvantages of the Properties in order to confirm the Market Values ascribed by income capitalisation.

We were advised by the Companies that six (6) of the Properties were the subject of a sale and leaseback transaction in April 2005 with Topland Group Holdings Limited ("Topland"). We consider that some of the rents payable under this transaction are higher than open market levels negotiated under standard commercial leases. The incidence of such sale and leaseback transactions increased significantly in the UK hotel property market up to the "Credit Crunch", as the onset of the financial and banking crisis was colloquially dubbed in 2007, but since that date such activity has stalled. Many lessees have faced mounting difficulties meeting their contractual rent obligations as trading has become increasingly difficult. Furthermore, there is scant market evidence of transactions of the lessees' interests, many hotels being perceived as "over rented" in the current trading environment. We have therefore used valuer judgement and are of the opinion that there is nil or, at best, nominal Market Values attaching to such lessees' interests reflecting the current market sentiment. We also confirm that we have valued the Properties in their existing uses but observe that the two freehold Properties, namely The Thistle Kensington Gardens and The Tower Thistle – A Guoman Hotel, may have higher alterative use values converted to mixed commercial and/or residential purposes, subject to the appropriate planning and other permissions being obtained.

4.0 GENERAL TERMS AND ASSUMPTIONS OF THE VALUATIONS

4.1 Trade Furnishings, Fixtures, Fittings, Plant Equipment

Properties of the type valued normally change hands in the open market as fully equipped operational business units. The Valuations therefore include all plant, machinery, furnishings, fixtures, fittings and moveable items as these are usually included in a sale(s). We were advised by the Directors of the Companies that to the best of their knowledge all plant, machinery, furnishings, fixtures, fittings and moveable items are owned outright, save for some minor items, and the Valuations are based on this understanding. Additionally, no additional allowance has been made for individual items of furniture, fine art or articles with antique or rarity values. We have assumed that the plant and machinery are in good working order.

4.2 Services

We were not instructed to arrange for any services or installations to be tested and therefore the Valuation Report does not express any opinion as to their adequacy or condition. We have valued on the basis that the services and installations comply with all statutory requirements, as advised to us by the Directors of the Companies to the best of their knowledge, are adequate for the businesses being undertaken and are in good working order, save in the case of one of the Properties, refer sub-point 5.1 below.

4.3 Structural Condition

We were not instructed to carry out structural surveys of the Properties and therefore in preparing the Valuations we have assumed the Properties to be of sound design and construction, free from any inherent defect or defects, as advised to us by the Directors of the Companies to the best of their knowledge, save in respect of three (3) of the Properties refer sub-point 5.2 below. Furthermore, we did not inspect woodwork or other parts of the Properties which were covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. The Valuations therefore do not express any opinion about or advise upon the condition of un-inspected parts, nor do the Valuations in any way constitute or could the Valuations be constructed as constituting any representation or warranty actual or implied regarding such parts.

We have not arranged for any investigation to be carried out to determine whether or not high alumna cement or concrete chloride additive or any asbestos containing material or any other deleterious or potentially deleterious material has been used in the construction of the Properties or has since been incorporated in the Properties and we are therefore unable to report that the Properties are free from risk in this respect. We were advised that asbestos registers are maintained at the Properties. For the purpose of the Valuations we have assumed that such investigation would not disclose the presence of any such material in an adverse condition. However, should such material be discovered we have made no allowance for the costs of removal and any remedial works required.

4.4 Site Investigations

We did not carry out or commission site investigations or geographical or geophysical surveys, and therefore give no opinion or assurance or guarantee that the ground have sufficient load bearing strength to support the Properties, or any other constructions that are being and may be erected upon them in the future. We also do not give any opinion or assurance or guarantee that there are no underground mineral or other workings beneath the Properties, or in their vicinity, or that there is not any fault or disability underground which could or might affect the Properties and the Ancillary Property or any construction thereon. We have not been provided with any information on any of the Properties which historically have suffered from flooding, or lie in a flood plain, and the Valuations do not reflect any diminution in Market Values which might result from such circumstances.

4.5 Environmental Issues

We have not been supplied with any environmental audits or other environmental investigations or soil surveys which have been carried out on the Properties and which draw attention to any contamination or the possibility of any such contamination which might adversely affect the Valuations. In undertaking the Valuations, we have assumed that no contaminated or potentially contaminative uses have ever been carried out on the Properties. We have not carried out any investigations into the past or present uses either of the Properties or any neighboring land to establish whether there is any potential for contamination from these uses or sites to the Properties. However, should it be established subsequently that contamination exists at the Properties or on any neighbouring land or that the Properties have been or are being put to a contaminative use this might reduce the Valuations.

4.6 Statutory Requirements

We have made enquiries of the Directors of the Companies who advised to the best of their knowledge, and have therefore assumed, that the Properties comply in all material respects with all statutory and other requirements including, but not limited to, environment, fire, licensing, planning, health and safety and have valued on this understanding, save in respect of one of the Properties, refer sub-point 5.3 below. We have assumed that all consents, licences and permissions have been obtained, the Properties are operated in accordance with these consents, licences and permissions, and that they will continue to hold them. We also assumed that they can be transferred to a suitable purchaser(s). We have assumed that there are no outstanding conditions or works required by the appropriate authorities and therefore there are no proposals likely to detrimentally affect the Properties, refer sub-point 5.3 below.

We have valued the Properties on the basis of existing uses on the assumption that these are the lawful or permitted uses, there are no onerous proposals affecting the Properties and the Valuations will be unaffected by matters which would be revealed by local authority searches and replies to legal enquiries. Where known, extant planning permissions were taken into account in the Valuations.

4.7 Tenure

The Properties are owner occupied by the Companies and we have assumed that the Properties are free from any unusual or especially onerous restrictions, encumbrances or outgoings, and that good titles can be shown and that all covenants (including leasehold covenants), restrictions and stipulations affecting the Properties have been strictly complied with. In the cases of Properties subject to rent review, we have assumed that all appropriate procedures are/will be followed to ensure timely review. Furthermore, we have assumed the areas and boundaries of the Properties are correct as indicated to us on our inspections. However, we draw attention to our comments on five (5) of the Properties, refer sub-point 5.4 below. Where tenancies have been created, we have assumed that rentals received are included in the Properties' profit and loss accounts.

5.0 SPECIAL TERMS AND ASSUMPTIONS OF THE VALUATIONS

5.1 Services: Thistle Trafalgar

On our inspection of the Property we were advised that blockage of drainage pipes had caused water damage to the third and fourth floors during 2011 and 2012. As part of the recent refurbishment of the Property works had been undertaken to rectify this problem but was ongoing and we have assumed that it will be completed to all the pipes preventing further damage.

5.2 Structural Condition: Thistle Heathrow, Bloomsbury Park and Thistle Hyde Park

We were advised of a structural fault with the footbridge connecting between two bedroom blocks on our inspection of the Thistle Heathrow. We have assumed that works are undertaken to make good this fault and have made no allowance in the Valuation of the Property for the costs of such works. On our inspection of the Bloomsbury Park we were also advised that brick work to the upper floors of the façade requires remedial repair. We have assumed these works have been done and made no allowance for their cost in the Valuation. We also noted at the Thistle Hyde Park that there was a crack in the party wall with the adjacent building. We are advised the cause of this crack was works carried out by the owner of the adjacent building. Currently, the works and cost to repair the damaged party wall is being met by the owner of the adjacent building. For the purposes of the Valuation of the Property we have assumed that the works undertaken to make good this fault is completed and have made no allowance of the costs of works.

5.3 Statutory Requirements: Thistle Hyde Park

On our inspection of the Property, we were advised that there is only one emergency fire escape from the ground floor only and were shown correspondence dated 3 May 2012 from the London Fire and Emergency Planning Authority requiring additional means of escape to be in place. For the purpose of the Valuation we have assumed this will be done.

5.4 Tenure: Thistle Kensington Gardens, Royal Horseguards and One Whitehall Place – a Guoman Hotel, Thistle Heathrow, Thistle Trafalgar and Thistle Edinburgh

We have had regard to the rent review which is due at the Royal Horseguards Hotel in 2013. We have also been advised by the Companies that the rent review timed for December 2010 at the Thistle Heathrow remains outstanding. We have therefore reflected this in the Valuation of the Property. We note that the lease at the Battle of Trafalgar Public House operated as part of Thistle Trafalgar expires in August 2014 but have been advised by the Companies that a new lease has been agreed and therefore value on this basis that it will be executed. On our inspection we were informed of a boundary dispute with an under-tenant, Shell UK Ltd, affecting the rights of access at the Thistle Kensington Gardens and have been advised by the Companies that an agreement has been reached between the parties with revised boundary plans currently being drawn up to show the agreed rights of access. We have not been provided with details of this dispute or the proposed resolution but, for the purpose of the Valuation of the Property, we have assumed the matter will be resolved with no other outstanding issues regarding the rights of access between the parties. We have had regard to the rent review which is outstanding on the superior lease at the Thistle Edinburgh.

5.5 Trading Conditions

Since the banking and financial crisis broke in 2007, the UK, in common with the majority of the western world, has been experiencing uncertain economic conditions culminating in a recession in 2008 from which depths we have not recovered. On the macro economic landscape, unprecedented intervention by central banks, and latterly the “Troika” formed by the European Union, the European Central Bank and the IMF through "bail outs" to some member countries, has attempted to support economies as mounting sovereign debt is threatening to break up the Euro zone.

The unknown effects of such action is creating economic strains and imposing stringent restrictions on normal economic activity. Property markets are experiencing lack lustre performance and there is limited transactional activity, with the sale of distressed assets dominating and a dearth of portfolio deals, although the market for substantial individual hotel assets in Central London has continued to be robust. At the time of reporting it is difficult to perceive when a full recovery will occur as the UK continues to languish in recession and forecasts of economic growth are regularly revised downwards as the Chancellor pursues "austerity" policies, despite further "Quantitative Easing" of the money supply. Furthermore, tension in financial and stock markets continues to run at very high levels following political/economic events worldwide. Guidance Note 1 "Valuation certainty", sub-point 2.6 "Market instability", of the Red Book refers to the Valuations being provided in the following context:

"Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the valuation date coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent or absent data, or the valuer being faced with an unprecedented set of circumstances on which to base a judgement. In such situations, demands placed on the valuer can be unusually testing. Although the valuer should still be able to make a judgement, it is important that the context of that judgement is clearly expressed."

In our opinion the continuing turbulence in financial markets and general uncertainty in property markets represents such circumstances. It is against this uncertain landscape that we are undertaking the Valuations. We have, however, used valuer judgment to interpret the most recent available evidence and current market sentiment to arrive at the Valuations. We caution that in present circumstances the "shelf life" of the Valuations may be substantially reduced.

5.6 Terrorism

A proportion of many hotels' trade is drawn from international business travelers and tourists. Such trade is particularly sensitive to the world events and should there be further developments, terrorist attacks or threats, these could adversely affect hotels and their values. We caution that unforeseen events can have a detrimental impact upon the hospitality industry for which we have made no allowance.

6.0 EXCLUSIONS

The Properties have been valued in their existing uses and therefore we have not taken into account any development value or value attaching to a higher alternative use, refer to sub-point 3.0 above. The Valuations do not take into consideration the values of stock in trade, motor vehicles, trade debtors or creditors, other assets or liabilities or contingent liabilities. We have not allowed for the costs of realising the Properties on the open market including professional fees, possible tax liabilities, any premiums liable on the conversion of sterling into other currencies and redundancy or other compensation payments that could be incurred in the event of sales. For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Companies, the potential tax liabilities which may arise from the sale of the Properties included capital gains tax, which levies on the profit from the sale of the Properties at 23.75% in the United Kingdom. The likelihood of the potential tax liability being crystallised is considered remote as we are advised that as at 26 April 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in the Composite Document, the Companies have no intention to dispose of the relevant interests in the Properties. According to our standard practice, in the course of preparing the Valuation Report, we have neither verified nor taken into account such tax liability. We have valued the Properties as being clear and free of all debentures, mortgages or other forms of secured lending and any other charges which may be secured thereon. Furthermore, we have not taken into consideration changes in legislation both general and specific to the UK property market, or the effect of wholly unforeseen and catastrophic events upon the UK hotel property market.

7.0 INFORMATION

We have relied upon the information and comments on the Properties together with the actual, budget and forecast trading accounts (the "Accounts") provided to us by the Companies. We have assumed that the Accounts are correct and complete and can be substantiated by independent audit. We stress that in the event of a future change in trading potential or actual levels of trade from that indicated by the Accounts and assumptions, the Valuations could also vary, refer sub-point 5.5. We take no responsibility for any mis-statement, omission, or misrepresentation made to us.

8.0 THE VALUATIONS

We are of the opinion that the Market Values on the bases previously described of the freehold, long and short leasehold interests in the Properties in their current condition, Summaries of which are provided in the Appendix, as at 31 January 2013 are as follows:

	Market Value *GB£*
Freehold Properties Occupied for the Purposes of the Business	
The Tower – a Guoman Hotel, St Katharine's Way, London E1W 1LD	230,000,000
Thistle Kensington Gardens, Bayswater Road, London W2 3HL	42,000,000
Total Freehold Properties	**272,000,000**
Long Leasehold Properties Occupied for the Purposes of the Business	
Royal Horseguards and One Whitehall Place – a Guoman Hotel, Whitehall Court, London SW1A 2EJ	140,000,000
Charing Cross – a Guoman Hotel, Strand, London WC2N 5HX	92,000,000
Thistle Heathrow, Bath Road, Longford, West Drayton UB7 OEQ	10,000,000
Thistle Marble Arch, Bryanston Street, Marble Arch, London W1H 7EH	235,000,000
The Grosvenor – a Guoman Hotel, Buckingham Palace Road, London SW1W OSJ	105,000,000
Total Long Leasehold Properties	**582,000,000**
Short Leasehold Properties Occupied for the Purposes of the Business	
The Cumberland – a Guoman Hotel, Marble Arch, London W1A 4RF	15,000,000
Thistle Trafalgar Square, Whitcomb Street, Trafalgar Square, London WC2H 7HG	5,400,000
Bloomsbury Park, 126 Southampton Row, London WC1B 5AD	3,000,000
Thistle City Barbican, 120 Central Street, London EC1V 8DS	2,000,000
Thistle Edinburgh, 107 Leith Street, Edinburgh EH1 3SW	Nil
Thistle Euston, Cardington Street, London NW1 2LP	9,500,000
Thistle Hyde Park, Hyde Park, Lancaster Gate, London W2 3NR	Nil
Thistle Piccadilly, Coventry Street, London W1D 6BZ	1,500,000
Stephenson House, 67-87 Hampstead Road & 146-162 Drummond Street, London NW1 2PL	Nil
Total Short Leasehold Properties	**36,400,000**
Aggregate Total	**890,400,000**

Source: Christie + Co

The above aggregate total represents the sums of the Market Values ascribed to the individual Properties and should not necessarily be regarded as Valuation of the Properties as a whole or a portfolio in the context of a sale as a single lot.

9.0 CONFIDENTIALITY AND JURISDICTION

The Valuation Report and the Appendix attaching are for the sole and exclusive use of the Directors of Guoco and the Companies. The Valuation Report and the Appendix are not to be published or reproduced in any way without our consent, save as required for inclusion in the Composite Document in relation to a general offer announced on 12 December 2012 by Guoco. The Valuation Report and the Appendix are governed by English Law and any dispute thereon will be adjudicated upon only in the courts of England and Wales.

Yours sincerely
R Chess FRICS
Director
For and on behalf of
Christie + Co

APPENDIX

Summaries of the Properties

FREEHOLD PROPERTIES OWNER OCCUPIED FOR THE PURPOSE OF THE BUSINESS

The Tower – A Guoman Hotel
St Katharine's Way
London E1W 1LD

Market Value

GB£230,000,000

Description

The Property is situated adjacent to Tower Bridge and the Tower of London overlooking the River Thames and St Katharine's Dock. It is a substantial 1970s purpose built hotel, mainly of concrete faced design in a basic crucifix form with an irregular roof line. A service road circles the Property and passes beneath it at several points. The Property has 801 guest rooms and suites, 2 formal restaurants, one of which was recently refurbished and renamed the Gallery Restaurant, two coffee shops, a bar, Guoman Lounge, 19 function/meeting rooms and an exercise gymnasium. There is the full range of administration, kitchens, service, storage and staff areas including 27 staff bedrooms. Underground parking for up to 90 cars is available and there is also limited surface parking. A systematic annual programme of refurbishment of the guest rooms and suites is being undertaken on a floor by floor basis, six have been completed to date.

Tenure & Under Lettings

The Property is freehold. A car hire company occupies a desk in the reception together with 18 parking spaces on a lease until 31 December 2014, although the tenant can break the agreement on 11 January 2014 subject to three months' notice. The current annual rent payable is £44,000. Two (2) telecommunications masts on the roof produce a current aggregate rental income of £30,076. A Starbucks coffee shop is operated under a franchise agreement from February 2010 for 5 years. As informed by the Companies, the registered owner of the Property is The Tower Guoman Limited. The Tower Guoman Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Kensington Gardens
Bayswater Road
London W2 3HL

Market Value

GB£42,000,000

Description

The Property stands on the eastbound side of Bayswater Road, which runs along the northern boundary of Hyde Park and Kensington Gardens, approximately one mile from Marble Arch. It comprises a purpose built 10 storey hotel of concrete box construction dating from the 1960s. The main ground floor frontage to Bayswater Road is occupied by a petrol forecourt. The Property has a limited ground floor comprising a concierge desk and lift lobby, the remainder of the accommodation is on the upper floors and comprises 175 guest rooms, restaurant, bar and 3 function/meeting rooms. There is the full range of administration, kitchens, service, storage and staff areas. Externally at the rear of the Property is barrier controlled parking on ground and basement levels for up to 60 cars. The Property completed a major refurbishment in September 2012 with £5.3 million invested in all the guest rooms and public areas.

Tenure & Under Lettings

The Property is freehold. The petrol forecourt is under let to Shell UK Ltd from 7 July 1981 to 28 December 2058 at a fixed rent of £5,000 per annum. Three (3) telecommunications masts on the roof produce a current aggregate rental income of £62,895 per annum, with a fourth located in the basement producing a rental income of £14,317 per annum. All the rents for the masts are fixed, other than Vodafone which is subject to review in July 2017. As informed by the Companies, the registered owner of the Property is Thistle Kensington Gardens Limited. Thistle Kensington Gardens Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

LONG LEASEHOLD PROPERTIES OWNER OCCUPIED FOR THE PURPOSE OF THE BUSINESS

Royal Horseguards and
One Whitehall Place –
A Guoman Hotel
Whitehall Court
London SW1A 2EJ

Market Value

GB£140,000,000

Description

The Property is located in the centre of London on the Embankment of the River Thames, opposite the London Eye, and within the Division Bell of the House of Commons. The Property is formed of several Grade I Listed buildings with stone facades dating from the late 1880s which were combined into one entity in 1989, although retaining two separate entrances. The hotel accommodation comprises 282 guest rooms and suites, restaurant, lounge, bar, 7 function/meeting rooms and an exercise gym. One Whitehall Place, formerly the National Liberal Club ("NLC"), comprises a further 6 function/meeting rooms, with the NLC remaining in occupation of the first floor. There is the full range of administration, kitchens, service, storage and staff areas.

Tenure & Under Lettings

The Property is held under two separate leases: the first lease (the "First Lease") is for a term of 99 years from 27 August 1993 at a current rent of £300,000 per annum. The rent is subject to review on 5 July 2013 and every 5 years thereafter. The second lease (the "Second Lease") is for a term of 99 years from 25 March 1987 at a peppercorn. Part of the Property is under let to the NLC for a period 99 years from 5 July 1988 at a rent of £3,000 per annum. The rent is subject to review every 5 years. As informed by the Companies, the Property is leased from The Crown Estate Commissioners (for the First Lease) and Whitehall Court (Investments) Ltd (for the Second Lease) (both independent third parties of the Guoco Group) by The Royal Horseguards Hotel Limited. The Royal Horseguards Hotel Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Charing Cross –
A Guoman Hotel
Strand
London WC2N 5HX

Market Value

GB£92,000,000

Description

The Property stands over the front entrance to Charing Cross railway station on The Strand within sight of Trafalgar Square. It was built in 1865 as a railway hotel and has limited ground floor accommodation, the majority being railway premises and retail units under separate ownership. There is a separate guest room annexe dating from the Victorian era, the upper floors of which comprise 83 guest rooms and suites which were refurbished to Guoman standard in 2011. The Property has 239 guest rooms and suites, restaurant, bar, Guoman Lounge, 9 function/meeting rooms and an exercise gymnasium. There is the full range of administration, kitchens, service, storage and staff areas including 9 staff bedrooms and two management rooms.

Tenure & Under Letting

The Property is held leasehold for a term of 125 years from March 1986 at a peppercorn. A bar on Villiers Street has been under let for a term of 25 years from 25 March 2001. The current rent is £238,000 per annum subject to review in 2016 and every 5 years thereafter. A retail unit also on Villiers Street has been under let until 15 March 2014 at a rent £30,000 per annum. Another bar on the ground floor of the guest room annexe has been under let from 1 July 2002 for a term of 125 years at a peppercorn. As informed by the Companies, the Property is leased from Network Rail (an independent third party of the Guoco Group) by Guoman Hotels Limited. Guoman Hotels Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Heathrow
Bath Road
Longford
West Drayton UB7 0EQ

Market Value

GB£10,000,000

Description

The Property is located just off the A4, the Bath Road, a main arterial road forming the northern boundary of Heathrow, the world's busiest international airport. It is sited at the north west corner of the airport complex, approximately one mile from the older cluster of terminals, within sight of the new Terminal 5 and three miles from Terminal 4. The Property occupies a site of 8.8 acres (3.58 hectares) and is formed by a series of low rise, two storey brick built blocks under flat roofs, dating from the late 1960s which all interlink and are arranged in an irregular 'H' shape. The accommodation has been reduced to 264 guest rooms, from 314, by the conversion of one block to offices for the use of the Company. There are 2 restaurants, bar and 25 function/meeting rooms. There is the full range of administration, kitchens, service, storage and staff areas including 20 staff bedrooms. Externally there is barrier controlled parking for up to 550 cars and an area is under let to a car hire company.

Tenure & Under Lettings

The Property is leasehold for a term of 200 years from December 1968 at a current rent of £854,900 per annum which was subject to review in 2010, but the review is outstanding, and every 14 years thereafter. Part of the Property is under let to a car hire company for a term of 25 years from 12 August 1992. The current rent was reviewed to £296,554 per annum in 2012. An office is under let to a taxi company at a current rent is £9,000 per annum until 30 June 2013. The car park is operated under a rolling management agreement. It provides for an equal share of the car park revenue between the operator and one of the Companies (Thistle) up to a gross revenue of £180,000 per annum and 70% to the operator thereafter. As informed by the Companies, the Property is leased from Pickering Developments Ltd (an independent third party of the Guoco Group) by Thistle Heathrow Limited. Thistle Heathrow Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Marble Arch
Bryanston Street
Marble Arch
London W1H 7EH

Market Value

GB£235,000,000

Description

The Property is located at the western end of Oxford Street, one of London's main shopping areas, close to Marble Arch and Hyde Park. It was built in the 1930s as serviced apartments and occupies a fully developed island site, bounded by Oxford Street, Portman Street, Bryanston Street and Old Quebec Street. The Property has limited ground floor presence as the majority of this area is occupied by numerous retailers and a casino together with an entrance to multi storey car park. The accommodation comprises 692 guest rooms and suites, restaurant, bar, lobby lounge, 2 coffee shops, 9 function/meeting rooms, executive lounge and gymnasium. There is the full range of administration, kitchens, service, storage and staff areas including 16 staff bedrooms.

Tenure & Under Lettings

The Property is held leasehold under two leases dated June 1935 and 1985 which jointly give continuous possession until 2110. The 1985 head lease (the "Head Lease") is for the entire Property and the current rent is £13,100 per annum plus the casino (under let) rent. This rent is due for review in March 2021. There are various under leases, the most important of which were granted in May 1998 in respect of the ground floor shops which were under let for the full term of the lease at rents equivalent to the rental obligations under the Head Lease. Part of the roof space is also subject to a 10 year lease until September 2016 as a site for telecommunications masts. Three (3) agreements with telecommunications companies provide a current aggregate rental income of £54,000 per annum. A shop within the Property was under let from 30 June 2012 at a rent of £31,000 per annum, for a term of 3 years. A self contained coffee shop on the ground floor is operated under a franchise. As informed by the Companies, the Property is leased from The Portman Family Settlements (an independent third party of the Guoco Group) for the Head Lease and currently occupied by Thistle Marble Arch Limited. Thistle Marble Arch Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

The Grosvenor –
A Guoman Hotel
Buckingham Palace Road
London SW1W OSJ

Market Value

GB£105,000,000

Description

The Property is a purpose built Grade II listed hotel occupying a fully developed site on two sides of Victoria railway station. The original Property fronting to Buckingham Palace Road was built in 1862 and an extension over the front of the station opened at the commencement of the twentieth century. A major refurbishment of the entire Property was completed in February 2012 to Guoman standard. The Property now has 345 guest rooms and suites, 2 restaurants, 2 bars, lounge, Guoman Lounge, 9 function/meeting rooms and an exercise gymnasium. There is the full range of administration, kitchens, service, storage and staff areas.

Tenure & Under Lettings

The Property is held leasehold for a term of 125 years from March 1983 at a peppercorn. A relatively small part of the Property (occupied by the main bar) is subject to a break clause in favour of the landlord on six months' notice under a redevelopment clause from March 1998. The Grand Imperial Cantonese Restaurant is operated under a joint venture with the chef. A fee of £150,000 per annum is received, together with payments for payroll and other services. A bureau de change located in the access from the station concourse is under let for a term of 10 years terminating on 5 October 2017. The current rent received is £50,000 per annum but there is an outstanding rent review from November 2012. There is a lease until December 2015 for a telecommunications mast on the roof and the current rent is £27,751 per annum subject to review in December 2014. A showcase is also held on a rolling licence, subject to one month's notice, for a current fee of £1,380. As informed by the Companies, the Property is leased from Hammerson (Victoria Investments) Limited (an independent third party of the Guoco Group) by The Grosvenor Hotel Victoria Limited. The Grosvenor Hotel Victoria Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

SHORT LEASEHOLD PROPERTIES OWNER OCCUPIED FOR THE PURPOSE OF THE BUSINESS

The Cumberland –
A Guoman Hotel
Marble Arch
London W1A 4RF

Market Value

GB£15,000,000

Description

The Property occupies a prominent location at the western end of Oxford Street, overlooking Marble Arch and Hyde Park. The Property fronts to Oxford Street, one of London's West End premier shopping thoroughfares, and sits astride Marble Arch underground station. The Property was built in 1933 and is a substantial steel framed building with Portman stone cladding occupying an island site bounded by Oxford Street, Cumberland Place, Bryanston Street and Quebec Street. The main entrance is from Cumberland Place and to the rear is a self contained annex, 20 Cumberland Place, which is linked to the main hotel only at basement level. The Property was subject to a major refurbishment by the landlord re-opening under the Guoman brand on 1 October 2004. All guest areas were upgraded in a stylish modern fashion and the accommodation now comprises 1,019 guest rooms and suites, spacious feature lobby, 2 restaurants, bar, 25 function/meeting rooms and gymnasium. There is an extensive range of administration, kitchens, service, storage and staff areas. Various areas on the ground floor are under let and a second entrance from Oxford Street was closed at the time of our inspection, there is extensive unused basement accommodation.

Tenure & Under Lettings

The Property and the annex at 20 Cumberland Place are held on a lease expiring on 21 March 2020 but, by Deed of Variation dated 10 October 2004 and Restated Lease dated 11 July 2001, the tenant has options to extend by 10 years followed by two further 10 year options. The lease is then excluded from Sections 24 to 28 of the Landlord and Tenant Act 1954 (the renewal provisions). The rent payable is calculated on the basis of 35% of defined turnover, subject to minimum guaranteed rents (the "Base Rent") and 60% of EBITDAR (Earnings Before Payment of Interest, Taxation, Depreciation, Amortisation and Rent). The Base Rent is fixed at £13 million for the first year, rising to £15 million in the second and £20 million in the third. Thereafter the Base Rent increases in line with the Index of Retail Prices ("RPI"), subject to a maximum increase of 5% in any year. From 2012 onwards an Additional Base Rent of £750,000 is to be paid, annually indexed in line with the RPI. The EBITDAR rent is calculated on the basis of 60% of defined EBITDAR to be paid in addition to the Base Rent. The lease also makes provision for a Maintenance Fund Account of 4% of turnover. We note that the landlord insures the buildings. The current rent is calculated on a turnover basis. Two (2) further self contained ground floor areas with entrances only from Oxford Street are under let to external catering operators at a combined rent of £1,011,500 per annum. A telecommunications mast on the roof currently yields an annual rent of £30,217. As informed by the Companies, the Property is leased from Sanne Trust Company Ltd and Private Capital Trust Company (both independent third parties of the Guoco Group) by The Cumberland Guoman Limited. The Cumberland Guoman Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Trafalgar Square
Whitcomb Street
Trafalgar Square
London WC2H 7HG

Market Value

GB£5,400,000

Description

The Property is located at the rear of the National Gallery, between Trafalgar Square and Leicester Square towards the southern end of Whitcombe Street, bounded by Orange Street to the north and St Martin's Street to the east. It forms part of a substantial office development, the remainder of which is known as St Vincent House. The Property is a late 1960s concrete clad development incorporating a self contained public house, the Battle of Trafalgar. The accommodation comprises 108 guest rooms, restaurant, public bar and reception/lounge. There is a range of administration, kitchens, service, storage and staff areas. A full refurbishment was undertaken from July 2011 to May 2012 to all the guest rooms and public areas.

Tenure & Under Lettings

The Property is held subject to two leases. The first, in respect of the hotel accommodation, is for a term of 60 years from 15 August 1969. The current rent is £1,091,150 per annum, subject to review in 2020. The second lease in respect of the Battle of Trafalgar Public House is for a term of 20 years from 1 August 1994 at a rent of £58,850 per annum subject to reviews every 5 years. A Deed of Lease for the Public Houses has been agreed (not yet signed or dated) for a term of 15 years commencing 1 August 2014 at a commencing rent of £58,850 per annum subject to reviews every 5 years, next review being 1 August 2019. An area housing a link to the Property's fire alarm has been under let as a retail unit for an annual rent of £50. As informed by the Companies, the Property is leased from NGT Foundation (an independent third party of the Guoco Group) by Thistle Trafalgar Limited. Thistle Trafalgar Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

SHORT LEASEHOLD PROPERTIES OWNER OCCUPIED FOR THE PURPOSE OF THE BUSINESS – TOPLAND LEASES (REFER TO SUB-POINT 3.0 VALUATION METHODOLOGY)

Note

As noted under sub-point 3.0 Valuation Methodology, six (6) Properties namely: Bloomsbury Park, Thistle City Barbican, Thistle Edinburgh, Thistle Euston, Thistle Hyde Park and Thistle Piccadilly, the Companies sold the freehold and long leasehold interests in the Properties to Topland for a capital sum of GB£185 million in return for the granting of 30 (thirty) year leases on the Properties. The leases (the "Topland Leases" and each a "Topland Lease") commenced on 28 April 2005 and contain standard full repairing and insuring covenants, save in respect of two (2) of the Properties which were already held subject to long leases namely, Thistle Edinburgh and Thistle Piccadilly, where the superior landlord continues to insure the Properties as provided for under the existing covenants. The Companies guarantee the obligations of the Topland Leases including payment of rents for the Properties.

The Topland Leases contain options to renew for a further 30 (thirty) years, save in the case of one Property, the Thistle Piccadilly, where the option is for a further 20 (twenty) years, co-terminus with the superior lease. The rents comprise two elements:

(a) the rent to Topland for each Property is set at fixed amounts for the first 15 years of the term, which includes a fixed 2% annual increase. For the remaining 15 years of the term, the rent is fixed.

(b) the rents on the leasehold Properties (Thistle Edinburgh and Thistle Piccadilly) are to be paid by Topland to the superior landlord. The Companies will reimburse Topland for such payments, together with any insurance or other charges levied by the superior landlord in respect of the leasehold Properties.

In the event that the option to renew is exercised, the rent payable will be the higher of the open market rent, to be assessed independently, or the rent payable at the end of the initial term, whichever is the higher. The rents payable under the Topland Leases are given under the Summaries. We note that the Topland Leases contain a right of first refusal granted to the Companies in the event that Topland decides to sell any of the Properties or the shares of any companies that own the Properties.

Bloomsbury Park
126 Southampton Row
London WC1B 5AD

Market Value

GB£3,000,000

Description

The Property is located in Bloomsbury, the area of London where the British Museum is sited, and close to the entertainment and retail areas of Covent Garden and Oxford Street. The Property is an early twentieth century red brick building and the accommodation comprises 95 guest rooms, restaurant, 2 bars and a meeting room. There is a range of administration, kitchen, service, staff and storage areas.

Tenure

The Property is held subject to a 30 year Topland Lease (refer Note above) at a passing basic rent of £541,995 per annum. As informed by the Companies, the Property is leased from Topland Medway Ltd (an independent third party of the Guoco Group) by Thistle Bloomsbury Park Tenant Limited. Thistle Bloomsbury Park Tenant Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle City Barbican
120 Central Street
Clerkenwell
London EC1V 8DS

Market Value

GB£2,000,000

Description

The Property is situated approximately one mile north of the City of London, the financial centre of the capital. It is approximately equi distant between City Road and Old Street in the London Borough of Islington. The Property occupies an island site bounded by Central Street, Hull Street, Lever Street and Dingle Road. The main access is by a central private road splitting the Property into two sections: the rear building was formerly a tobacco warehouse dating from the nineteenth century converted to hotel use around the late 1960s, at the same time that the front building, which is a self contained annex, was developed and has recently had a soft refurbishment of 100 rooms. The accommodation comprises 463 guest rooms and suites, restaurant, bar, coffee shop, 13 function/meeting rooms, health and fitness club and a business centre. There is the full range of administration, kitchens, service, storage and staff areas including 9 staff bedrooms. On the central private road there is parking for 16 cars.

Tenure & Under Lettings

The Property is subject to a 30 year Topland Lease (refer Note above) at a passing basic rent of £5,822,745 per annum. The health and fitness club is operated on a 2 year licence at an annual fee of £12,000. There are three (3) telecommunications masts which yield an aggregate annual rent currently of £53,310. As informed by the Companies, the Property is leased from Topland Delta Ltd (an independent third party of the Guoco Group) by Thistle Barbican Tenant Limited. Thistle Barbican Tenant Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Edinburgh
107 Leith Street
Edinburgh EH1 3SW

Market Value

GB£ – Nil Value

Description

The Property is located within the St James Centre at the eastern end of Princes Street, the retail core of Edinburgh, and close to the main attractions of the city centre including the Royal Mile and the Castle. Other attractions include the Old Town, Holyrood House and the new Scottish Parliament. The Property forms part of the St James Square Development built in 1971 and consideration is being given to redevelopment of the entire Centre. The Property has 143 guest rooms, restaurant, 2 bars and 4 function/meeting rooms. There is a range of administration, kitchen, service, storage and staff areas.

Tenure & Under Lettings

The Property is held subject to two leases. The superior lease for a term of 125 years from 15 May 1970. The current rent is £40,831.24 per annum subject to an outstanding review in May 2012 and every 21 years thereafter. A sub under lease has been entered into with Topland at a passing basic rent of £1,575,525 per annum (refer Note above). 50 car park spaces have been under let for the term of the superior lease, less one day, at a rent of £41,000 per annum, which is subject to review on 15 May 2015. As informed by the Companies, the Property is leased from Topland Riversmeet Ltd (an independent third party of the Guoco Group) by Thistle Edinburgh Tenant Limited. Thistle Edinburgh Tenant Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Euston
Cardington Street
London NW1 2LP

Market Value

GB£9,500,000

Description

The Property is located to the north of the Euston Road, part of London's inner ring road. Euston Railway Station is immediately to the east and the Property backs onto St James's Gardens providing an open space for guests. The Property was converted from a Victorian printing works in the late 1960s with extensions at that time and in the next decade. The accommodation comprises 362 guest rooms, restaurant, bar, 5 function/meeting rooms, 6 syndicate rooms formed from the guest rooms and a retail shop in the reception/lobby. There is the full range of administration, kitchens, service, storage and staff areas. The Property was subject to a full refurbishment completed in May 2012.

Tenure & Under Lettings

The Property is subject to a 30 year Topland Lease at a basic passing rent of £3,234,569 per annum (refer Note above). Three (3) telecommunications masts on the roof produce a current aggregate rental income of £41,009 per annum. As informed by the Companies, the Property is leased from Topland Summit Ltd (an independent third party of the Guoco Group) by Thistle Euston Tenant Limited. Thistle Euston Tenant Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Hyde Park
90 Lancaster Gate
London W2 3NR

Market Value

GB£ – Nil Value

Description

The Property is located in Bayswater, an established residential/hotel area of Central London, approximately a mile to the west of Marble Arch and close to Paddington Station, the main rail terminus for routes to the West of England and the Heathrow Express. The Property is midway between Queensway and Lancaster Gate underground stations, set back from the Bayswater Road overlooking Hyde Park, with rear elevation to Lancaster Gate. It is formed by the amalgamation of three large terrace town houses built in the mid nineteenth century. The Property was substantially rebuilt in the mid 1980s behind the original listed façade. The accommodation comprises 54 guest rooms and suites, restaurant, bar, lounge and 2 function/meeting rooms. There is a range of administration, kitchens, service, storage and staff areas.

Tenure

The Property is subject to a 30 year Topland Lease at a current rent of £353,210 per annum (refer Note above). As informed by the Companies, the Property is leased from Topland Tor Limited (an independent third party of the Guoco Group) by Thistle Hyde Park Tenant Limited. Thistle Hyde Park Tenant Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Thistle Piccadilly
31/39 Coventry Street
London
W1D 6BZ

Market Value

GB£1,500,000

Description

The Property occupies a prime site on the corner of Coventry Street and Whitcomb Street, facing Leicester Square and the new W Hotel at the heart of London's West End, a short distance from Piccadilly Circus and Trafalgar Square. It is a substantial early twentieth century rounded corner building. The Property abuts the Prince of Wales Theatre and together they form an island site bounded by Coventry Street, Whitcomb Street and Whitcomb Court. The Property was developed behind the original façade in 1987 and the accommodation comprises 82 guest rooms, bar and restaurant. A coffee shop adjacent to the ground floor entrance is operated by the Property. There is a range of administration, kitchen, service, storage and staff areas. A full refurbishment was undertaken from February to June 2012 to all the guest rooms and public areas. Part of the ground floor has been under let for various retail uses.

Tenure & Under Lettings

The Property is held subject to three leases. The superior lease is for a term of 88.5 years from 11 November 1966 at a current rent of £1,006,340 per annum subject to review in 2022 and every 14 years thereafter. A second lease in respect of a fire escape staircase from 15 March 1994 for a term of 14 years expiring on 14 March 2008, but has been extended by a further 61 years and 9 days by a Deed of Variation dated 10 April 2005. The current rent is £5,183 per annum subject to review on 15 March 2014 and every 5 years thereafter in line with the Retail Price Index. A 30 year sub under lease with Topland has been entered into at a current rent of £1,393,701 (refer Note above). We note that the right to renew the sub under lease is limited to a further 20 years expiring on 20 March 2055, co-terminus with the superior lease. Nine (9) retail units on the ground floor of the Property have been under let for various terms expiring between 2012 and 2023 for an aggregate current rent of £772,000 per annum. One of the sub tenants is holding over. A telecommunications mast on the roof yields a current rent of £17,407 per annum subject to review 1 January 2013. As informed by the Companies, the Property is leased from Topland Valley Co Ltd (an independent third party of the Guoco Group) by Thistle Piccadilly Tenant Limited. Thistle Piccadilly Tenant Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

SHORT LEASEHOLD PROPERTIES OWNER OCCUPIED FOR THE PURPOSE OF THE BUSINESS

Offices at
Stephenson House
67-87 Hampstead Road &
146-162 Drummond Street
London
NW1 2PL

Market Value

GB£ – Nil Value

Description

The Property is located on the second floor at Stephenson House, an office building arranged over 8 floors with basement car parking. The Property also accommodates a health centre and retail showroom on the ground floor. It is located on Hampstead Road between the junctions with Drummond Street and William Road, within walking distance of Warren Street and Euston Square Underground Stations. The offices measure 6,242 square feet (580 square metres) and are open plan with some demountable partitioning creating 9 individual offices. There are two staff kitchens and a staff breakout area.

Tenure

The Property is held on an internally repairing and insuring lease from and including 21 September 2011 to and including 1 October 2018 at a current rent of £184,250 per annum, subject to review on 21 September 2016, together with the car parking licence fee of £12,500 per annum. The lease is excluded from Sections 24 to 28 of the Landlord and Tenant Act 1954 (the renewal provisions) by way of a statutory declaration dated 15 September 2011. As informed by the Companies, the Property is leased from Logica UK Limited (an independent third party of the Guoco Group) by Guoman Hotels Limited. Guoman Hotels Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

The following is the text of a letter and a summary of values prepared for the purpose of incorporation in this Composite Document received from Gerald Eve LLP, an independent valuer, in connection with their valuation as at 31 January 2013 of property interests of the Guoco Group in the United Kingdom.

GERALDEVE

72 Welbeck Street London W1G 0AY
Tel. 020 7493 3338
www.geraldeve.com

30 April 2013

The Directors
Guoco Group Limited
50th Floor
The Center
99 Queen's Road
Hong Kong

Our ref: DJA/M3246

Dear Sirs,

Valuation of Various Property Interests in the United Kingdom
The Rank Group Plc and Clermont Leisure (UK) Limited

In accordance with your instructions we have valued the property interests held by various subsidiaries of The Rank Group Plc (collectively referred to as "Rank"), a company 74.5% owned by Guoco Group Limited ("Guoco"). As instructed we have also valued one property owned by Clermont Leisure (UK) Limited ("Clermont Leisure"), a wholly owned subsidiary of GuocoLeisure Limited which in turn is 66.5% owned by Guoco.

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 capital values of the property interests as at 31 January 2013 (the "valuation date").

Our Valuation Report has been prepared in relation to a cash offer to acquire all of the issued shares in the share capital of Guoco having regard to Rank's and Clermont Leisure's accounting practices. This summary has been prepared for the purposes of inclusion in the composite offer and response document to Guoco shareholders in connection with such offer. Our Valuation Report may be relied upon only by the addressee and their professional advisors for the stated purpose. No reliance may be placed upon the contents of our Valuation Report by any party who is not an addressee or by an addressee for any purpose other than in connection with the stated purpose.

Our valuations have been prepared in accordance and comply with the RICS Valuation – Professional Standards, incorporating the International Valuation Standards ("IVS"), Global and UK edition (March 2012), hereafter referred to as "the Standards", of the Royal Institution of Chartered Surveyors ("RICS"). The RICS considers that a valuation complying with the Standards also complies with the IVS. Our valuations also have regard to the relevant requirements of Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission.

Generally the property interests are owner occupied and trade as fully-equipped operational bingo clubs and casinos. As instructed we have only valued the property interests and have excluded any value attributable to the business enterprise in occupation.

Market Value is defined by the Standards 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 knowledgably, prudently and without compulsion.*"

As instructed the property interests have been valued individually on the basis of Market Value, subject to the following special assumptions:

(i) the property can only be used for its existing use; and

(ii) the property has never been traded as an operational entity and has no trading history.

These special assumptions have been made to reflect owner occupation of the property interests and to disregard any value attributable to the trading potential that attaches to and runs with a trading entity. Having regard to Rank's and Clermont Leisure's accounting practices and the circumstances of this valuation we consider these special assumptions are realistic, relevant and valid.

Unlicensed or unoccupied property interests which are surplus to operational requirements have been valued to market value, without any special assumptions.

Our valuations include the legal interest in the land and buildings (including fixtures, fittings, plant and machinery which form part of the buildings) but exclude the value of the trade inventory, together with any value attributable to a gaming or casino licence.

Having regard to the assumptions and special assumptions in valuing the property interests, we have adopted an income capitalisation approach to valuation based on the capitalisation of rental income potential from the valuation date at an appropriate investment yield in our assessment of the capital value. We have assessed the rental value and capitalisation rate adopted within the valuations by reference to an analysis of comparable properties and our interpretation of prevailing investor requirements or expectations. We have applied an appropriate capitalisation rate to the rental income/profit rent (or rental loss in the case of over rented leasehold properties), based on the risks and rewards associated with the property interests and a purchaser's required rate of return. We have also reflected a potential purchaser's assessment of a day-one opportunity to acquire and occupy a property which has been designed or adapted for its specific use by making a capital addition as appropriate. In arriving at the reported values we have taken into account standard purchaser's costs.

Our valuations have been made on the assumption that the owner sells the property interests on the open market without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would affect the values of the property interests. The reported market values reflect the fact that the property interests would be sold with vacant possession in their existing state. The properties have been valued individually and no allowance has been made to reflect the possible effect of flooding the market or lotting.

Whilst properties of this type are normally valued as fully-equipped operational entities by reference to their trading potential, we consider our approach appropriate in this instance having regard to Rank's and Clermont Leisure's accounting practices and the need to avoid double counting of assets. There is limited directly comparable transactional evidence available for this type of property which makes valuation in the current market relatively subjective.

We have relied to a considerable extent on information provided by Rank and Clermont Leisure and in particular copy leases (in respect of leasehold property interests) and Land Registry extracts (in respect of freehold property interests), records of capital expenditure, details of unlicensed and sublet income, schedules of rents payable and receivable and floor plans all of which we have assumed are accurate and complete. Where necessary we have carried out on-site measurements. We have classified long and short leasehold interests as having an unexpired term as at the date of valuation of more or less than 50 years respectively. We have had regard to tenure information supplied by Rank and Clermont Leisure, however, we have not inspected the title deeds relating to the properties and have assumed the property interests are free from encumbrances and are held under good and marketable title.

We have taken every reasonable care inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us, which is material to the valuation. Rank has advised that no material facts have been omitted from the information provided to us.

We have inspected the properties to such extent as necessary for the purpose of this valuation. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on site to determine the suitability of the ground conditions and the services or carried out any environmental investigations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by Rank, the potential tax liabilities which may arise from the sale of properties includes capital gains tax which levies on the profit from the sale of properties at 23.75% in the United Kingdom. The likelihood of the potential tax liability being crystalized is considered remote for the majority of properties as we are advised that Rank as at 26 April 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Composite Document, has no intention to dispose of the relevant property interests. For a small number of property interests where there is a possibility of disposal, we are advised that any capital gains tax on disposal would be covered by existing capital losses.

All monetary amounts are stated in Pounds Sterling ("GBP"). Negative values are shown in parentheses.

We attach a Summary of Values and our Valuation Report.

Yours faithfully,

Daniel Anning MA MRICS
RICS Registered Valuer
Partner
For and on behalf of Gerald Eve LLP

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Andrew Buxton BSc MPhil MRICS
RICS Registered Valuer
Partner
For and on behalf of Gerald Eve LLP

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Note: Mr Anning is an RICS Registered Valuer and Member of the Royal Institution of Chartered Surveyors. He is a Partner and co-head of the Leisure Department of Gerald Eve LLP and has over 15 years' experience of valuing licensed and leisure properties throughout the United Kingdom.

Mr Buxton is an RICS Registered Valuer and Member of the Royal Institution of Chartered Surveyors. He is a Partner of the Leisure Department of Gerald Eve LLP and has over 15 years' experience of valuing licensed and leisure properties throughout the United Kingdom.

SUMMARY OF VALUES

GROUPS I TO IV – PROPERTY INTERESTS HELD FREEHOLD OR LEASEHOLD IN THE UNITED KINGDOM

	Property Interests	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
I.	Freehold property interests held by The Rank Group Plc	17 properties: £27,350,000	74.5%	£20,375,750
II.	Long leasehold property interests held by The Rank Group Plc	1 property: £2,010,000	74.5%	£1,497,450
		2 properties: (£13,150,000)		(£9,796,750)
III.	Short leasehold property interests held by The Rank Group Plc	93 properties: £84,740,000	74.5%	£63,131,300
		35 properties: (£27,495,000)		(£20,483,775)
Aggregate Total for Groups I to III		**£73,455,000**	**74.5%**	**£54,723,975**
IV.	Short leasehold property interest held by Clermont Leisure (UK) Limited	1 property: £1,000,000	66.5%	£665,000

SUMMARY OF VALUES

Group I. Freehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
3 properties located throughout the United Kingdom.	The properties comprise various traditional and modern flat floor casinos with a total floor area of approximately 5,200 sq.m. (56,000 sq.ft.). The properties are held freehold (feuhold/heritable in Scotland) by Grosvenor Casinos Limited. Grosvenor Casinos Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest.	The properties are currently occupied by Grosvenor Casinos Limited as operational casinos.	3 properties: £10,185,000	74.5%	£7,587,825

Details of Ownership:

Bristol Casino

The property is located at Anchor Road, Bristol BS1 5TT and held freehold.

Great Yarmouth Casino

The property is located at Shadingfield Lodge, Marine Parade, Great Yarmouth NR30 3JG and the main property is held freehold.

The land adjacent to the freehold demise is held on a long leasehold basis for 999 years from 25 March 1860 at a peppercorn rent.

Sheffield Casino

The property is located at 87 Duchess Road, Sheffield S2 4BG and held freehold. There is a sublease at a passing rent of £100,000 per annum comprising upper floors and expiring on 20 January 2019.

SUMMARY OF VALUES

Group I. Freehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
8 properties located throughout the United Kingdom.	The properties comprise various traditional and modern flat floor bingo clubs with a total floor area of approximately 21,200 sq.m. (228,000 sq.ft.). The properties are held freehold (feuhold/heritable in Scotland) by Mecca Bingo Limited. Mecca Bingo Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest.	The properties are currently occupied by Mecca Bingo Limited as operational bingo clubs.	8 properties: £14,665,000	74.5%	£10,925,425

Details of Ownership:

Chester Bingo

The property is located at Brookdale Place, Chester CH1 3DY and held freehold. There are two subleases including a 5 year lease expiring 2 April 2017 at a passing rent of £10,000 per annum and another 5 year lease expiring 23 March 2013 at a passing rent of £9,364 per annum.

Halifax Bingo

The property is located at Broad Street, Halifax HX1 1YA and held freehold.

Hornchurch Bingo

The property is located at 31 High Street, Hornchurch, Essex RM11 1TP and held freehold.

Plymouth Devonport Bingo

The property is located at Fore Street, Devonport PL1 4DN and held freehold.

Stevenage Bingo

The property is located at Danestreet, Stevenage SG1 1XB and held freehold.

Sunderland Bingo

The property is located at Holmeside, Sunderland, Tyne & Wear SR1 3PD and held freehold.

Watford Bingo

The property is located at 19 King Street, Watford WD18 0BW and held freehold.

Wednesbury Cross Bingo

The property is located at Dudley Street, Wednesbury WS10 7DR and held freehold.

SUMMARY OF VALUES

Group I. Freehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
2 properties located throughout the United Kingdom.	The properties comprise residential and commercial premises which are subject to long leases at no rental income. The properties are held freehold by Rank.	The properties are currently occupied by third parties on a long leasehold basis.	2 properties: £ Nil	74.5%	£ Nil

Details of Ownership:

Brighton

The property is located at 5 Preston Street, Brighton BN1 2HN and held freehold.

Southampton

The property is located at Land and Buildings, Court Road, off Banister Road, Southampton SO15 2JR and held freehold.

SUMMARY OF VALUES

Group I. Freehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
4 properties located throughout the United Kingdom.	The properties comprise various vacant former bingo clubs and casinos with a total floor area of approximately 7,700 sq.m. (83,000 sq.ft.). The properties are held freehold (feuhold/heritable in Scotland) by Rank.	The properties are surplus to operational requirements and are currently unoccupied.	4 properties: £2,500,000	74.5%	£1,862,500

Details of Ownership:

Edinburgh Palais Closed Bingo

The property is located at 121-125a Fountainbridge, Edinburgh EH3 9QG and held feuhold/heritable.

Great Yarmouth Closed Bingo

The property is located at 85-87 Regent Road, Great Yarmouth NR30 2AH and held freehold. A retail unit fronting Regent Road is sublet on a long leasehold basis on a term expiring in June 2987 at a fixed rent of £0.5 per annum.

Wallsend Closed Bingo

The property is located at 87-93 High Street West, Wallsend NE28 8JD and largely held freehold. A small section is held on a long lease for 999 years at a peppercorn rent from 28 July 1892.

Liverpool Car Park Land

The property is located at 76-78 West Derby Road, Liverpool L6 9BY and held freehold.

SUMMARY OF VALUES

Group II. Long leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
2 properties located throughout the United Kingdom.	The properties comprise converted flat floor bingo clubs with a total floor area of approximately 5,400 sq.m. (58,000 sq.ft.). The properties are held long leasehold and are leased from various landlords (independent third parties to the Guoco Group) by Mecca Bingo Limited. Mecca Bingo Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest.	The properties are currently occupied by Mecca Bingo Limited as operational bingo clubs.	1 property: £2,010,000 1 property: (£5,250,000)	74.5%	£1,497,450 (£3,911,250)

Tenure Terms:

Bradford Bingo

The property is located at 19 Little Horton Lane, Bradford BD5 0AB and held subject to two leases. For the principal lease, there are approximately 52 years to expiry on 3 January 2065 at a passing rent of £412,643 per annum plus a service charge. The next review is in January 2036. There is a minor additional lease relating to further ground floor accommodation, with approximately 6 years to expiry on 24 March 2019 at a passing rent of £13,500 per annum. There is a sub-let of the upper two floors for an initial term of 7 years expiring 1 July 2001 where the tenant is holding over at a passing rent of £32,500 per annum.

Harlow Bingo

The property is located at Terminus House, Terminus Street, Harlow CM20 1XA and held subject to a single lease. There are approximately 58.5 years to expiry on 3 June 2071 at a passing rent of one peppercorn per annum plus a service charge. There are no rent reviews.

SUMMARY OF VALUES

Group II. Long leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
1 property located in the United Kingdom.	The property comprises a multi leisure building comprising cinema, vacant nightclub, bingo club and dance studio with a total floor area of approximately 7,500 sq.m. (81,000 sq.ft.). The property is held long leasehold and is leased from a single landlord (an independent third party to the Guoco Group) by Rank Group Gaming Division Limited. Rank Group Gaming Division Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest.	The property is currently occupied by Mecca Bingo Limited as a bingo club and is part sublet to other third party occupiers.	1 property: (£7,900,000)	74.5%	(£5,885,500)

Tenure Terms:

Romford

The property is located at The Mercury Mall, Mercury Gardens, Romford RM1 3EE and held subject to a single long lease. There are approximately 103 years to expiry on 11 December 2115 with a rent payable of a peppercorn and no provision for review. There is a significant service charge payable with the current liability understood to be £575,000 per annum. The tenant has an option to break the lease at the 50th year (in December 2040) and every 10th year thereafter subject to 12 months' prior notice. There are two sub-leases with one until 24 March 2030 at a rent of £45,000 per annum plus a turnover provision and the other until 28 September 2022 at £26,000 per annum with annual fixed increases in rent (equivalent to 5%).

SUMMARY OF VALUES

Group III. Short leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
31 properties located throughout the United Kingdom.	The properties comprise various traditional and modern flat floor casinos with a total floor area of approximately 59,000 sq.m. (635,000 sq.ft.). The properties are held short leasehold and are leased from various landlords (independent third parties to the Guoco Group) by Rank for various terms with a total annual rent of £11,256,841 (£938,070 per calendar month).	The properties are currently occupied by Grosvenor Casinos Limited as operational casinos.	29 properties: £48,715,000 2 properties: (£925,000)	74.5%	£36,292,675 (£689,125)

Details of Properties:

Aberdeen Casino:	The property is located at 5 Exchequer Row, Aberdeen AB11 5BW
Birmingham Casino:	The property is located at Fiveways Leisure Complex, Broad Street, Birmingham B15 1AY
Blackpool Casino:	The property is located at The Sandcastle, The Promenade, Blackpool FY4 1BB
Bolton Casino:	The property is located at Ormrod Street, Bolton BL3 5DJ
Brighton Casino:	The property is located at 9 Grand Junction Road, Brighton BN1 1PP
Cardiff Casino:	The property is located at The Red Dragon Centre, Atlantic Wharf, Hemmingway Road, Cardiff CF10 4JY
Coventry Casino:	The property is located at Ricoh Arena, Phoenix Way, Coventry CV6 6GE
Dundee Casino:	The property is located at 142 West Marketgait, Dundee DD1 1NJ
Leeds Casino:	The property is located at Podium Building, Merrion Way, Leeds LS2 8PD
London Coventry Street Casino:	The property is located at 3-4 Coventry Street, London W1D 6BL
London Park Tower Casino:	The property is located at The Park Tower, 101 Knightsbridge, London SW1X 7RQ
London The Gloucester Casino:	The property is located at 4-18 Harrington Gardens, London SW7 4LJ
London Victoria Casino:	The property is located at 150-162 Edgware Road, London W2 2DT
Luton Casino:	The property is located at 35 Park Street West, Luton LU1 3BE
Manchester Bury New Road Casino:	The property is located at 2 Ramsgate Street, Manchester M8 9SG

Manchester Didsbury Casino: The property is located at Parrs Wood Entertainment Centre, Wilmslow Road, Manchester M20 5PG

Manchester George Street Casino: The property is located at 35/39 George Street, Manchester M1 4HQ

New Brighton Casino: The property is located at 18 Marine Point, Kings Parade, New Brighton, Wallasey CH45 2PB

Newcastle Casino: The property is located at 100 St James Boulevard, Newcastle Upon Tyne NE1 4BN

Plymouth Casino: The property is located at 15 Derrys Cross, Plymouth PL1 2SW

Portsmouth Gunwharf Casino: The property is located at Gunwharf Quays, Portsmouth PO1 3TW

Portsmouth Osborne Road Casino: The property is located at 20-22 Osborne Road, Portsmouth P05 3LT

Reading Casino: The property is located at Queens Road, Reading RG1 4SY

Reading New Casino: The property is located at Rose Kiln Lane, Reading RG2 0SN

Salford Casino: The property is located at 5 Derwent Street, Salford M5 4SW

Scarborough Casino: The property is located at 26 Newborough, Scarborough, North Yorkshire YO11 1NA

Southend Casino (under construction): The property is located at Park Inn Palace Hotel, Church Road, Southend-on-Sea SS1 2AL

Stockton Casino: The property is located at 4 Chandlers Wharf, Bridge Road, Stockton-on-Tees TS18 3BA

Swansea Casino: The property is located at 15-16 High Street, Swansea SA1 1LF

Thanet Casino: The property is located at Margate Road, Broadstairs CT10 2BF

Walsall Casino: The property is located at Bentley Mill Way, Walsall WS2 0LE

SUMMARY OF VALUES

Group III. Short leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
84 properties located throughout the United Kingdom.	The properties comprise various traditional and modern flat floor bingo clubs with a total floor area of approximately 244,300 sq.m. (2,630,000 sq.ft.). The properties are held short leasehold and are leased from various landlords (independent third parties to the Guoco Group) by Rank for various terms with a total annual rent of £21,236,150 (£1,769,679 per calendar month).	The properties are currently occupied by Mecca Bingo Limited as operational bingo clubs.	61 properties: £34,300,000 23 properties: (£16,100,000)	74.5%	£25,553,500 (£11,994,500)

Details of Properties:

Aberdeen Bingo:	The property is located at Unit 2 Centre Point, Berryden Road, Aberdeen AB25 3SQ
Acocks Green Bingo:	The property is located at Stockfield Road, Acocks Green, Birmingham B27 6BB
Andover Bingo:	The property is located at Junction Road, Andover, Hampshire SP10 3QT
Ashford Bingo:	The property is located at 33 High Street, Ashford TN24 8TF
Ayr Bingo:	The property is located at 4 Boswell Park, Ayr KA7 1NW
Bedford Bingo:	The property is located at 57 London Road, Bedford MK42 0NX
Beeston Bingo:	The property is located at 183 Queens Road, Beeston, Nottingham NG9 2FE
Bilston Bingo:	The property is located at Spring Vale Retail Park, Bilston WV14 0QL
Birkenhead Bingo:	The property is located at 5 Europa Centre, Europa Square, Birkenhead CH41 4PF
Blackpool Talbot Road Bingo:	The property is located at Talbot Road, Blackpool FY1 3QX
Blyth Bingo:	The property is located at Rink Street, Blyth, Northumberland NE24 1AL
Bolton Breightmet Bingo:	The property is located at 60 Breightmet Lane, Bolton BL2 6PP
Bolton Moor Lane Bingo:	The property is located at Ormrod Street, Bolton BL3 5DJ
Bridgwater Bingo:	The property is located at Penel Orlieu, Bridgwater, Somerset TA6 3PH
Brierley Hill Bingo:	The property is located at 35-47 High Street, Brierley Hill, Dudley DY5 3AB

Bristol Bingo: The property is located at 1 Barrow Court, Barrow Road, Barton Hill, Bristol BS5 0UH

Burnt Oak Bingo: The property is located at 1 Burnt Oak Broadway, Edgware HA8 5LD

Burton on Trent Bingo: The property is located at Middle Yard Leisure Park, Guild Street, Burton on Trent DE14 1NQ

Camden Town Bingo: The property is located at 182 Arlington Road, London NW1 7HL

Catford Bingo: The property is located at Unit 4, The Island Site, Plassy Road, London SE6 2DD

Chadwell Heath Bingo: The property is located at 1078-1082 High Road, Chadwell Heath RM6 4BD

Chesterfield Bingo: The property is located at Foljambe Road, Chesterfield S40 1NJ

Crewe Bingo: The property is located at Unit 3, Phoenix Leisure Park, Dunwoody Way, Crewe CW1 3AJ

Croydon Bingo: The property is located at Croydon Centrale, 80 Tamworth Road, Croydon CR0 1XX

Cwmbran Bingo: The property is located at 18 Monmouth Walk, Cwmbran Shopping Centre, Cwmbran NP44 1PE

Dagenham Bingo: The property is located at Dagenham Leisure Park, Cook Road, Dagenham RM9 6UQ

Dewsbury Bingo: The property is located at Railway Street, Dewsbury WF12 8EQ

Doncaster Bingo: The property is located at 1c East Laith Road, Doncaster DN1 1JG

Dundee Douglasfield Bingo: The property is located at Eclipse Leisure Park, Douglas Road, Dundee DD4 8JX

Dundee Playhouse Bingo: The property is located at The Playhouse, 104-110 Nethergate, Dundee DD1 4EH

Ellesmere Port Bingo: The property is located at Unit LSU1, 49 Marina Drive, The Port Arcades, Ellesmere Port CH65 0AN

Eltham Hill Bingo: The property is located at Eltham Hill, London SE9 5ED

Exeter Bingo: The property is located at 12 North Street, Exeter EX4 3QS

Gateshead Bingo: The property is located at East Street, Gateshead, Tyne & Wear NE8 3AR

Glasgow Drumchapel Bingo: The property is located at 3 Allerdyce Court, Great Western Road, Drumchapel, Glasgow G15 6SA

Glasgow Forge Bingo: The property is located at Forge III, 1221 Duke Street, Glasgow G31 5NZ

Glasgow Quay Bingo: The property is located at Springfield Quay, Paisley Road, Glasgow G5 8NP

Glasgow Rutherglen Bingo: The property is located at 58 Main Street, Rutherglen, Glasgow G73 2HY

Gloucester Bingo: The property is located at 54 Eastgate Street, Gloucester, Gloucestershire GL1 1QN

Grays Bingo:	The property is located at Quarry Hill, Grays RM17 5BT
Greenock Bingo:	The property is located at Waterfront, Container Way, Greenock PA15 1PX
Hackney Road Bingo:	The property is located at 211-227 Hackney Road, Hackney, London E2 8NA
Hamilton Bingo:	The property is located at 17 Douglas Park Lane, Hamilton ML3 0DF
Hartlepool Bingo:	The property is located at The Lanyard, Warrior Retail Park, Hartlepool, Cleveland TS24 0XS
Hayes Bingo:	The property is located at 466-468 Uxbridge Road, Hayes UB4 0SD
Hull Cecil Bingo:	The property is located at 9b Analaby Road, Hull HU1 2NR
Hull Clough Road Bingo:	The property is located at Clough Road, Hull HU6 7PE
Ipswich Bingo:	The property is located at Lloyds Avenue, Ipswich IP1 3HT
Kingstanding Bingo:	The property is located at Kettlehouse Road, Kingstanding, Birmingham B44 9JD
Leeds Cross Gates Bingo:	The property is located at Cross Gates Road, Leeds LS15 7PE
Leeds Hunslet Bingo:	The property is located at Balm Road, Hunslet, Leeds LS10 2HU
Leeds Mayfair Bingo:	The property is located at 50 New York Street, Leeds LS1 7DY
Leith Bingo:	The property is located at 26 Manderston Street, Edinburgh EH6 8LY
Liverpool Knotty Ash Bingo:	The property is located at 439 East Prescot Road, Knotty Ash, Liverpool L14 2DE
Luton Skimpot Road Bingo:	The property is located at Skimpot Road, Luton LU4 0JB
Manchester Hyde Road Bingo:	The property is located at 477 Hyde Road, Gorton, Manchester M12 5FL
Norwich Aylsham Road Bingo:	The property is located at Norwood Rooms, 285 Aylsham Road, Norwich NR3 2RE
Oldbury Bingo:	The property is located at 50 Halesowen Street, Oldbury B69 2AN
Oldham Bingo:	The property is located at 24-28 King Square, Oldham OL8 1DR
Paisley Bingo:	The property is located at 8 Saucel Crescent, Paisley, Glasgow PA1 1UB
Rochdale Bingo:	The property is located at Smith Street, Rochdale OL16 1YH
Rose Hill Bingo:	The property is located at Bishopsford Road, Rose Hill, Morden SM4 6BP
Rotherham Bingo:	The property is located at Corporation Street, Rotherham S60 1NG
Sale Bingo:	The property is located at 56 Washway Road, Sale M33 7RA
Scarborough Bingo:	The property is located at Scarborough Capitol, Albemarle Crescent Scarborough, North Yorkshire YO11 1XS
Sheffield Flat Street Bingo:	The property is located at Flat Street, Sheffield S1 2BA

Sittingbourne Bingo: The property is located at High Street, Sittingbourne ME10 4PG

South Shields Bingo: The property is located at 52-60 Dean Road, South Shields, Tyne and Wear NE33 4DZ

Southend Bingo: The property is located at Greyhound Trading Park, Greyhound Way, Southend-on-Sea SS2 5PY

Southport Bingo: The property is located at Garrick Parade, Lord Street, Southport PR8 1RN

St Helens Bingo: The property is located at 20 Kirkland Street, St Helens WA10 2EG

Stockton Bingo: The property is located at 2 Chandlers Wharf, Bridge Road, Stockton-on-Tees TS18 3BA

Stoke Bingo and Stoke Casino: The property is located at The Octagon Retail Park, New Century Street, Stoke on Trent ST1 5RR

Swansea Carmarthen Road Bingo: The property is located at Park Cymdu, Carmarthen Road, Swansea SA5 8LJ

Taunton Bingo: The property is located at Corporation Street, Taunton TA1 4AH

Telford Bingo: The property is located at Southwater Square, St Quentin Gate, Telford TF3 4EJ

Thanet Ramsgate Bingo: The property is located at Unit 46, Westwood Cross, Margate Road, Broadstairs CT10 2BF

Wakefield Bingo: The property is located at Westgate Retail/Leisure Park, Colinsway, Wakefield WF2 9SH

Wandsworth Bingo: The property is located at Bendon Valley, London SW18 4LZ

West Bromwich Bingo: The property is located at Unit 6, Astle Park, West Bromwich B70 8NS

Wishaw Bingo: The property is located at The Playhouse, Kirk Road, Wishaw, Motherwell ML2 7BL

Wood Green Bingo: The property is located at 707-725 Lordship Lane, Wood Green, London N22 5JY

Wrexham Bingo: The property is located at Smithfield Road, Wrexham LL13 8EN

York Bingo: The property is located at Fishergate, York YO10 4AR

SUMMARY OF VALUES

Group III. Short leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
5 properties located throughout the United Kingdom.	The properties comprise various office premises with a total floor area of approximately 3,100 sq.m. (33,000 sq.ft.). The properties are held short leasehold and are leased from various landlords (independent third parties to the Guoco Group) by Rank for various terms with a total annual rent of £934,059 (£77,838 per calendar month).	The properties are currently occupied by Rank as administrative offices.	2 properties: £Nil 3 properties: (£435,000)	74.5%	£Nil (£324,075)

Details of Properties:

3rd and 4th Floors Artillery House: The property is located at 11/19 Artillery Row, London SW1P 1RT

Edinburgh Hanover Street: The property is located at Third Floor, Hanover House, 45-51 Hanover Street, Edinburgh EH2 2PJ

Edinburgh Hill Street: The property is located at 20 Hill Street, Edinburgh EH2 3JZ

Highbury: The property is located at 89-95 St Paul’s Road, London N1 2NA

Part 6th Floor 3 Sheldon Square: The property is located at Paddington Central, London W2 6HY

SUMMARY OF VALUES

Group III. Short leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
4 properties located throughout the United Kingdom.	The properties comprise three multi leisure sites comprising bingo, casino and various sublet elements and a fourth comprises Rank's head offices, together with a total floor area of approximately 35,600 sq.m. (383,000 sq.ft.). The properties are held short leasehold and are leased from various landlords (independent third parties to the Guoco Group) by Rank for various terms at a total annual rent of £5,269,428 (£439,119 per calendar month).	The properties are currently occupied by Mecca Bingo Limited, Grosvenor Casinos Limited and Rank in part as casinos, a bingo club and head offices. Parts are sublet to other third party occupiers.	1 property: £1,725,000 3 properties: (£7,000,000)	74.5%	£1,285,125 (£5,215,000)

Details of Properties:

Huddersfield RGGD, Huddersfield Casino and Huddersfield Bingo:	The property is located at Folly Hall Mills, St Thomas Road, Huddersfield HD1 3LT
Leicester RGGD and Leicester Bingo:	The property is located at Freemans Park, 80 Aylestone Road, Leicester LE2 7LB
Maidenhead RGGD:	The property is located at Statesman House, Braywick Road, Maidenhead SL6 1AY
Southampton RGGD and Southampton Casino:	The property is located at West Quay Road, Southampton SO15 1RE

SUMMARY OF VALUES

Group III. Short leasehold property interests held by The Rank Group Plc

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
4 properties located throughout the United Kingdom.	The properties comprise various vacant former bingo clubs and casinos with a total floor area of approximately 7,000 sq.m. (75,000 sq.ft.). The properties are held short leasehold and are leased from various landlords (independent third parties to the Guoco Group) by Rank for various terms with a total annual rent of £322,550 (£26,879 per calendar month).	The properties are surplus to operational requirements and are currently unoccupied.	4 properties: (£3,035,000)	74.5%	(£2,261,075)

Details of Properties:

Edinburgh Fountainpark Closed Bingo:	The property is located at Fountain Park, Unit 6, 130 Dundee Street, Edinburgh EH11 1AF
Liverpool Closed Casino:	The property is located at E-Casino, Units 17 & 18, Central Shopping Centre, 28-30 Ranelagh Street, Liverpool L1 1QE
Norwich Closed Bingo:	The property is located at All Saints Green, Norwich NR1 3NA
Ramsgate Closed Casino:	The property is located at Royal Victoria Pavilion, Harbour Parade, Ramsgate CT11 8LS

SUMMARY OF VALUES

Group IV. Short leasehold property interest held by Clermont Leisure (UK) Limited

Property	Description and Tenure	Details of Occupancy	Market Value as at 31 January 2013 GBP £	Interest Attributable to Guoco %	Market Value Attributable to Guoco as at 31 January 2013 GBP £
1 property located in the United Kingdom.	The property comprises a central London casino with a total floor area of approximately 515 sq.m. (5,543 sq.ft.). The property is held short leasehold and is leased from a single landlord (an independent third party to the Guoco Group) by The Clermont Club Limited for 26 years commencing on 26 June 2010 at a total annual rent of £600,000 (£50,000 per calendar month). The Clermont Club Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.	The property is currently occupied by The Clermont Club Limited (100% owned subsidiary of Clermont Leisure (UK) Limited) as an operational casino.	1 property: £1,000,000	66.5%	£665,000

Details of Property:

The Clermont Club: The property is located at 44 Berkeley Square, Mayfair, London W1J 5AR

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Composite Document received from Cushman & Wakefield Spain Ltd, an independent valuer, in connection with their valuation as at 31 January 2013 of the property interests of the Guoco Group in Spain.

CUSHMAN & WAKEFIELD®

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30 April 2013

The Directors
Guoco Group Limited
50th Floor
The Center
99 Queen's Road
Hong Kong

Our ref: mlm2069

Dear Sirs,

Valuation of Various Property Interests

In accordance with your instructions we have valued the property interests held by The Rank Group Plc and its subsidiaries (collectively referred to as "Rank"), a company 74.5% owned by Guoco Group Limited ("Guoco"). We confirm that we have carried out internal inspections of all properties except the administrative offices, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 January 2013 (the "valuation date").

Our Valuation Report has been prepared in relation to a cash offer to acquire all of the issued shares in the share capital of Guoco, having regard to Rank's accounting practices. This summary has been prepared for the purposes of inclusion in the composite offer and response document to Guoco shareholders in connection with such offer. Our Valuation Report may be relied upon only by the addressee and their professional advisors for the stated purpose. No reliance may be placed upon the contents of our Valuation Report by any party who is not an addressee or by an addressee for any purpose other than in connection with the stated purpose.

Our valuation has been prepared in accordance and complies with the RICS Valuation – Professional Standards, incorporating the International Valuation Standards ("IVS"), Global and UK edition (March 2012), hereafter referred to as "the Standards", of the Royal Institution of Chartered Surveyors ("RICS"). The RICS considers that a valuation complying with the Standards also complies with the IVS. Our valuation also has regard to the relevant requirements of Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers, we are advised by Rank that there are potential tax liabilities which might arise on the disposal of each of the Properties in Spain, including but not limited to profit tax and any other relevant taxes levied at the local applicable rate prevailing at the time in Spain. We are advised by Rank that the likelihood of the potential tax liability being crystallized is considered remote as Rank as at 26 April 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Composite Document, has no intention to dispose of the relevant property interests. According to our standard practice as we are not qualified to advise or opine on tax matters, we have neither verified nor taken into account such tax liability in the course of our valuation.

Generally the property interests are owner occupied and trade as fully-equipped operational bingo clubs and casinos. As instructed we have only valued the property interests and have excluded any value attributable to the business enterprise in occupation.

Market value is defined by the Standards 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."*

As instructed the property interests have been valued individually on the basis of market value, subject to the following special assumptions:

(i) the property can only be used for its existing use; and

(ii) the property has never been traded as an operational entity and has no trading history.

These special assumptions have been made to reflect owner occupation of the property interests and to disregard any value attributable to the trading potential that attaches to and runs with a trading entity. Having regard to Rank's accounting practices and the circumstances of this valuation we consider these special assumptions are realistic, relevant and valid.

Unoccupied property interests which are surplus to operational requirements have been valued to market value, without any special assumptions.

Our valuation includes the legal interest in the land and buildings (including fixtures, fittings, plant and machinery which form part of the buildings) but excludes the value of the trade inventory, together with any value attributable to a gaming or casino licence.

Having regard to the assumptions and special assumptions in valuing the property interests, unless otherwise stated, we have adopted an income capitalisation approach to valuation based on the capitalisation of the existing and reversionary rental income potential from the date of valuation at an appropriate investment yield to arrive at the capital value. We have assessed the rental value and capitalisation rate to be adopted for the valuation by reference to an analysis of market transactions on comparable properties and our interpretation of prevailing investor requirements or expectations. We have applied an appropriate capitalisation rate to the rental income (or rental loss in the case of over rented leasehold properties), based on the risks and rewards associated with the property interests and a purchaser's required rate of return.

Our valuation has been made on the assumption that the owner sells the property interests on the open market without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would affect the values of the property interests. The reported market values reflect the fact that the property interests would be sold with vacant possession in their existing state. The properties have been valued individually and no allowance has been made to reflect the possible effect of flooding the market or lotting.

Whilst properties of this type are normally valued as fully-equipped operational entities by reference to their trading potential, we consider our approach appropriate in this instance having regard to Rank's accounting practices and the need to avoid double counting of assets. There is limited directly comparable transactional evidence available for this type of property which makes valuation in the current market relatively subjective.

We have relied to a considerable extent on information provided by Rank and in particular copy leases (in respect of leasehold property interests) and Land Registry extracts (in respect of freehold property interests), records of capital expenditure, details of unlicensed and sublet income, schedules of rents payable and receivable and floor plans all of which have been reviewed by our subcontractor lbertasa and which we have assumed are accurate and complete. Where necessary we have carried out on-site measurements.

We have taken every reasonable care inspecting the information provided to us by Rank and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by Rank, which is material to the valuation. Rank has advised that no material facts have been omitted from the information provided to us.

We have inspected the commercial properties to such extent as necessary for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services or carried out any environmental investigations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

All monetary amounts are stated in Euros ("EUR").

We attach a summary of values and our Valuation Report.

Yours faithfully,

For and on behalf of Cushman & Wakefield Spain

Tony Loughran MRICS
Partner
+34 91 781 38 36
tony.loughran@eur.cushwake.com

SCHEDULE OF PROPERTIES VALUED

Group I/II/III

	Property Name	Address	Town	Tenure	Inspection Date (Exterior)	Exterior Inspected By	Inspection Date (Interior)	Interior Inspected By	Building Age (years)
1	DON PELAYO	Carrer del Comte d'Urgell 154, 08306	Barcelona	Freehold	29/01/2013	Iván González Lázaro	22/12/2011	Iván González Lázaro	34
2	CONTINENTAL	Carrer de Collblanc 3, 08903	Barcelona	Leased	01/02/2013	Iván González Lázaro	01/02/2013	Iván González Lázaro	16
3	ZAHIRA	Calle del Conde de Robledo 1, 14008	Cordoba	Freehold	29/01/2013	Carlos Olalla Benedicto	05/12/2011	Carlos Olalla Benedicto	31
4	CIUTAT DE GIRONA	Carrer del Pont de la Barca 1, 17007	Girona	Leased	29/01/2013	Laia Fornós Amat	29/01/2013	Laia Fornós Amat	53
5	MACOES	Avenida de Portugal 131-137, 28011	Madrid	Leased	28/01/2013	Ignacio Torres	28/03/2012	Ignacio Torres	43
6	UNIVERSAL	Calle Carretas 13, 28012	Madrid	Freehold	28/01/2013	Ignacio Torres	09/12/2011	Ignacio Torres	113
7	GORBEA	Pena Gorbea 17, 28018	Madrid	Leased	01/02/2013	Ignacio Torres	01/02/2013	Ignacio Torres	40
8	CIUTAT DE REUS	Raval de Jesus 14-16, 43201	Reus	Freehold	30/01/2013	Marc Cerro Llurba	13/12/2011	Raquel Yepes Morcillo	33
9	SABADELL	Avinguda de I'Onze de Setembre 125, 08208	Sabadell	Leased	31/01/2013	Joan Arboledas	31/01/2013	Joan Arboledas	53
10	SANTIAGO	Rua de Montero Rios 28, 15706	Santiago	Leased	28/01/2013	Manuel Benigno	28/01/2013	Manuel Benigno	33
11	ANDALUCIA	Ronda de Capuchinos 19, 41009	Seville	Leased	31/01/2013	Francisco Soto Barra	31/01/2013	Francisco Soto Barra	59
12	Administrative Offices	Gran Via de les Corts Catalanes, 680, 6 & 7	Barcelona	Leased	31/01/2013	Javier Bernades	n/a	n/a	26
13	Administrative Offices	Calle Balmes, 268, 1	Barcelona	Leased	31/01/2013	Javier Bernades	n/a	n/a	23

SUMMARY OF VALUES

GROUPS I TO III – PROPERTY INTERESTS HELD OR RENTED BY RANK IN SPAIN

	Property Interests	**Capital Value in existing state as at 31 January 2013**	**Interests attributable to Guoco**	**Capital Value attributable to Guoco as at 31 January 2013***
I.	Freehold Bingo Clubs in Spain	€16,330,000	74.5%	€12,166,000
II.	Short Leasehold Bingo Clubs in Spain	(€750,000)	74.5%	(€559,000)
III.	Short Leasehold Administrative Offices in Spain	NIL	74.5%	NIL

* ***Note***: We provide this opinion on the basis that 100% of the asset is sold with 74.5% of the value assigned to Guoco, rather than a sale of 74.5% of the asset which could result in different offer levels and values, taking into account that it is not a 100% participation in the ownership.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital Value in existing state as at 31 January 2013
I.	The following 4 Owned Properties in Spain	The properties comprise 4 operational commercial units with a total floor area of approximately 7,100 sqm	The properties are currently owned and occupied by Rank as operational Bingo Clubs.	€16,330,000

Title of Ownership Details:

Bingo Don Pelayo:
The Property is located at Carrer del Comte D´Urgell 154, 08306, Barcelona. Property 100% owned by RANK CATALUNYA S.A. and acquired by means of a merger involving the previous owner on 30 December 1996. RANK CATALUNYA S.A. is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest. The facades of the building form a common element and cannot be modified without previous consent of other property owners within the building. The Property Title is free of any unusually onerous restrictions, covenants, or other encumbrances.

Bingo Zahira:
The Property is located at Calle del Conde de Robledo 1, 14008, Córdoba. Property 100% owned by TOP RANK ANDALUCIA, S.A. and acquired by means of a merger involving the previous owner on 12 January 2002. TOP RANK ANDALUCIA, S.A. is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest. The Property Title subject to water passage rights, and general sanitation rights relating to the rest of the building. The Property Title is free of any unusually onerous restrictions, covenants, or other encumbrances.

Bingo Universal:
The Property is located at Calle Carretas 13, 28012, Madrid. Property 100% owned by RANK CENTRO, S.A. and acquired by means of a merger involving the previous owner. RANK CENTRO, S.A. is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest. The Property Title is subject to right of passage and use of stairway/lighting to inhabitants of residential dwellings located above the Property. The Property Title is free of any unusually onerous restrictions, covenants, or other encumbrances.

Bingo Ciutat de Reus:
The Property is located at Raval de Jesus 14-16, 43201, Reus. Property 100% owned by RANK CATALUNYA S.A. and acquired by means of a merger involving the previous owner on 30 December 1996. RANK CATALUNYA S.A. is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 74.5% attributable interest. The Property Title is subject to right of passage to units 1 & 2 with Property registry numbers 13,686 and 13,690 as well as SAFLO, S.A. Title also subject to water passage rights. The Property Title is free of any unusually onerous restrictions, covenants, or other encumbrances.

Note: We have been provided with Title Deeds although we point out that neither we nor our sub-contractors lbertasa are legal experts and we have read said Title Deeds on a strictly commercial basis.

VALUATION CERTIFICATE

	Property	Description and tenure	Details or occupancy	Capital Value in existing state as at 31 January 2013
II.	The following 7 Leased Properties in Spain	The properties comprise 7 property leases with a total floor area of approximately 11,087 sqm The properties are leased from various landlords by Rank for various terms with a total monthly rent of €142,269	The properties are occupied by Rank as for use as Bingo Clubs.	(€750,000)

Terms of Tenure:

Bingo Continental:
The Property is located at Carrer de Collblanc 3, 08903, Barcelona. The registered owner of the property is CINE CONTINENTAL, S.A., which is an independant third party to the Guoco Group. The current contractual rent is €214,248/annum. The leaseholder may resolve the contract with a 30-day notice period upon each yearly contract renewal. Lease expiry is 16 July 2020.

Bingo Ciutat de Girona:
The Property is located at Carrer del Pont de la Barca 1, 17007, Girona. The registered owner of the property is R.G. INMOVER S.L., which is an independant third party to the Guoco Group. Lease signed 16 February 2002. Current contractual rent of €169,200/annum. Two 5-year extension periods remaining, ending 16 February 2017 and 16 February 2022. Tenant may resolve contract at break option with 3 months notice period.

Bingo Macoes:
The Property is located at Avenida de Portugal 131-137, 28011, Madrid. The registered owner of the property is ANGEL ARCOS E HIJOS, S.A., which is an independant third party to the Guoco Group. Tenant currently paying a contractual rent of €658,800/annum. Break options at 30 June 2015, 30 June 2020, and 30 June 2030. Tenant may resolve contract at any break option with 6 months notice period.

Bingo Gorbea:
The Property is located at Pena Gorbea 17, 28018, Madrid. The registered owner of the property is PROMOCIONES ALBUFERA 46, S.A., which is an independant third party to the Guoco Group. Tenant currently paying a contractual rent of €228,000/annum. Break option at 16 February 2017, 16 February 2022. Tenant may leave at break option with 3 months notice period.

Bingo Sabadell:
The Property is located at Avinguda de I´Onze de Setembre 125, 08208, Sabadell. The registered owner of the property is SOCIEDAD CORAL COLÓN, which is an independant third party to the Guoco Group. Lease contract signed 30 June 2008. The tenant currently pays a contractual rent of €73,200/annum. Tenant may resolve the contract at any time between 1 June 2013 and lease expiry 1 June 2033 with 6 months notice period. A 3 months break penalty applies if tenant leaves before contract expiry.

Bingo Santiago:
The Property is located at Rua de Montero Rios 28, 15706, Santiago. The registered owner of the property is DON ERNESTO MATA MÉNDEZ, which is an independant third party to the Guoco Group. Lease contract signed 21 October 2003. The tenant currently pays a contractual rent of €108,180/annum. The obligatory period ends 21 October 2013 followed by 10, 1-year renewal periods during which the tenant may resolve the contract in any year.

Bingo Andalucia:
The Property is located at Ronde de Capuchinos 19, 41009, Seville. The registered owner of the property is INDEMI, S.L., which is an independant third party to the Guoco Group. Lease contract signed 23 December 2005. The current contractual rent is €255,600/annum. Obligatory period ends 1 July 2016 followed by an optional renewal period of 5 years until 1 July 2021. Tenant must notify of intention to resolve contract 3 months in advance.

Note: We have been provided with lease contracts although we point out that neither we nor our sub-contractors lbertasa are legal experts and we have read said contracts on a strictly commercial basis.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital Value in existing state as at 31 January 2013
III.	The following 2 Leased Properties in Spain	The properties comprise two property leases with a total floor area of approximately 689 sqm The properties are leased from various landlords by Rank for a total monthly rent of €9,649	The property is occupied by Rank as for use as administrative offices.	NIL

Terms of Tenure:

Administrative Offices Gran Via de les Corts Catalanes:
The Property is located at Gran Vía de les Corts Catalanes, 680, 6&7, Barcelona. The registered owner of the property is NUÑEZ I NAVARRO, which is an independant third party to the Guoco Group. Contractual rent is currently €73,788/annum. We have been informed by Rank Group that although their lease ends in April 2014 they are to be relinquished of any liability (including rent) as from March 2013.

Administrative Offices Calle Balmés:
The Property is located at Calle Balmés, 268, 1, Barcelona. The registered owner of the property is BALMA BCN 2003, S.L., which is an independant third party to the Guoco Group. Lease signed 21 December 2012. Contractual rent is currently €42,000/annum. Five year obligatory period expires 21 December 2017.

Note:

a) We have been provided with lease contracts although neither we point out that we nor our sub-contractors lbertasa are legal experts and we have read said contracts on a strictly commercial basis.

b) We understand The Rank Group is currently in the process of moving offices from their leased space on Gran Via de les Corts Catalanes to Calle Balmés. We have been informed by Rank Group that although their lease ends in April 2014 they are to be relinquished of any liability (including rent) as from March 2013.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Composite Document received from The Hallstrom Group Inc., an independent valuer, in connection with their valuation as at 31 January 2013 of the property interests of the Guoco Group in the United States.

THE HALLSTROM GROUP INC.
REAL ESTATE
CONSULTANTS
& APPRAISERS

April 30, 2013
Guoco Group Limited
50/F, The Center
99 Queen's Road Central
Central, Hong Kong

Appraisal of Molokai Properties Limited
Hawaii Real Property Assets

Gentlemen:

We are transmitting a market value appraisal of the real property interests of Molokai Properties Limited (MPL) located on the island of Molokai, and corporate office space in Honolulu, State of Hawaii. The subject properties are categorized by "Asset Use Groups" in Table 1 (Value Summary). The individual properties comprising each Asset Use Group are identified in the individual sections of the report. The aggregate value reported herein is the sum of the estimated market values of the individual parcels and groupings; it does not represent the market value of the portfolio under the assumption of a bulk sale to a single purchaser.

The properties that are the subjects of this report have been visited and/or physically viewed by the appraisers, analyzed via aerial photographs and Geographic Information Systems (GIS) data, and requisite investigation and analyses have been completed pursuant to forming our opinions of market value. The effective date of value is January 31, 2013.

The intended user of this appraisal is our client, Guoco Group Limited. The intended use is for internal corporate purposes and required external valuation. The valuation report will be reported, published, and released to Third Parties in Guoco's shareholdings circular(s) or announcement(s) with appropriate disclosures.

Table 1

MOLOKAI PROPERTIES LIMITED AGGREGATE PORTFOLIO VALUE
Islands of Molokai and Oahu, Hawaii

Asset Use Group	Land Area Acres	Concluded Values
West Agricultural Lands	41,280.694	$78,434,000
Central Agricultural Lands	2,590.268	$4,921,000
Southeast Agricultural Lands	3,557.601	$6,759,000
Independent Conservation Lands	4,116.740	$2,470,000
Kaunakakai and Maunaloa Commercial Properties	28.825	$9,987,000
Kualapuu and Maunaloa Industrial Properties	84.751	$11,741,000
Maunaloa Residential Properties	21.502	$5,145,000
Residential Potential Urban Expansion lands	294.992	$9,940,000
Kaluakoi Interior Resort Lands	176.015	$25,060,000
Kaluakai Oceanfront Resort Land	100.575	$16,320,000
Kaluakoi Interior Expansion Lands	1,091.259	$4,580,000
Papohaku Ranch Lots and Kaupoa Beach Camp	841.959	$9,616,000
Maunaloa and Kaluakoi Hotel Properties	28.924	$14,890,000
Kaluakoi and Ironwood Golf Courses	222.327	$3,020,000
Infill Lots	2.619	$226,000
Contributory Value of Telecommunication Licenses	–	$3,858,000
Contributory Value of Other Lease Agreements	–	$103,000
Molokai Properties with No Market Value	197.033	$0
Honolulu Corporate Office Space (Rented)	–	$0
Aggregate Value of Various Asset Groups	**54,636.084**	**$207,070,000**
Less Estimated Cost of the Desalination Plant		**($5,000,000)**
Concluded Retail Value of the Portfolio Assuming Multiple Buyers		**$202,070,000**

Source: The Hallstrom Group, Inc., January 31, 2013.

The Hallstrom Group, Inc. has previously appraised MPL's real estate assets; our last prior valuation was as of December 31, 2005. At that time, MPL, also commonly referred to as Molokai Ranch, was managing a ranching operation, various tourist oriented facilities, including the refurbished Kaluakoi Golf Course, and several commercial and residential properties in Maunaloa Village. Some of the tourist oriented facilities, such as the Kaluakoi Hotel and the luxury Molokai Lodge had been shuttered. At the end of March 2008, following several years of delays from local opposition to then existing development plans for its beachfront La'au Point lands, Molokai Ranch closed active operations.

Most recently, beginning in 2011, the firm has been addressing new plans for the ranch and resort that will focus on positively interfacing with the Molokai community. Included in this larger vision are expansion of animal husbandry alternatives; revisiting potential uses for the Kaluakoi Hotel and the Molokai Lodge facilities; considering biofuel development possibilities as a supplement to solar, and restoration of commercial uses in Maunaloa Village. New additional economic venues, such as hosted hunting, film production using the ranch as a movie venue, and a wind farm are also being explored.

The ranch's closure at the end of March 2008 occurred during a period of extended economic instability for the mainland United States and the State of Hawaii. Hawaii's economy was in a contraction phase throughout 2008 and 2009, which was followed by a stabilization and recovery trend in 2010 and 2011. Forecasts for the current 2012 calendar year are for modest economic gains in certain sectors which have been largely fueled by the State's fully recovered visitor industry. Although the ranch has not yet reopened many of its former operations, there is the expressed commitment of doing so. As an overlay for this valuation assignment, the appraisers have assumed implementation of a renewed vision for Molokai Ranch that will establish consumer confidence to the area.

Based on our research and analysis, and subject to the limiting conditions and assumptions outlined in the body of this report, it is our opinion the aggregate retail value of the properties in the portfolio under the assumption of individual sale to multiple buyers, as of January 31, 2013, was:

TWO HUNDRED TWO MILLION
SEVENTY THOUSAND U.S. DOLLARS
($202,070,000)

All values are expressed in United States dollars ($=U.S.D.) throughout the report.
Respectfully submitted,
THE HALLSTROM GROUP, INC.

James E. Hallstrom, Jr., MAI, CRE

THE HALLSTROM GROUP INC.
REAL ESTATE
CONSULTANTS
& APPRAISERS

Appraisal of

MOLOKAI PROPERTIES LIMITED
REAL PROPERTY ASSETS

Located Within the
West, Central and Southeast Regions of the
Island of Molokai, and a Corporate Office in
Honolulu, State of Hawaii

Prepared for
Guoco Group Limited

As of
January 31, 2013

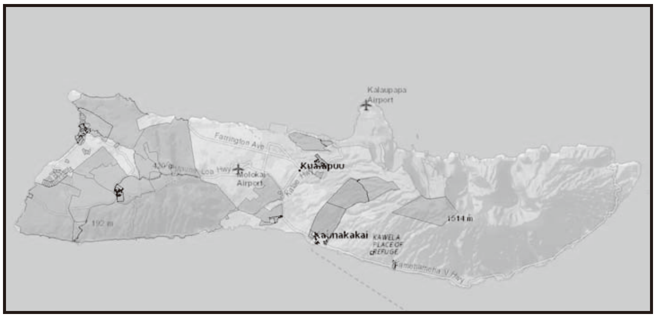
SUMMARY OF ASSIGNMENT AND CONCLUSIONS

Assignment

Subject Property

The subject properties are Molokai Properties Limited's (MPL) real estate assets on the island of Molokai, and a leased corporate office in Honolulu, State of Hawaii. The individual assets are summarized by tax map key parcels and asset groups in Table 1, Summary of Conclusions.

Now comprising about 54,636 acres, MPL's holdings are predominantly located in West Molokai around Maunaloa Village and within the Kaluakoi Resort. Additional pockets of industrial and commercial properties, and several thousands of agricultural acres are situated in Central and Southeast Molokai adjacent to Kaunakakai and Kualapuu, respectively. The underlying State Land Use classifications and County zonings for the MPL acreage are varied, encompassing a mixture of commercial, residential, hotel, industrial and agricultural land uses.



Aerial of MPL's Portfolio of Properties

Client

Guoco Group Limited ("Guoco").

Intended User

Our client.

Intended Use

The intended use is for internal corporate purposes and required external valuation. The valuation report will be reported, published, and released to Third Parties in Guoco's shareholder circular(s) or announcement(s) with appropriate disclosures.

This appraisal assignment does not quantify bulk market value under the assumption of a sale of the entire portfolio to a single purchaser. This report is not intended for any other use. The appraisers are not responsible for unauthorized use of this report.

Problem to be Solved and Interest Valued

Our assignment has been to estimate the market value of fee simple, unencumbered, or leased fee interests in the subject properties described herein.

Prior Appraisal

The Hallstrom Group, Inc. has previously appraised MPL's real estate assets, most recently as of a December 31, 2005 effective date of value.

Definition of Value and Source

Market value is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. (Source: The Appraisal of Real Estate, 13th Edition.)

Extraordinary Assumptions

An *extraordinary assumption* is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 Ed.) (Source: The Dictionary of Real Estate Appraisal, 5th Edition.)

This appraisal is subject to the following extraordinary assumptions:

- Our assignment has been to estimate individual retail market values of the real property interests comprising MPL's ownership and report them as stand alone values or by asset groups appropriate. Our value conclusions assume the properties to be professionally managed and marketed over a reasonable period of time. Market value under the assumption of sale of the entire portfolio to single buyer has not been addressed in this assignment. We have not reflected or considered the hypothetical impact of all properties being simultaneously marketed which would flood available supply and artificially depress values.

- The subject properties valued in this report were evaluated based on information supplied by MPL and our research of public and private databases. We have not examined title reports and assume MPL owns the Molokai properties identified herein as of the effective date of the value.

- For those properties being leased to others, the appraisers have reviewed lease information provided by MPL, the majority of which was provided in tabular format. This appraisal is subject to the extraordinary assumption the information provided was accurate.

- No value was assigned to the once-envisioned La'au Point development project as it previously was and is still perceived to be a source of significant community opposition.

- At the direction of the client, the value conclusions for the resort lands in and around the Kaluakoi Resort have been valued under the assumption the Kaluakoi Hotel will be renovated either as an operational branded hotel or an alternate use resort keystone facility, e.g. timeshare or condominium, and the golf course will be restored. The reopening of these facilities is integral to the success of the Kaluakoi Resort; the appraisal premise has been to assume such will occur in the near term.

- Water has historically been a controversial issue on Molokai. MPL ownership right's to draw approximately one mgd from Well 17 in Kualapuu and transport it from the central region to the west end of the island for Maunaloa Town and Kaluakoi has been one of the core issues causing lack of local support for the ranch's operation and expansion in the past. To mitigate this decisive issue, the President of MPL, Clay Rumbaoa, confirmed that MPL is considering the development of a desalination plant in West Molokai that would provide the requisite water for the Ranch's existing and future potable water needs together with MPL's mountain water system and brackish wells; the latter to be used for agricultural uses. The order of magnitude cost for such a plant is presently anticipated by management at circa $5 million. Because this new water source is critical to gaining community support which is assumed in our valuation, we have deducted this cost from the aggregate value of the ranch assets.

Hypothetical Conditions

Hypothetical conditions are those which are contrary to what exists but are supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 Ed.) (Source: The Dictionary of Real Estate Appraisal, 5th Edition.)

This appraisal is subject to the following hypothetical condition:

- Molokai Ranch will successfully re-establish its economic presence. Based on discussions with Clay Rumbaoa, MPL is committed to reinvigorating local economic stability and public confidence in the ranch and Kaluakoi Resort. The appraisers have reflected this occurrence in their general analysis. This is a hypothetical condition of the appraisal.

Other Limiting Conditions and Assumptions

Additional other standard general limiting conditions and assumptions have been included in the Addenda.

Report Option

This report is a brief Summary Appraisal Report in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

Summary of Conclusions

Effective Date of Value Opinion

January 31, 2013.

Date of Report

April 30, 2013.

Opinion of Value

$202,070,000 (summarized on Table 1). All values are expressed in United States dollars ($=U.S.D.) throughout the report.

Exposure Times

Individually reported.

Tax Liability

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by GuocoLeisure Limited, the potential tax liabilities which may arise from the sale of the properties included alternative minimum tax, which levies on the profit from the sale of the properties at 20% in the United States of America. The likelihood of the potential tax liability being crystallized is considered remote as we are advised that as at April 26, 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Composite Document, GuocoLeisure Limited has no intention to dispose of the relevant property interests. According to our standard practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

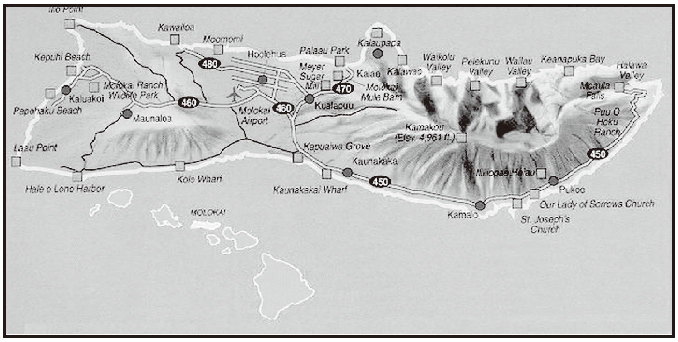
SCOPE OF WORK

- Visited selected subject properties that have vehicular access; properties that are physically inaccessible were analyzed based on prior visits, aerial photographs, and available GIS information.
- Reviewed lease summaries or documents for lease encumbered properties provided by MPL.
- Formed conclusions regarding the highest and best use potentials of the various subject properties.
- Researched sales of comparable properties by zoning on the island of Molokai and elsewhere in the State.
- Completed sales comparison analyses for the individual subject sites and grouped assets to derive value estimates for individual properties and each asset group.
- Valued the leased fee interests in those subject properties encumbered by long-term leases (in excess of one year).
- Prepared this Summary report.

MARKET AREA

Island of Molokai

The island of Moloka'i is the fifth largest island in the Hawaiian archipelago. Located roughly 20 miles (20 minutes by air) southeast of Honolulu, the capital of the State of Hawaii, Molokai encompasses approximately 165,800 acres. The island is 38 miles long and, at its widest point, is ten miles wide. The island is split into two distinct geographical areas due to its origin from the East (Wailau) and West Moloka'i (Mauna Loa) shield volcanoes. The low western half is an arid plateau rising to about 400 feet above mean sea level with a history steeped in diversified agriculture and tourism. The eastern half was formed by the catastrophic collapse of the northern face of Mauna Loa approximately 1.5 million years ago. The remnants of this collapse yielded the world's highest sea cliffs, spilling more than 3,000 feet into ocean and creating dramatic gorges and rainforests. Numerous Hawaiian fish ponds also weave along the southeast Molokai coastline, adding to the unique beauty and allure of the island.



Molokai is one of the last underdeveloped and unexploited major islands in Hawaii. The physical diversity of land forms, its proximity to Honolulu, and the acknowledged need for economic stimulus in the community make the island a significant “blank slate” with the potential for agricultural and additional low intensity development. This has not occurred within the last decade, not due to lack of interest, but from a scarcity of developed competitive sites, community opposition, lack of economic stimulus, and inefficient transportation and service systems both to and from the island and on the island. Past attempts to diversify the economy have been frustrated by Molokai’s small population, and isolation from world markets, and the tendency of some residents to hinder high impact development and diversification in favor of a rural lifestyle and cultural preservation. The island’s past economic base was also significantly eroded with the shutdown of Molokai Ranch in March 2008.

The island’s largest town is Kaunakakai. The center of population and commercial activity, Kaunakakai is located near the middle of the island along its south coast. The town area consists of a main street (approximately two blocks in length) and ancillary roads lined with small shops providing basic essentials to the community such as food, gas, and hardware; governmental, fire, police; and financial, professional and medical services. It is surrounded by recreational facilities, residential development, and large tracts of undeveloped land.

Located between Maunaloa and Kaunakakai is the community of Kualapuu, and rural Hawaiian homestead settlements of Hoolehua and Kalamaula. From Kaunakakai eastward, the settlement pattern becomes more rural and scattered as it extends toward the lush tropical valley of Halawa where the road ends at the eastern tip of the island.

Island Air, Pacific Wings Express and Mokulele airlines all provide scheduled, frequent, daily service to Ho’olehua (Kaunakakai) airport on Molokai, most depart and return to the main Commuter Terminal at Honolulu International. Molokai’s harbor at Kaunakakai accommodates inter-island barge transports, and private and commercial passenger traffic, including a ferry service to Maui.

MPL and Kaluakoi Resort

Molokai Ranch is the major landowner on the island, owning slightly less than 55,000 acres or approximately 33 percent of the island, much of which is contiguous. Its holdings are primarily located in the western half of the island with pockets of properties situated in central Moloka'i. The ranch originated in 1897 following the purchase of about 70,000 acres by American Sugar Company, made up of a group of Honolulu businessmen. Charles M. Cooke, one of the partners in American Sugar Company eventually bought out his partners and acquired the ranch in 1908. Under the guidance of his son George P. Cooke as manager, the ranch evolved into the second largest in the state. During the 35 years the property was managed and operated by the Cooke's, water systems were expanded and various forms of agriculture were tested including honey production, cattle ranching, sugar, sweet potatoes and pineapple.

The western end of Molokai, being the dryer and sunnier side of the island with expansive white sand beaches, was logically the preferred location for the advancement of tourist facilities. With the opening of the 198-room Kaluakoi Resort under a Sheraton Hotel flag in 1977, west Molokai's community enjoyed an expanded economic foundation beyond historic agrarian land uses. Various development programs contemplated creating a resort comprised of hotels, condominium apartments, single-family residential lots, commercial areas, and recreational facilities. The Kaluakoi Hotel and nearby condominiums initially set the destination aspect of the budding resort development by offering tourist services and amenities competitive with standards not previously available on the island. An 18-hole championship golf course, lighted tennis courts, and other recreational facilities situated adjacent to the long white-sand Kepuhi Beach created a niche for tourists and second home activity on Molokai and the Kaluakoi Resort area.

In 1987 the Cooke family sold its interests in the ranch to Brierley Investments Limited which became BIL International and eventually GuocoLeisure Ltd. in 2007. During the 1990s, the ranch's activities were expanded to embrace tourism as its revitalized economic base. The town of Maunaloa was restored to include a movie theatre, a small retail complex, the luxury 22-room Molokai Lodge, first class rodeo facilities, new residential development, and several different types of tenting experiences known as the Molokai Ranch Tentalows.

About ten years after opening, the Kaluakoi Hotel and golf course were sold to Kukui Resort, Inc., a subsidiary of Japan based Tokyo Kosan, Ltd. Colony Hotels stepped in as the new management team but the quality of the hotel gradually diminished and ultimately closed in 2001. Molokai Ranch acquired the hotel and golf course in 2002, and by 2005 had fully restored and reopened the golf course.

In 2006 Molokai Ranch announced it would renovate the hotel as part of a master development plan that included the sale of circa 200 luxury homesites along La'au Point, a picturesque strip of beachfront land along the southwestern tip of the island. Local opposition to the La'au development plan was intensive and led to the shutdown of the island's largest employer at the end of March 2008.

In 2012, MPL saw the introduction of a new CEO, Clay Rumbaoa, who has a renewed vision for the ranch which is focused on acceptance by the local community. Under Guoco Group Ltd.'s direction, MPL is exploring expanded forms of animal husbandry; biofuel alternatives to supplement solar; other uses for the currently dormant Molokai Lodge and former Kaluakoi Resort Hotel; reinvigorating commercial uses in Maunaloa Village, hosted hunting expeditions, and fielding interest by a major film production company to use selected portions of the ranch as a film venue. The success of these plans will energize employment opportunities for the west end of Molokai and again establish Molokai Ranch as the island's primary employer.

It is within this context that the Molokai Ranch real estate assets have been appraised. Much of the transactional comparison information on Molokai has come from the shut-down period, and may not reflect the renewed leadership and planned future changes to the Molokai Ranch holdings.

OVERVIEW OF REPORT FORMAT

The subject properties have been valued and/or reported within 18 major headings as outlined in the Table of Contents. Each section addresses multiple properties that have been categorized by use and/or physical location.

Each subsection addresses the following: identification, property data, property description, ground lease summaries, description of the land and improvements (if applicable) and valuation. Descriptive narrative of the subject properties is presented in summary format and accompanied by aerial photographs and tax maps.

Individual market value conclusions were presented in Table 1 in the Summary of Conclusions section. The methodologies applied and details associated with deriving the fee simple value conclusions are narratively discussed and summarized tabularly in each subsection.

The market values of MPL's interests in the individual properties are summed to report the aggregate value of MPL's portfolio of real estate interests. The appraisers have not estimated the bulk market value of MPL's holdings under the assumption of sale to a single purchaser.

PROPERTY DATA, DESCRIPTIONS AND VALUATION

Highest and Best Use Overview

Highest and best use of a site or property occurs when its advantages are maximized, and disadvantages are minimized by the nature of its development, re-development or utilization. It is that use or uses which may be reasonably expected to yield the highest net return to the land over a given period of time. It must be legal and in compliance with the regulations and ordinances within the police power of the city, county, and state including health regulations, zoning ordinances, building code requirements, etc. In evaluating potential uses, consideration is given to the four elements of highest and best use. These include whether the use is physically possible, legally permissible, financially feasible, and maximally productive.

Valuation Methodologies

The unencumbered fee simple and leased fee market values for the subject properties have been primarily estimated using a sales comparison approach. This approach is based on the principle that the value of a property is governed by the prices generally being obtained for similar properties in the marketplace. Adjustments are made to compensate for differences between the comparable properties and the subject.

A depreciated replacement cost analysis was used in evaluating the contributory value of selected substantial buildings located in Maunaloa Village. None of the improved properties were valued by capitalized income.

Summary of Comparable Sales Data

The valuation of the fee simple interest in the Portfolio properties has entailed research on Molokai for appropriate comparable transaction data, as well as other neighbor islands as deemed necessary depending on the type of property being analyzed. The comparables were selected based on recency of sale dates, and similarities to the subject properties in terms of location, zoning, use and physical characteristics. Comparables were confirmed by recorded documents and often with knowledgeable parties such as grantors, grantees, lessees, lessors or real estate brokers actively involved with the property.

The selected comparable land transactions drawn from our research of market activity and used in each subsection of the report are identified on Table 2.

Table 2

LAND TRANSACTIONS SELECTED FOR DETAILED COMPARISON
Molokai Ranch Properties
Molokai, Hawaii

Reference No.	Tax Map Key(s)	Highest & Best Use	Zoning	Land Area In Acres/S.F.	Transaction Date	Sales Price	Per Acre/S.F.
Agriculture							
A-1	(2) 5-2-11-22	Agriculture	AG	157.734 AC	04-Apr-06	$450,000	$2,853
A-2	(2) 5-2-12-7	Agriculture	AG	1,148.532 AC	07-Mar-06	$1,400,000	$1,219
A-3	(2) 5-2-13-10	Agriculture	AG/Interim	728.040 AC	24-Nov-09	$1,792,066	$2,461
A-4	(2) 5-7-5-21 (1)	Agriculture/Conserv.	AG	196.396 AC	07-Dec-09	$1,245,000	$6,339
A-5	(2) 4 (Various) (2)	Agriculture	AG	43,259.111 AC	18-Jul-12	Allocation	$1,927
Conservation							
C-1	(4) 4-7-1-1 & (4) 4-7-2-5	Conservation	Open	2,517.440 AC	18-Feb-00	$1,263,650	$502
C-2	(3) 2-5-1-1, 3, 7 & 10; (3) 2-5-2-3 (3) 2-5-8-1 & 9	Conservation	AG/Conservation	5,226.855 AC	02-Aug-02	$2,500,000	$478
C-3	(3) 9-2-1-2; (3) 9-3-4-2 (por.)	Conservation	AG	21,689.000 AC	24-Jun-03	$9,800,000	$452
C-4	(3) 8-8-1-1	Conservation	AG	2,248.783 AC	05-Nov-03	$1,700,000	$756
C-5	(3) 2-4-8-3	Conservation	Conservation	1,335.980 AC	30-Jun-08	$1,250,000	$936
Commercial							
B-1	(2) 5-3-01-61	Commercial	B-CT	20,462 SF	06-Jun-06	$269,000	$13.15
B-2	(2) 5-3-01-83	Commercial	M-1	13,339 SF	21-Jul-06	$150,000	$11.25
B-3	(2) 5-3-02-81	Commercial	B-CT	13,092 SF	15-Dec-06	$300,000	$22.91
B-4	(2) 5-1-10-1	Commercial	B-CT	9,294 SF	09-Oct-07	$148,500	$15.98
B-5	(2) 5-1-10-2	Commercial	B-CT	8,750 SF	09-Oct-07	$141,000	$16.11
Industrial							
I-1	(2) 5-2-31-11, 12,13	Industrial	M-1	106,905 SF	29-Dec-06	$1,181,000	$11.05
B-1	See Above						
B-2	See Above						
Maunaloa Residential Lots							
R-1	(2) 5-1-09-12	Residential Lot	Interim	6,686 SF	25-Feb-10	$69,000	$10.32
R-2	(2) 5-1-09-33	Residential Lot	Interim	6,342 SF	28-Jan-10	$61,000	$9.62
R-3	(2) 5-1-09-92	Residential Lot	Interim	10,237 SF	31-Mar-09	$79,375	$7.75
R-4	(2) 5-1-09-100	Residential Lot	Interim	6,534 SF	06-Feb-12	$54,000	$8.26
R-5	(2) 5-1-09-101	Residential Lot	Interim	6,456 SF	06-Feb-12	$54,000	$8.36
R-6	(2) 5-1-10-94	Residential Lot	Interim	5,343 SF	19-Jul-10	$44,500	$8.33
R-7	(2) 5-1-10-33	Residential Lot	Interim	5,364 SF	Current	$45,000	$8.39
Single Family Homes							
SF-1	(2) 5-1-9-93	Single Family Home	Interim	2,033 (3)	30-Nov-11	$315,000	$154.94
SF-2	(2) 5-1-09-24	Single Family Home	Interim	1,396 (3)	25-Feb-10	$360,000	$257.88
SF-3	(2) 5-1-10-61	Single Family Home	Interim	1,360 (3)	08-Oct-10	$225,400	$165.74
SF-4	(2) 5-1-10-42	Single Family Home	Interim	1,604 (3)	03-Apr-09	$321,000	$200.12
Residential Potential Urban Expansion							
BR-1	(2) 5-4-02-4	Residential Expansion	Interim	18.200 AC	16-Jun-06	$1,300,000	$71,429
BR-2	(2) 5-6-04-18	Residential Expansion	Interim	13.747 AC	09-Mar-09	$425,000	$30,916
BR-3	(2) 5-6-04-31	Residential Expansion	Interim	2.483 AC	13-Mar-09	$160,000	$64,438
Resort Residential Interior/Maunaloa Lodge Site							
RR-1	(4) 2-8-14-18	Resort Residential	R-20/Open	2.713 AC	16-Apr-09	$2,592,000	$955,400
RR-2	(2) 3-9-17-2	Multifamily	A-1	1.960 AC	22-Apr-11	$750,000	$382,653
RR-3	(4) 3-7-01-17	Multifamily	R-20	6.222 AC	16-Jun-11	$2,600,000	$417,872
RR-4	(2) 2-3-66-12 to 14	Commercial/Multifamily	B-CT	4.179 AC	17-Jun-11	$3,850,000	$921,273

Table 2 (Continued)

LAND TRANSACTIONS SELECTED FOR DETAILED COMPARISON
Molokai Ranch Properties
Molokai, Hawaii

Resort Oceanfront/Kaluakoi Hotel Site							
O-1	(4) 4-3-09-50	Resort Residential	R-20	1.146 AC	15-Sep-09	$2,100,002	$1,832,462
O-2	(4) 4-5-07-2	Resort Residential	RR-20	12.026 AC	01-Jan-10	$11,738,071	$976,058
O-3	(4) 5-4-05-39	Resort Residential	R-10	21.162 AC	01-Jan-11	$18,870,000	$891,693
Resort Urban Expansion Acreage/Kaluakoi Golf Course Land							
U-1	(2) 2-1-08-56, 71	Development	Interim	668.700 AC	10-Jan-00	$17,220,000	$25,751
U-2	(3) 7-3-09-19, 20, 32	Development	Various	402.982 AC	30-Nov-04	$16,250,000	$40,324
U-3	(3) 6-8-02-55	Development	RS-10	866.564 AC	25-Mar-05	$25,083,417	$28,946
Ranch Lots							
RA-1	(2) 5-1-06-46	Ranch Lot	Agriculture	22.952 AC	16-Oct-11	$225,000	$9,803
RA-2	(2) 5-1-07-16	Ranch Lot	Agriculture	25.739 AC	06-Sep-11	$215,000	$8,353
RA-3	(2) 5-1-04-24	Ranch Lot	Agriculture	73.223 AC	Current	$297,775	$4,067(4)
RA-4	(2) 5-1-06-58	Ranch Lot	Agriculture	20.814 AC	Current	$210,005	$10,090(4)
RA-5	(2) 5-1-06-66	Ranch Lot	Agriculture	5.858 AC	24-Feb-12	$450,000	$76,818
RA-6	(2) 5-1-08-42	Ranch Lot	Agriculture	6.353 AC	23-Mar-10	$650,000	$102,314
RA-7	(2) 5-1-08-43	Ranch Lot	Agriculture	5.716 AC	19-Mar-10	$550,000	$96,221
Golf Course							
G-1	(1) 9-4-02-46	Golf Course	P-2	163.381 AC	May-00	$11,500,000	$638,889(5)
G-2	(1) 8-4-02-51, 52, 53, 54, 55	Golf Course	P-2/Resort	332.219 AC	Sep-00	$6,100,000	$338,889(5)
G-3	(1) 4-2-06-1; 4-2-07-1; 4-2-08-1; 4-2-09-1	Golf Course	AG-2	190.000 AC	Dec-00	$12,000,000	$666,667(5)
G-4	(4) 2-8-14-7, 31, 36	Golf Course	Open, R-10, AG	144.180 AC	Apr-03	$4,500,000	$250,000(5)
G-5	(2) 3-6-04-10, 11, 12, 14	Golf Course	Agriculture	335.300 AC	Jul-04	$12,500,000	$694,444(5)
G-6	(1) 4-5-08-38; 4-5-30: var.; 4-5-59: var.	Golf Course	P-2, R-5	114.951 AC	Mar-06	$11,000,000	$611,111(5)
Infill Lots							
M-1	(2) 5-2-16-70	Residential Lot	Interim	7,749 SF	28-Jun-11	$55,000	$7.10
M-2	(2) 5-2-16-56	Residential Lot	Interim	14,521 SF	08-Aug-11	$45,000	$3.10
M-3	(2) 5-2-20-36	Residential Lot	Interim	7,676 SF	07-Oct-11	$79,000	$10.29
M-4	(2) 5-3-04-9	Residential Lot	Interim	6,000 SF	29-Jan-09	$40,000	$6.67
M-5	(2) 5-3-04-24	Residential Lot	Interim	12,000 SF	26-Jan-12	$45,000	$3.75

(1) East Molokai sale; strong view property.

(2) Island of Lanai sale – allocated agriculture land value.

(3) Living area in square feet.

(4) Listing Price.

(5) Price Per Hole.

Source: The Hallstrom Group, Inc., January 31, 2013.

WEST AGRICULTURAL LANDS

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
Kaluakoi AG					
5-1-03-2	172.924	AG	Vacant	Owner Occupancy	$328,600
Maunaloa AG					
5-1-01-1	23.652	AG	Vacant	Owner Occupancy	$44,900
5-1-02-4	16,392.146	AG	Vacant	Owner Occupancy	$31,145,100
5-1-02-5	7.350	AG	Vacant	Owner Occupancy	$14,000
5-1-02-13	0.142	AG	Vacant	Owner Occupancy	$300
5-1-02-18	36.727	AG	Vacant	Owner Occupancy	$69,800
5-1-02-38	0.072	AG	Vacant	Owner Occupancy	$100
5-1-02-1	3,211.890	AG	Vacant	Owner Occupancy	$6,102,600
5-1-02-23	3,266.096	AG	Vacant	Owner Occupancy	$6,205,600
5-1-02-24	1,518.267	AG	Vacant	Owner Occupancy	$2,884,700
5-1-02-29	1,484.468	AG	Vacant	Owner Occupancy	$2,818,600
5-1-02-30	6,348.623	AG	Vacant	Owner Occupancy	$12,062,400
5-1-02-31	1,439.238	AG	Vacant	Owner Occupancy	$2,734,690
5-1-02-32	897.399	AG	Vacant	Owner Occupancy	$1,705,100
5-1-02-33	624.683	AG	Vacant	Owner Occupancy	$1,186,900
5-1-02-34	155.371	AG	Vacant	Owner Occupancy	$295,200
5-1-02-35	5,356.442	AG	Vacant	Owner Occupancy	$10,177,200
Maunaloa Near Oceanfront					
5-1-02-49	295.169	AG	Vacant	Owner Occupancy	$560,800
5-1-02-50	51.035	AG	Vacant	Owner Occupancy	$97,000
Aggregate	**41,280.694**				**$78,434,000**

Location/Address	Kaluakoi-Punakou-Iloli-Hoolehua (Apana 1), Molokai, Hawaii.
Site Specific Environs	This land grouping consists of agricultural holdings on the western portion of Molokai, generally situated west of Palaau ahupua'a. The area is comprised of relatively level to undulating hills in the western and northern portions, and moderately steep areas accented by north-south gulches that slope from about the 1,000-foot elevation along the southern coastline. The northern and southern portions of the island are primarily served by State Highway 460 (aka Maunaloa Highway) that connects Molokai Airport at Ho'olehua to Maunaloa Village. Other than Kaluakoi Road, which extends from Maunaloa Highway to the coastal resort area, and other resort and Maunaloa Village interior roadways, roads are unimproved dirt or gravel.

PROPERTY DATA AND DESCRIPTION

State Land Classification Agriculture.

Ownership Title to the fee simple interest to the Kaluakoi Resort subject parcel TMK (2) 5-1-3-2 is held by Kaluakoi Real Estate LLC (Kaluakoi Resort), a subsidiary of Molokai Properties Limited. All other properties are owned by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Physical Description Kaluakoi AG – The Kaluakoi AG parcel is a 172.924-acre parcel situated adjacent to and east of the Kaluakoi Resort area's golf course and main entry road. Given its location, the parcel may have future long-term expansion potential for the resort but has been evaluated for this assignment as agricultural land.

Maunaloa AG – The northern and western portions of the island are good, relatively dry grazing/agricultural lands; approximately 8,000 acres in western Molokai were at one time in pineapple cultivation. These areas have been leveled and are serviced by non-paved interior roadways.

The northern coastline has clifflines with heights of up to 500 feet, and a portion of the north central area contains a large sand dune area. There is limited access to the shoreline at the eastern end of this area near Kawaaloa Bay and Moomomi Beach.

The western shoreline is rocky with stretches of white sand beach. The coastline is generally accessible and approached over a moderately sloping coastal plain periodically broken by a series of east-west gulches/gullies. Within this area is the Kaupoa Beach Village camp (appraised separately).

The southern coastal region generally extends from Maunaloa Highway in the north to the southern coastline and from Lono Harbor in the west to Waiahewahewa Gulch in the east. Except for cliffline, this area is the most rugged of the Maunaloa AG area. Slopes are moderate to steep with the coastal flanks periodically sliced by a series of 13 major north-south gulches that extend from about the 1,000-foot elevation to the coastline.

Maunaloa Near Oceanfront – This area consists of parcels situated immediately mauka of Lono Harbor at Haleolono Point, created during the 1970s. The properties are serviced by a good quality unimproved roadway that extends to Lono Harbor from Maunaloa Village. Expansive ocean and south Molokai coastal views are available from this area.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Kaluakoi AG – Agriculture with future development. Maunaloa AG – Agriculture. Maunaloa Near Oceanfront – Potential future residential estate(s).
Specific Value Considerations	The Molokai Ranch equestrian facility includes an extensive lighted rodeo arena with an announcer/timer stand, animal pens and chutes, spectator bleachers and parking for 1,500 spectators. Within the complex are a kitchen/restaurant and snack bar, three working barns, a show barn with attached office and retail space, feed barn, hot walker and horse wash down facilities, and corral system with numerous cells and lanes. This facility was an icon for the ranch intended to establish prominence for the ranch and Maunaloa Village. It was constructed between 1994 and 1998 at a then cost of over $2 million for structural and site improvements, excluding furniture, fixtures and equipment. Since the closure of the Ranch in 2008 the facility has not been regularly maintained and there are signs of physical deterioration in the spectator bleachers, arena, corrals and kitchen facilities. It does not have a quantifiable positive independent economic value.
Valuation Approach Utilized	The sales comparison approach was utilized to value various individual parcels as well as assemblage configurations within the 41,280.694-acre West Molokai area.
Comparables Examined	The closure of Molokai Ranch in 2008 had a significant impact on land sales activity, particularly bulk agriculture transactions. As previously summarized in Table 3, there have been only four sales in excess of 100 acres in size since 2006. The most relevant to the subject agricultural land holdings is Transaction 4 which is located in Central Molokai and occurred after the Ranch's 2008 closure. Identified as TMK 5-2-13, Parcel 10, this sale represents the transfer of 728.04-acres from MPL to the prior property Lessee, Kualapu'u Ranch 3, LLC for $1,792,066 or $2,461 per acre.

Fortunately, supplementing the few Molokai agricultural transactions is the very significant and recent June 2012 purchase of about 98 percent of the island of Lanai to Mr. Larry Ellison. Molokai and Lanai share many similar physical characteristics particularly as it relates to large agricultural land for pasture and ranching use.

Based on confirmation with knowledgeable parties, we understand the confidential June 2012 purchase price by Mr. Ellison for Castle & Cooke's interest in Lanai, which when combined with the retained rights to a future wind farm, is "fairly represented at approximately $400,000,000". This asset includes approximately 88,000 acres of feral agricultural and conservation land, portions of Lanai City, and urban expansion and resort development that includes the Koele and Manele Bay hotels and golf courses. Lanai's agricultural lands alone comprise about 43,259 acres.

The Hallstrom Group, Inc. has consistently appraised all or major portions of Lanai every three years for more than a decade for Wells Fargo Bank as part of Castle & Cooke's Hawaii portfolio that secures an active revolving credit line.

After it was announced that the island was for sale, Castle & Cooke sources confirmed there were several interested parties, and the ultimate buyer selection was based on what Castle & Cooke thought would be best for the island and its residents. While the acquisition is a unique purchase that certainly has bragging rights, it was also a negotiated *bulk* purchase to a single buyer that was meaningfully less that the aggregate value of the asset of $500 to $600 million commonly referenced in the media. There was significant discounting from the cumulative value of the individual tax map key parcels, and even from total value of the asset groups assuming multiple buyers over a reasonable extended sell-off period. At the very least, we consider any ego purchase premium and bulk sale factors to offset each other, and have thus used the acquisition values allocated to the agricultural land components based on earlier appraisal. The physical attributes of the agricultural lands are most similar to Molokai's West Agricultural holdings.

Based on our confirmation of the sale, it is our understanding the bulk agricultural lands were assigned a value of about $2,000 per acre. We have maintained our allocation analysis in our working files so as not to disclose earlier confidential appraised values for Lanai. The forgoing land value allocation excludes any value for the conservation land or other urban or rural development areas.

Selected Bulk Value Per Acre

From our review and confirmation of the June 2008 Lanai allocated agriculture land indicator and the 2009 bulk agricultural sale in Central Molokai to Kualapu'u Ranch 3, LLC, a fee simple land value of $2,000 per acre was applied to the agricultural properties located in West, Central and Southeast Molokai. The Central agricultural holding has much more fertile soil and in our prior appraisal was afforded per acre values higher than the West Molokai agricultural property. Similarly, the Southeast agricultural lands have much greater proximity to Kaunakakai. However, all have been valued at the same per acre rate to match the overall 2012 Lanai value indice.

We acknowledge that each region includes smaller parcels (under 15-acres in size) that abut or are located within the larger agriculture parcels owned by MPL. Additionally two front the ocean, TMK (2) 5-1-2, Parcel 4 containing 16,392.146 acres and TMK (2) 5-2-11, Parcel 25, containing 79.9 acres. The properties that are less than 15 acres in size were recognized as part of a larger neighboring whole. The oceanfront parcels, under the premise of agriculture as the highest and best use of the land were valued using the same $2,000 per acre and were not afforded an added contributory value due to their oceanfront locations.

Concluded Market Value

MPL's West Molokai Agriculture lands were estimated to have an aggregate value of **$78,434,000**, as of January 31, 2013.

Reasonable Exposure Time

Small parcels under 300 acres – 12 to 18 months. Larger Parcels and 5-1-2-34 – 2 to 3 years.

CENTRAL AGRICULTURAL LANDS

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-2-11-26	846.017	AG	Vacant	Owner Occupancy	$1,607,400
5-2-11-38	14.750	AG	Vacant	Owner Occupancy	$28,000
5-2-11-23	6.131	AG	Vacant	Owner Occupancy	$11,600
5-2-11-25	79.900	AG	Vacant	Owner Occupancy	$151,800
5-2-11-27	570.507	AG	Vacant	Owner Occupancy	$1,084,000
5-2-12-29	0.970	AG	Vacant	Owner Occupancy	$1,800
5-2-13-3	1,011.360	AG	Vacant	Owner Occupancy	$1,921,600
5-2-13-16	0.850	AG	Vacant	Owner Occupancy	$1,600
5-2-13-21 (por)	59.783	AG	Vacant	Owner Occupancy	$113,600
Aggregate	**2,590.268**				**$4,921,000**

Location/Address Hoolehua (Apana 2) – Naiwa-Kahananui-Manowainui, Molokai, Hawaii.

Site Specific Environs This land grouping consists of holdings within the central portion of Molokai, generally situated east of Palaau ahupua'a and west of Kalamaulua and the island's principal urban area of Kaunakakai. At the center of this area is the island's second largest population center, Kualapu'u with a 2010 Census population of 2,027 or approximately 27.6 percent of the island's 2010 population of 7,345.

The northern and southern portions of the island are bisected by State Highway 460, also known as Maunaloa Highway, a macadam two-lane roadway that extends past Molokai Airport at Ho'olehua to Maunaloa Village in the west and Kaunakakai in the southeast. Kala'e Highway (aka State Highway 470) provides access to the Kalaupapa Overlook at the North Pali (cliffline).

PROPERTY DATA AND DESCRIPTION

State Land Classification Agriculture.

Ownership TMK 5-2-11, Parcel 27 is owned by Cooke Land Company, Inc., a subsidiary of Molokai Properties Limited. All other properties are owned by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Physical Description

Kualapuu AG – The area is comprised of relatively flat lowlands along the island's southern coastal mudflats gently rising to the 1,000+ foot northern coastal clifflines. Rainfall increases as elevations rise.

Several steep, narrow gulches are located along the northern coastline and extend into the northern-most Central Molokai properties. These gulches tend to impact the accessibility of interior portions of the properties. Access to most usable portions of the property are via unimproved dirt roads and four-wheel drive trails. There are also several broader shallow gulch systems which impact the Kualapu'u area.

Much of the Central Molokai area formed the heart of the island's former pineapple production. Since the closing of the pineapple plantation in the mid-1980s, attempts to diversify agricultural product lines have been made by several agricultural companies to produce seed and crops year round in the area's mild climate. Efforts continue to convert fledgling coffee production farms into viable operations. Much of the land currently lies fallow and has not been in production for close to 20 years.

There are reported archaeological sites on portions of the Central Agriculture Lands and the Molokai Landfill is located on approximately 21 acres of TMK (2) 5-2-11, Parcel 27. The area associated with the landfill plus 61.648 acres that are encumbered by a 99-year lease to Goodfellow Brothers were deducted from the total tax map key area of 653.155 acres to yield the 570.507 acres valued.

VALUATION

Rights Appraised

Fee simple interest.

Highest and Best Use

Kualapuu – Agriculture.

Concluded Market Value

Consistent with our analysis of the West Agriculture Lands the Central Agriculture Lands have also been valued at $2,000 per acre. The Central Agriculture Lands were estimated to have an aggregate value of **$4,921,000**, as of January 31, 2013.

Reasonable Exposure Time

Generally 2 to 3 years.
5-2-12-29 (por.) – 12 to 18 months.

SOUTHEAST AGRICULTURAL LANDS

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-3-03-001	1,768.310	AG	Vacant	Owner Occupancy	$3,359,800
5-3-03-002 *	50.000	AG	Vacant	Owner Occupancy	$95,000
5-3-03-013	3.213	AG	Vacant	Owner Occupancy	$6,100
5-3-03-015 *	3.726	AG	Vacant	Owner Occupancy	$7,100
5-3-03-016 *	13.259	AG	Vacant	Owner Occupancy	$25,200
5-3-03-017 *	0.497	AG	Vacant	Owner Occupancy	$900
5-3-03-020 *	1,718.596	AG	Vacant	Owner Occupancy	$3,265,300
Aggregate	**3,557.601**				**$6,759,000**

Location/Address Kaunakakai and Kawela, Molokai, Hawaii.

Site Specific Environs This land grouping primarily consists of large land holdings mauka of Kaunakakai, the principal urban center on Molokai. Within this grouping are several smaller holdings in the Kawela area.

Kaunakakai is rural in appearance, with a relatively smaller urban/commercial core. The town services the island's population of 7,345 as of the 2010 Census. Approximately 46.6 percent of Molokai's residents reside in this area. Kaunakakai hosts the island's commercial harbor, and it connects the east and west segments of the island.

PROPERTY DATA AND DESCRIPTION

State Land Classification Agriculture.

Ownership All of the subject properties within this area are owned by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Physical Description Kaunakakai AG – The subject bulk agricultural parcels in this area extend on the east side of and behind Kaunakakai Village from sea level to about the 1,975-foot elevation at the Forest Reserve boundary; above the 1,300-foot elevation, the holding becomes much steeper. The property is bisected lengthwise by Kaunakakai Gulch, a relatively broad and steep ravine.

The property may be accessed from Kaunakakai Village, where there are several unimproved four-wheel drive trails extending inland, and alternative access points near Homelani Cemetery and beyond.

Much of the holding below the Forest Reserve is relatively void of large vegetation, with most trees having been removed to facilitate cattle grazing on the property.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Kaunakakai – Agriculture.
Concluded Market Value	Consistent with our analysis of the West Agriculture Lands the Southeast Agriculture Lands have been valued at $2,000 per acre. The Southeast Agriculture Lands were estimated to have an aggregate value of **$6,759,000**, as of January 31, 2013.
Reasonable Exposure Time	2 to 3 years.

INDEPENDENT CONSERVATION LANDS

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-2-13-5	82.824	Conservation	Vacant	Owner Occupancy	$49,700
5-2-13-33	20.176	Conservation	Vacant	Owner Occupancy	$12,100
5-3-03-5	1,240.000	Conservation	Vacant	Owner Occupancy	$744,000
5-4-03-26	2,773.740	Conservation	Vacant	Owner Occupancy	$1,664,200
Aggregate	**4,116.740**				**$2,470,000**

Location/Address	Nihoa, Kaunakakai and Kawela, Molokai, Hawaii.
Site Specific Environs	This land grouping consists of conservation zoned land holdings in the upper mauka regions of Nihoa within Palaau State Park, and remote areas of Kaunakakai and Kawela ahupua'a. These areas are essentially unimproved and serve as watershed areas for the island. Vehicular access is very difficult or impossible; foot trails lead into these areas. Each area is heavily forested.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Conservation.
Ownership	All of the subject properties within this grouping are owned by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Physical Description	Nihoa – TMK (2) 5-2-13-5 and 33 is accessible only by foot and is situated west of Phallic Rock near Puu Lua. The property is relatively level at about the 1,300-foot elevation, and abuts and overlooks the Kaluapapa Pali (cliffline). Kaunakakai – TMK (2) 5-3-03-5 is situated between the 1,975- and 3,100-foot elevations. The property is accessible via an unimproved dirt roadway that is off State Highway 460 and used to service well sites and water aquaduct systems that provide water to the island. The subject is heavily forested. Kawela – TMK (2) 5-4-03-26 is situated between the 2,600- and 4,250-foot elevations. The holding is known as the Kamakou Preserve area, which abuts dramatic Palis (clifflines) overlooking Waikolu and Pelekunu Valleys. The property is only accessible via unimproved foot paths.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Nihoa – Conservation (Nihoa; potentially a single house site). Kaunakakai and Kawela – Conservation – Watershed.
Specific Value Considerations	The market for true bulk-acreage conservation parcels throughout the State of Hawaii is generally viewed as being a unified market. Typical purchasers are governmental agencies for watershed or preservation uses, or conservation groups/organizations. The per acre value of these holdings has generally ranged from about \$450 to \$1,000 per acre depending on location, access, terrain and the potential for ancillary conservation uses.
Valuation Approach Utilized	The sales comparison approach was utilized to value various individual parcels and assemblage configurations within the 4,116.740-acre Independent Conservation Molokai grouping.
Concluded Market Value	Our search of the market for Conservation property transactions was previously presented on Table 3. From this data we bracketed and conclude a fee simple value of \$600 per acre for the subject Conservation acreage. The Independent Conservation lands were estimated to have an aggregate value of **\$2,470,000**, as of January 31, 2013.
Reasonable Exposure Time	Two-plus years.

KAUNAKAKAI AND MAUNALOA COMMERCIAL PROPERTIES

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-3-01 (various)	15.665	B-CT & Interim	Vacant Lots	Investment	$4,359,000
5-3-06-33	1.018	B-CT & Interim	Vacant Lot	Investment	$333,000
5-1-02-45	4.404	B-CT	Improved/ Vacant	Owner Occupancy	$1,190,000
5-1-09 (various)	4.807	B-CT	Improved/ Vacant	Investment/ Sale	$2,314,000
5-1-10 (various)	2.931	B-CT	Improved/ Vacant	Investment/ Sale	$1,791,000
Aggregate	**28.825**				**$9,987,000**

Location/Address	Kaunakakai, Molokai, Hawaii Maunaloa, Molokai, Hawaii
Site Specific Environs	TMKs 5-3-01 (various) and 5-3-06, Parcel 33 are located on the makai side of Kamehameha V Highway in Kaunakakai in the vicinity of the Kaunakakai Wharf and the former Pau Hana Inn. These parcels are situated in close proximity to the center of Kaunakakai town. TMK 5-3-06, Parcel 33 is a flag lot with access off of Oki Place. TMKs 5-1-02, Parcel 45; 5-1-09 (various); and 5-1-10 (various) are situated in and around Maunaloa Village and include an assortment of vacant lots and parcels improved with old buildings.

PROPERTY DATA AND DESCRIPTION

State Land Classification	TMK 5-3-01 (various) – Urban TMK 5-3-06, Parcel 33 – Urban TMK 5-1-02, Parcel 45 – Urban TMK 5-1-09 (various) – Urban TMK 5-1-10 (various) – Urban
Ownership	The fee simple interests of all properties are held by Molokai Properties Limited. Molokai Properties is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

Physical Description

TMKs 5-3-01 (various) and 5-3-06, Parcel 33 represent a combination of B-CT and Interim zoned lots in the Kaunakakai area generally bounded by Kamehameha V Highway, Kaunakakai Place, Beach Place, and Oki Place.

Due to its proximity to Kaunakakai town, use of this land for urban expansion is reasonably probable. The subdivided lots generally range between 9,119 and 18,282 square feet, with two unsubdivided lots containing 201,640 and 294,475 square feet. TMK 5-3-06, Parcel 33 is a large flag lot containing 44,358 square feet. The sites are generally level and served by paved roadways. Electricity and telephone service is available in the area, and water is available along Kamehameha V Highway.

TMKs 5-1-02, Parcel 45; 5-1-09 (various); and 5-1-10 (various) represent virtually all of the B-CT zoned land in Maunaloa Village. TMKs 5-1-09, Parcels 110 through 115; and 5-1-10, Parcels 3 through 7 are vacant unsold Maunaloa commercial lots. These parcels range in size between 8,709 and 31,585 square feet and are rectangular to slightly irregular and level to slightly sloping. TMK 5-1-02, Parcel 45 has a near rectangular predominant shape and a long tail portion. This slightly sloping site contains a total land area of 191,840 square feet. TMK 5-1-09, Parcel 117 is a 79,840-square-foot elongated corner site along the north side of Maunaloa Road that slopes gradually upward west to east. Located on the south side of Maunaloa Road, TMK 5-1-10, Parcel 8 contains 83,748 square feet and is a near rectangular double corner site that slopes gradually upward from west to east. All of these parcels have paved roadway access and availability of utilities include water, electricity, and telephone service.

Improvement Description

The majority of the commercial sites are vacant. Those with improvements are described below:

TMK 5-1-02, Parcel 45 – This site is improved with the 1,290-square-foot wood frame Libby's building (built in 1925), bandstand, and multiple old wood frame dwellings which were relocated to this property to be preserved as a museum for old plantation homes. The homes are not occupied and are not being actively restored.

TMK 5-1-09, Parcel 117 – There are four buildings (built in 1938-1941) situated on this property; the former Village Grill restaurant containing 5,085 square feet, and three cottages ranging in size between 763 and 1,116 square feet. The Village Grill building is an old but a significantly renovated wooden structure which is currently unoccupied, but adequately maintained. All cottages are older wood frame structures in poor condition.

TMK 5-1-10, Parcel 8 – The Maunaloa General Store and Dispatch buildings are located on this property. Containing 5,130 square feet, the older wood frame general store building (built in 1938) has a retail store in the front and storage space in the rear. The wood frame Dispatch building contains 3,953 square feet and formerly housed the Molokai Dispatch newspaper and doctor's offices, and a laundromat – all of which are now vacant. Other spaces in the building are occupied by the laundry facility for The Lodge at Molokai Ranch, thrift store and a small space rented to Taro Patch Jewelry.

VALUATION

Rights Appraised Fee simple interest.

Highest and Best Use Commercial or commercial expansion.

Specific Value Considerations All significant structural improvements involved specific value considerations detailed below.

Valuation Approach Utilized A sales comparison approach was utilized to value the land component of all the commercial holdings.

Kaunakakai Commercial Properties

For the vacant Kaunakakai commercial lots (TMK 5-3-01 (various) and 5-3-6, Parcel 33), a benchmark site (TMK 5-3-01-55) was valued accounting for differences in market conditions, location, corner/frontage, zoning, physical characteristics and size. The remaining commercial/expansion lots where then valued in relation to the benchmark employing a similar rationale.

Comparables Examined Commercial B-1 through B-3 were utilized in valuing the benchmark lot. Transactions B-1 and B-2 are similarly situated on the makai side of Kamehameha V Highway, and Transaction B-3 is near the center of Kaunakakai town.

Compensating Adjustments

Recent price trends indicate a market conditions adjustment of negative 20 percent over the period encompassed by the transactions. The location of Transaction B-3 near the center of Kaunakakai town was rated superior to the benchmark. Transaction B-2 is situated off Kamehameha V Highway and was judged inferior. The M-1 zoning of Transaction B-2 was considered superior to the benchmark. Having a triangular shape, Transaction B-3 was deemed inferior to the benchmark for physical characteristics. Except for size, no other significant adjustments were considered necessary. Adjusted values ranged from $9.60 to $14.22 per square foot, with a mean of $11.69 and a weighted value of $11.66. The value of the 15,922-square-foot benchmark lot was concluded to be $11.65 per square foot, or a total of $185,000.

Maunaloa Commercial Properties

For the Maunaloa commercial lots (TMK 5-1-02, Parcel 45; 5-1-09 (various) and 5-1-10 (various), a representative benchmark lot (TMK 5-1-09, Parcel 117) was valued employing an adjustment rationale consistent with the Kaunakakai commercial property analysis.

Comparables Examined

Besides the comparables employed in Kaunakakai, Transactions B-4 and B-5 containing 9,294 and 8,750 square feet, respectively, located in Maunaloa were added. These generally level and rectangular shaped B-CT zoned sites are located on Maunaloa Road across the Village Grill.

Compensating Adjustments

The adjustments for time were identical to the negative 20 percent employed in the previous grouping. Transactions B-1 through B-3 were judged to have superior locations in Kaunakakai. The benchmark is a corner parcel deemed superior to all transactions except for Transaction B-4. The M-1 zoning of Transaction B-2 was judged superior and triangular shape of Transaction B-3 inferior to the benchmark. The only other adjustment required was for size. After all adjustments, the values ranged between $5.64 to $8.12 per square foot, with a mean of $7.14 and a weighted value of $7.38. We conclude a value for the 79,840-square-foot benchmark parcel of $7.35 per square foot, or a total fee simple value of $587,000.

Significant Structural Improvements

The contributory value of all significant structural improvements were estimated by depreciated cost analysis employing construction costs and in service dates provided by the client, and depreciation applied by the analysts. Estimates of depreciation considered the physical condition of the structures and external factors such as current economic circumstances. Buildings in this grouping determined to be significant for purposes of this assignment included the Village Grill Restaurant, Libbys, Laundromat Building, and Grocery Store. The following chart summarizes the estimated contributory values, underlying fee simple land values, and total property values for the improved properties in this grouping.

SUMMARY OF IMPROVED PROPERTY VALUES
Kaunakakai and Mounaloa Commercial Properties
Molokai, Hawaii

Tax Map key	Description	Contributory Value of Improvements	Fee Simple Land Value	Total PropertyValue
5-1-09-117	Village Grill	$670,000	$587,000	$1,257,000
5-1-10-8	General Store/ Laundromat	$660,000	$610,000	$1,270,000
5-1-02-45	Libbys	$180,000	$1,010,000	$1,190,000

Concluded Market Value in the Existing State	The aggregate value of the Kaunakakai and Maunaloa commercial properties total **$9,987,000** as of January 31, 2013.
Reasonable Exposure Time	1 to 2 years.

KAUNAKAKAI AND MAUNALOA COMMERCIAL VALUE CONCLUSIONS
Molokai Properties Limited Property Assets

Second Division Tax Map Key	**Land Area (Acres)**		**Concluded Value**
2-5-1-2-45	4.404		$1,190,000
2-5-1-9-110	0.725		$245,000
2-5-1-9-111	0.471		$165,000
2-5-1-9-112	0.457		$163,000
2-5-1-9-113	0.442		$159,000
2-5-1-9-114	0.423		$153,000
2-5-1-9-115	0.455		$172,000
2-5-1-9-117	1.833		$1,257,000
2-5-1-10-3	0.201		$103,000
2-5-1-10-4	0.201		$103,000
2-5-1-10-5	0.201		$103,000
2-5-1-10-6	0.200		$102,000
2-5-1-10-7	0.206		$110,000
2-5-1-10-8	1.923		$1,270,000
2-5-3-1-1	6.760		$1,460,000
2-5-3-1-25	0.401		$161,000
2-5-3-1-26	0.345		$132,000
2-5-3-1-27	0.387		$146,000
2-5-3-1-30	4.629		$970,000
2-5-3-1-47	0.349		$152,000
2-5-3-1-48	0.343		$149,000
2-5-3-1-49	0.358		$154,000
2-5-3-1-50	0.420		$188,000
2-5-3-1-51	0.256		$117,000
2-5-3-1-55	0.366		$185,000
2-5-3-1-56	0.368		$187,000
2-5-3-1-57	0.258		$117,000
2-5-3-1-58	0.217		$119,000
2-5-3-1-59	0.209		$122,000
2-5-3-6-33	1.018		$333,000
Total	**28.825**	**Rounded**	**$9,987,000**

KUALAPUU AND MAUNALOA INDUSTRIAL PROPERTIES

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-10-134	6.363	M-1	Office/Theatre	Owner Occupancy	$3,180,000
5-2-11-29	68.546	M-2/Interim (*)	Vacant Lot	Investment	$4,480,000
5-2-31 (various)	9.842	M-2 (*)	Vacant Lots	Sale	$4,081,000
Aggregate	**84.751**				**$11,741,000**

(*) Zoning reported by Maui County.

Location/Address	Maunaloa, Molokai, Hawaii Kualapuu, Molokai, Hawaii
Site Specific Environs	TMK 5-1-10, Parcel 134 is the site of the Molokai Ranch office and baseyard, and the theatre building located at Maunaloa. Located in Kualapuu off of Kamehameha V Highway, TMK 5-2-31 (various) consists of vacant lots in the Molokai Industrial Park. TMK 5-2-11, Parcel 29 consists of industrial expansion acreage situated adjacent to the west and southwest of the existing industrial park.

PROPERTY DATA AND DESCRIPTION

State Land Classification	TMK 5-1-10, Parcel 134 – Urban TMK 5-2-11, Parcel 29 – Urban, Agriculture TMK 5-2-31 (various) – Urban
Ownership	The fee simple interest in TMK 5-1-10, Parcel 134 is held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest; the remaining properties are owned by Cooke Land Company, Inc., a subsidiary of Molokai Properties Limited.
Physical Description	TMK 5-1-10, Parcel 134 is a slightly irregular shaped property having frontages on four paved roadways. The site is generally level and served by all available utilities. Distant ocean views are available from this property.

The irregularly shaped TMK 5-2-11, Parcel 29 features undulating topographical characteristics and is accessed by the paved roadway through the Molokai Industrial Park. The property is bifurcated adjacent to its west property line by land which is leased to Goodfellow Brothers. Utilities available in the area include water, telephone, and electric. Ocean and coastline views are available from this property.

TMK 5-2-31, Parcels 1 to 8, 15 to 17, 21 and 22 are the unsold Molokai Industrial Park lots which are accessed via a paved roadway from Kamehameha V Highway. The lots range in size between 22,101 and 39,260 square feet, and feature level to slightly sloping topography. Available utilities include water, electricity, and telephone service.

Improvement Description	The improvements on TMK 5-1-10, Parcel 134 consist of the Molokai Ranch offices (built in 1969) and baseyard and the theatre building (built in 1997). Containing approximately 3,120 square feet, the wood frame office building is of newer construction. The adjacent warehouse structure contains approximately 15,919 square feet and houses various maintenance and repair shops. The theatre building is also of newer construction and contains approximately 9,370 square feet. All other industrial parcels are vacant of structural improvements.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Industrial and commercial.
Specific Value Considerations	The Molokai Ranch office, baseyard and theatre property (TMK 5-1-10, Parcel 134) involved specific value considerations identified later.
Valuation Approach Utilized	A sales comparison approach was utilized to value the land component of all the industrial holdings.

Molokai Industrial Park

For the Molokai Industrial Park lots (TMK 5-2-31 (various)), a benchmark lot (TMK 5-2-31-16) was valued accounting for differences in market conditions, location, corner/frontage, zoning, physical characteristics and size. The remaining industrial park lots were then valued in relation to the benchmark employing a consistent rationale.

Comparables Examined

Industrial comparables B-1, B-2, and I-1 were utilized in valuing the benchmark lot. One transaction is located within the Molokai Industrial Park, and two are situated in Kaunakakai.

Compensating Adjustments

Consistent with the previous section, a negative 20 percent market conditions adjustment was applied to all transactions. The high exposure location of Transaction B-1 required a downward adjustment for location. Having a corner configuration, Transaction I-1 was rated superior to the benchmark. The B-CT zoning of Transaction B-1 was judged inferior. The only other adjustment required was for size. Final adjusted values ranged from $8.28 to $10.67 per square foot, with a mean of $9.61 and a weighted value of $9.80. The value of the benchmark lot was concluded to be $9.80 per square foot, or a total of $219,000.

Molokai Industrial Park Expansion Acreage

Lacking an abundance of industrial zoned transactions, the 68.546-acre Molokai Industrial Park expansion acreage (TMK 5-2-11, Parcel 29) was valued employing the same transactions and general adjustment rationale as the previous industrial park benchmark lot. However, considering the 13 unsold lots in the existing subdivision, a market over supply allowance was considered in the valuation of the expansion acreage. In addition to the market over supply allowance, the subject's easement access and irregular shape were rated inferior to the transactions. The Interim zoning for a portion of the subject was judged inferior to Transactions B-2 and I-1. After all adjustments, the values ranged between $1.39 to $1.59 per square foot, with a mean of $1.49 and a weighted value of $1.52. We concluded a value for the 68.546-acre expansion parcel of $1.50 per square foot, or a total fee value of $4,480,000.

Molokai Ranch Office, Baseyard, Theatre Property

Valuation of M-1 zoned TMK 5-1-10, Parcel 134 used consistent transactions and general adjustment rationale as in the preceding industrial valuations. This 6.363-acre parcel has frontages on four roadways and is located in the center of Maunaloa Village. The subject's Maunaloa location was rated inferior to all transactions. Having single frontages, Transactions B-1 and B-2 were rated inferior to the subject. The B-CT zoning of Transaction B-1 was judged inferior to the subject. The only other adjustment required was for size. The adjustment process resulted in a value range of $5.39 to $6.93 per square foot, with a mean of $6.22 and weighted value of $6.36. We concluded a unit value of $6.35 per square foot, or a total fee simple value of $1,760,000 for the 6.363-acre subject site.

The contributory values of the Molokai Ranch Office Complex and Cinema building were estimated by depreciated cost analysis employing construction costs and in service dates provided by the client, and depreciation applied by the analysts. As indicated in the previous section, estimates of depreciation considered the physical condition of the structures and external factors such as current economic circumstances. The contributory values of the Molokai Ranch Office/Baseyard and Cinema buildings were estimated at $40,000 and $1,380,000, respectively, for a total contributory value of $1,420,000. Adding this to the previously concluded fee simple land value of $1,760,000 indicates a total property value for the Molokai Ranch Office, Baseyard, and Theater property (TMK 5-1-10, 134) of $3,180,000.

Concluded Market Value in the Existing State

The aggregate value of the Kualapuu and Maunaloa industrial properties was estimated to be **$11,741,000** as of January 31, 2013.

Reasonable Exposure Time

1 to 2 years.

MAUNALOA RESIDENTIAL PROPERTIES

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Sq.Ft.)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-09 (various)	75,175	Interim	North Subdivision Lots	Sale	$464,000
5-1-10 (various)	297,258	Interim	South Subdivision Lots	Sale	$2,555,000
5-1-10 (various)	64,725	Interim	Maunaloa Vistas	Investment	$199,000
5-1-02 (various)	203,600	Interim	Manager's Row	Owner Occupancy	$1,927,000
5-1-10-9	295,862	Interim	Nani Maunaloa	Investment	$0
Aggregate	**936,620 Sq.Ft. or 21.502 Acres**				**$5,145,000**

Location/Address Maunaloa, Molokai, Hawaii.

Site Specific Environs TMKs 5-1-09 (various) and 5-1-10 (various) consists of vacant unsold single family residential lots in the Maunaloa North and South subdivisions, and homes in the South Subdivision constructed by Maunaloa Vistas Limited Partnership. TMK 5-1-02 (various) contains six homes and two vacant lots commonly referred to as Manager's Row. TMK 5-1-10, Parcel 9 consists of a single large parcel improved with 61 rental cottages comprising the Nani Maunaloa affordable housing project.

PROPERTY DATA AND DESCRIPTION

State Land Classification All of the subject properties are State Land Use classified as Urban.

Ownership The remaining Maunaloa North and South vacant lots, Manager's Row properties, Maunaloa Vistas, and Nani Maunaloa project are owned by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest. Maunaloa Vistas is leased to Maunaloa Vistas Limited Partnership. Nani Maunaloa is leased to the Maunaloa Housing LLC, which acquired the leasehold interest by assignment on January 1, 2012 for a recorded price of $1,000.

There have been no sales of the subject vacant house lots or improved residences since March 2009. To our knowledge, these properties have not been listed for sale or received any offers within the past three years.

Physical Description

The Maunaloa North subdivision lots range in size from 7,571 to 16,097 square feet, and vary from generally level to moderately sloping topography. This is a newer and preferred subdivision which features panoramic views in a westerly direction. The Maunaloa South subdivision is an older development with lots ranging in size between 5,110 and 6,353 square feet. The lots also vary from level to moderately sloping. Views are less panoramic from these lots although distant ocean views are available.

The Manager's Row residences and the sites are situated in a premier Maunaloa location on a knoll overlooking the North subdivision. The eight-lot subdivision along this corridor range between 0.414 and 0.935 acre. All lots are generally rectangular shaped with most sloping gradually upward from west to east.

Containing 295,862 square feet, the large Nani Maunaloa site is a near rectangular holding bordered to the east, south and west by village roadways. A row of unsold commercial lots abut the subject to the north. The property slopes moderately upward from west to east.

Improvement Description

The Maunaloa Vistas homes are all wood frame structures containing between 864 and 988 square feet constructed as affordable rentals. These 12 homes have three-bedroom, two-bath configurations and were built in 1997.

The Manager's Row homes include four small masonry houses in poor to average condition and two larger wood frame executive dwellings that have been extensively remodeled through the years.

Nani Maunaloa consists of 61 cottages which are roughly 71 percent physically occupied. Managed by Prudential, the homes are wood frame units containing between 498 and 1,248 square feet constructed as affordable rentals. These homes, built in 1996, vary from one-bedroom, one- bath to four-bedroom, two-bath configurations.

VALUATION

Rights Appraised

Fee simple and leased fee interests.

Highest and Best Use

Residential.

Specific Value Considerations

The leased fee interests in the 12 Maunaloa Vistas homes and the fee simple interest in the Nani Maunaloa Village parcel have been estimated by income capitalization analysis.

Valuation Approach Utilized

Sales comparison approaches were utilized to value the various Maunaloa vacant lots and homes. Where appropriate, income capitalization analysis was also employed as indicated above.

Maunaloa North Subdivision Lots

For the Maunaloa North subdivision lots (TMK 5-1-09 (various)) and Manager's Row lots (TMK 5-1-2-54 and 56), a benchmark lot was valued accounting for differences in market conditions, corner/frontage, view, physical characteristics and size. The remaining subdivision lots were then valued in relation to the benchmark employing a similar rationale.

Comparables Examined

Residential lot comparables R-1 through R-5 were utilized in valuing the benchmark lot. Due to an abundance of recent transactions, all are situated within the North subdivision.

Compensating Adjustments

As all comparables are from the same subdivision, adjustments were minimal; those necessary were for market conditions, corner/frontage, and size. A downward market conditions adjustment of five to ten percent was applied to transactions occurring in 2009 and 2010. The size adjustment employed an exponential curve that extrapolates the relationship between parcel size and unit price. Adjusted values ranged from $49,572 to $66,861 per lot, with a mean of $58,175 and a weighted value of $59,379. The value of the North subdivision benchmark lot was concluded to be $60,000.

Maunaloa South Subdivision Lots

The South subdivision lots (TMK 5-1-10 (various)) were valued utilizing the same methodology and adjustment rationale as the North subdivision lots.

Comparables Examined

The most recent South subdivision vacant lot sale (Transaction R-6), a current listing (Comparable R-7), and Transactions R-1 and R-2 from the previous section were utilized in valuing the benchmark lot.

Compensating Adjustments

The market conditions allowance was an identical rationale to the North lots. An adjustment for location was added to account for the superior locational attributes of the two North subdivision transactions. The views available from the North subdivision were also rated superior to the South subdivision benchmark.

Adjusted values ranged from $40,500 to $54,603 per lot, with a mean of $47,064 and a weighted value of $47,453. The value of the South subdivision benchmark lot was concluded to be $47,500.

Manager's Row Homes

The Manager's Row homes (TMK 5-1-02-51, 52, 53, 55, 57, and 58), ranging in size from 1,260 to 3,030 square feet, were valued by sales comparison employing recent home sales in Maunaloa. Adjustments were made for sales or financing concessions, date of sale/time, location, differences in land area, view, design and appeal, quality of construction, age in years, condition, bedrooms/baths, interior living area, garage, entry area/lanai, lot location, and upgrades.

Comparables Examined

Single family residential comparables SF-1 through SF-4 were utilized in valuing the six Manager's Row homes. Transaction SF-1 is a 2,033-square-foot three-bedroom, two-bath home located in the Maunaloa North subdivision. Transaction SF-2 is a 1,396-square-foot two-bedroom, two-bath home also in the Maunaloa North subdivision. Transaction SF-3 is a two-bedroom, 1.5-bath home containing 1,360 square feet located in Maunaloa's South subdivision. Transaction SF-4, also in the Maunaloa South subdivision, is a 1,604-square-foot three-bedroom, two-bath home.

Compensating Adjustments

As is typical for house valuations, compensating adjustments were made for most of the criteria listed above. The subject homes are generally older plantation style homes on large lots which have been well maintained over the years. Generally, Transaction SF-3 is rated inferior and Transactions SF-1, SF-2, and SF-4 superior to the four smaller masonry homes. The two larger Manager Row homes were judged superior to Transactions SF-2, SF-3, and SF-4, and similar to Transaction SF-1. The most significant adjustments were for market conditions, site area, age in years, condition, and differences in living area.

Concluded values for the four smaller masonry homes on Manager's Row ranged from $255,000 to $275,000.

The two larger wood-framed Manager's Row homes ranged in value from $340,000 to $360,000.

Maunaloa Vistas

The 12 Maunaloa Vistas homes are leased until December 31, 2030 at an aggregate annual rent of $20,000. At the termination of the lease, the tenants have the right to purchase the homes for $2,500 each. The leased fee value of the Maunaloa Vistas was calculated to be $199,000.

Nani Maunaloa

The Nani Maunaloa is a complex of 61 rental cottages that is committed to operate as affordable rentals until December 31, 2026. After this date, there would be no restrictions on these cottages and they could continue operation as a rental project or be condominiumized and sold. Reported occupancy for the project is roughly 71 percent, and has been increasing since being managed by Prudential. Listed monthly rents for the one- to four-bedroom units range from $450 to $619, although tenants receive a $100 credit for paying their rent on time (and now via electronic payment), a policy set up at the beginning of the project. Each tenant pays for all their utilities.

In its current state, the property would not be marketable to individuals seeking an economic return on an investment. While we acknowledge the social benefits provided by the affordable housing project, it has been determined that the subject property has no economic value as a going concern.

At the end of the project's commitment to provide affordable rental housing in 2026, the individual units could potentially be renovated, condominiumized, and marketed individually. However, such a venture would require a multi-year sell out in a stronger market, and would compete with the surplus of house lots in existence around Maunaloa. As a vacant parcel, the 6.792-acre site has an estimated land value of $349,000, but such cannot be realized under the property's existing commitment to provide affordable housing. Therefore, we have assigned the Nani Maunaloa a zero value.

Concluded Market Value in the Existing State	The aggregate value of the Maunaloa residential properties totals **$5,145,000** as of January 31, 2013.
Reasonable Exposure Time	6 to 9 months.

MAUNALOA RESIDENTIAL INDIVIDUAL VACANT LOT VALUE CONCLUSIONS

Molokai Properties Limited Property Assets

Second DivisionTax Map Key	Land Area (Sq.Ft.)	Concluded Value
2-5-1-9-60	8,702	$60,000
2-5-1-9-61	8,307	$60,000
2-5-1-9-69	7,571	$59,000
2-5-1-9-72	8,590	$60,000
2-5-1-9-74	16,097	$77,000
2-5-1-9-76	13,961	$75,000
2-5-1-9-81	11,947	$73,000
2-5-1-10-29	5,304	$50,000
2-5-1-10-30	5,384	$48,000
2-5-1-10-36	5,447	$43,000
2-5-1-10-37	5,602	$43,000
2-5-1-10-38	5,662	$48,000
2-5-1-10-39	5,418	$48,000
2-5-1-10-40	5,395	$48,000
2-5-1-10-41	5,261	$48,000
2-5-1-10-43	5,497	$52,000
2-5-1-10-60	6,088	$46,000
2-5-1-10-62	5,110	$45,000
2-5-1-10-64	5,133	$45,000
2-5-1-10-66	5,165	$45,000
2-5-1-10-69	5,689	$46,000
2-5-1-10-70	6,241	$48,000
2-5-1-10-71	5,462	$45,000
2-5-1-10-74	5,157	$48,000
2-5-1-10-75	5,211	$48,000
2-5-1-10-76	5,183	$48,000
2-5-1-10-77	5,264	$48,000
2-5-1-10-91	5,293	$45,000
2-5-1-10-92	5,325	$45,000
2-5-1-10-93	5,267	$45,000
2-5-1-10-95	5,871	$48,000
2-5-1-10-96	5,273	$50,000
2-5-1-10-97	5,256	$48,000
2-5-1-10-98	5,113	$48,000
2-5-1-10-99	5,184	$48,000
2-5-1-10-100	5,625	$48,000
2-5-1-10-101	5,451	$48,000
2-5-1-10-102	5,787	$48,000
2-5-1-10-103	5,968	$48,000
2-5-1-10-104	5,400	$48,000
2-5-1-10-105	5,190	$48,000
2-5-1-10-106	5,190	$48,000
2-5-1-10-107	5,190	$48,000
2-5-1-10-108	5,255	$45,000
2-5-1-10-116	5,366	$45,000
2-5-1-10-117	5,266	$45,000
2-5-1-10-118	5,272	$45,000

MAUNALOA RESIDENTIAL INDIVIDUAL VACANT LOT VALUE CONCLUSIONS (continued)

Molokai Properties Limited Property Assets

Second DivisionTax Map Key	Land Area (Sq.Ft.)	Concluded Value
2-5-1-10-119	5,477	$48,000
2-5-1-10-120	5,914	$50,000
2-5-1-10-121	5,803	$48,000
2-5-1-10-122	5,964	$48,000
2-5-1-10-123	6,220	$48,000
2-5-1-10-124	6,353	$48,000
2-5-1-10-125	6,353	$48,000
2-5-1-10-126	6,209	$48,000
2-5-1-10-127	5,561	$48,000
2-5-1-10-128	5,552	$48,000
2-5-1-10-129	5,518	$48,000
2-5-1-10-130	5,377	$48,000
2-5-1-10-131	5,371	$48,000
2-5-1-10-132	5,371	$48,000
2-5-1-10-34	5,471	$199,000
2-5-1-10-35	5,515	In Parcel 34
2-5-1-10-86	5,516	In Parcel 34
2-5-1-10-87	5,410	In Parcel 34
2-5-1-10-88	5,182	In Parcel 34
2-5-1-10-89	5,355	In Parcel 34
2-5-1-10-90	5,389	In Parcel 34
2-5-1-10-109	5,282	In Parcel 34
2-5-1-10-110	5,308	In Parcel 34
2-5-1-10-111	5,453	In Parcel 34
2-5-1-10-112	5,431	In Parcel 34
2-5-1-10-114	5,413	In Parcel 34
2-5-1-2-51	26,441	$270,000
2-5-1-2-52	22,433	$275,000
2-5-1-2-53	19,646	$255,000
2-5-1-2-54	18,034	$81,000
2-5-1-2-55	19,297	$260,000
2-5-1-2-56	26,005	$86,000
2-5-1-2-57	31,015	$360,000
2-5-1-2-58	40,729	$340,000
2-5-1-10-9	295,862	$0
Total	**936,620**	**Rounded $5,145,000**

RESIDENTIAL POTENTIAL URBAN EXPANSION LAND

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-2-25 (por.)	49.710	Agriculture	Vacant	Owner Occupancy	$1,580,000
5-1-2-28	96.085	Project District			
5-1-2-46	2.929	Interim	Vacant	Owner Occupancy	$3,710,000
		Residential	Vacant	Owner Occupancy	$172,000
5-2-13-21 (por.)	12.608	Rural	Vacant	Owner Occupancy	$620,000
5-2-13-38	6.058	Agriculture	Vacant	Owner Occupancy	$266,000
5-2-28-106	2.057	Residential	Vacant	Owner Occupancy	$134,000
5-3-05-3	63.150	Agriculture	Vacant	Owner Occupancy	$158,000
5-3-05-8	13.721	Agriculture	Vacant	Owner Occupancy	$1,941,000
5-3-11-129	2.345	Residential	Vacant	Owner Occupancy	$455,000
5-4-01-23	34.895	Agriculture	Vacant	Owner Occupancy	$542,000
5-4-01-54	2.625	Agriculture	Vacant	Owner Occupancy	$95,000
5-4-01-84	8.809	Agriculture	Vacant	Owner Occupancy	$267,000
Aggregate	**294.992**				**$9,940,000**

Location/Address

Maunaloa, Molokai, Hawaii
Kualapuu, Molokai, Hawaii
Kaunakakai, Molokai, Hawaii
Kawela, Molokai, Hawaii

Site Specific Environs

These residential potential urban expansion lands are located in Maunaloa, Kualapuu, Kaunakakai, and Kawela, Molokai, Hawaii. In Maunaloa, these expansion lands are situated adjacent to the existing Maunaloa Village north and south residential subdivisions. The Kualapuu expansion lands are located adjacent to the Ironwoods Golf Course and an existing residential subdivision in Kualapuu Village. Currently being farmed, the Kaunakakai expansion land is also adjacent to the existing Ranch Camp residential subdivision. The Kawela expansion lands are in close proximity to Kawela Plantations subdivision.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Urban and Agriculture.
Ownership	The fee simple interest to the subject parcels is held by either Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest, or Cooke Land Company, Inc.
Physical Description	TMK 5-1-02, Parcels 25 (por.) and 28 are irregularly shaped larger sites with undulating topographical features containing 49.710 and 96.800 acres, respectively. Both have good views of the ocean and coast line. TMK 5-1-02, Parcel 46 contains 2.929 acres located at the east end of Maunaloa Road. This site is undulating and slopes gradually upward from the roadway. We were unable to definitively locate the 6.058-acre TMK 5-2-13, Parcel 38 but the general area is heavily wooded and undulating topography is typical. TMK 5-2-13, Parcel 21 (por.) is a 12.608-acre portion of the Ironwoods Golf Course property adjacent to and sloping gradually upward from Kalae Highway. Situated in Kualapuu Village, TMK 5-2-28, Parcel 106 is an irregularly shaped 2.057-acre parcel that wraps around existing homesites. This property slopes gradually upward from Huila and Alahula Streets. Containing 2.345 acres, TMK 5-3-11, Parcel 129 is an irregularly shaped level site that extends around existing Ranch Camp homesites. The property is situated slightly below the Kolapa Place grade. TMK 5-3-05, Parcels 3 and 8 are irregularly shaped sites containing 63.150 and 13.721 acres, respectively. These parcels are situated adjacent to the Kaunakakai Homesteads subdivision at the west end of town. Parcel 3 is generally level to slightly sloping while Parcel 8 is undulating with ravines and berms within the property boundary. TMK 5-4-01, Parcels 54 and 84 contain 2.625 and 8.809 acres, respectively, and are located east of Kaunakakai in the Kawela area. Parcel 84 has frontage on Kamehameha V Highway while Parcel 54 is an interior parcel with no frontage on the highway. Both are slightly irregular shaped and feature level to slightly sloping topography. Also in Kawela, TMK 5-4-01, Parcel 23 is a 34.895-acre parcel bisected by Kawela Stream. Much of this parcel is lost to the stream and associated flooding issues. This parcel has frontage on Kamehameha V Highway.
Improvement Description	All sites are currently vacant. With the exception of TMK 5-2-13, Parcel 38 and 5-4-01, Parcel 54, all parcels are served by asphalt paved roadways to their property line.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Residential development.
Specific Value Considerations	None known.
Valuation Approach Utilized	Sales comparison approaches were utilized to value a benchmark lot on a price per acre basis, accounting for differences in market conditions, location, access/frontage, zoning, view potential, physical characteristics, and size. The remaining lots where then valued in relation to the benchmark employing a similar rationale.
Comparables Examined	Our research revealed three closed transactions with residential potential on Molokai. Bulk residential Transactions BR-1 through BR-3 were employed in our valuation analysis. Transaction BR-1 is a 18.200-acre parcel with frontage on Kamehameha V Highway in Kamiloloa. This rectangular shaped, elongated site slopes gradually upward from makai to mauka. Located in Keawanui, Transaction BR-2 is an irregular shaped 13.747-acre site with frontage on Kamehameha V Highway. This site is level to gradually sloping. Transaction BR-3 is located adjacent to Transaction BR-2 and is an interior parcel containing 2.483 acres. This gradually sloping site does not appear to have any roadway access.
Compensating Adjustments	The adjustment for market conditions employed the identical negative 20 percent adjustment to Transaction BR-1 which occurred in June 2006. The other two transactions did not require adjustment as they occurred in 2009 after the market started to stabilize. The Keawanui location of Transaction BR-2 and BR-3 was considered inferior to the subject benchmark's Kaunakakai location. For access and frontage, the extensive single frontage of the benchmark was rated superior to Transaction BR-3 which lacks access. Transaction BR-1 has ocean views upper portion of the parcel and was rated superior to the benchmark. Having irregular shapes, Transactions BR-2 and BR-3 were rated inferior to the benchmark for physical characteristics. After all adjustments including recognition of size differences, the values ranged from $44,550 to $78,099 per acre, with a mean of $65,674 and a weighted value of $67,289. We conclude a value of $67,200 per acre, or a total of $158,000 for the 2.345-acre benchmark site.

Concluded Market Value in the Existing State	The aggregate value of the residential potential expansion parcels was estimated to be **$9,940,000** as of January 31, 2013.
Reasonable Exposure Time	1 to 2 years.

KALUAKOI INTERIOR RESORT LAND

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-3-4	18.594	H-M/Hotel	Vacant	Investment	$4,080,000
5-1-3-10	8.018	H-M/A-2	Vacant	Investment	$2,040,000
5-1-3-12	4.189	H-M/Hotel	Vacant	Investment	$1,180,000
5-1-3-16	6.751	H-M/Hotel	Vacant	Investment	$1,700,000
5-1-3-19	7.516	BR	Vacant	Investment	$1,270,000
5-1-3-20	41.710	Assumed Interim	Vacant	Investment	$2,530,000
5-1-3-25	49.077	PK-4	Vacant	Investment	$4,470,000
5-1-3-26	24.975	A-2/ Apartment	Vacant	Investment	$4,900,000
5-1-3-28	3.670	Interim	Vacant	Investment	$730,000
5-1-3-29	11.515	R-2	Vacant	Investment	$2,160,000
Aggregate	**176.015**				**$25,060,000**

Location/Address	Kaluakoi, Molokai, Hawaii.
Site Specific Environs	These interior resort development parcels are located in the Kaluakoi Resort. All are golf course frontage lots situated around the existing hotel (non-operational), multifamily condominium, and golf course developments (non-operational).

PROPERTY DATA AND DESCRIPTION

State Land Classification	Urban.
Ownership	The fee simple interest in each is held by Kaluakoi Real Estate LLC, a subsidiary of Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Physical Description	The ten Kaluakoi interior resort development parcels range in size between 3.670 and 49.077 acres with topography varying from level to moderately sloping. Ocean, coastline, and/or golf course views are afforded from most lots.
Improvement Description	All sites are currently vacant and served by asphalt paved roadways and utilities to the property line except for TMK 5-1-03, Parcels 19 and 20.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Hotel and resort development.
Specific Value Considerations	As stated earlier, there is no paved roadway access to TMK 5-1-03, Parcels 19 and 20.
Valuation Approach Utilized	The sales comparison approach was utilized to value an interior benchmark lot on a price per acre basis, accounting for differences in market conditions, location, access/frontage, zoning, golf course frontage, physical characteristics, and size. The remaining interior lots were then valued in relation to the benchmark employing a similar rationale.
Comparables Examined	There have not been any transactions of similar resort sites on Molokai. Therefore, we selected four recent transactions from the islands of Maui and Kauai for specific comparison to the subject benchmark lot. Interior Resort Transactions RR-1 through RR-4 were employed in our valuation analysis.

Compensating Adjustments

No market conditions adjustment was necessary since all transactions occurred since 2009. A general location adjustment was estimated by comparing median sales prices for Molokai, Kauai, and Maui for single family and multifamily product. Based on this analysis, the general location of Kauai and Maui were determined to be 50 and 60 percent superior to Molokai, respectively. For access/frontage, the three sided frontage of Transaction RR-4 was rated superior to the benchmark. Transaction RR-3 is a flag lot and was rated inferior. The split H-M and A-2 zoning of the benchmark was deemed superior to all transactions. Lacking golf course frontage, all transactions were adjusted upward for this factor. A nominal adjustment was applied due to the existing abandoned condition of the golf course. The slightly irregular shapes of Transactions RR-2 and RR-4 were judged superior to the irregular shape of the benchmark. The only other significant adjustment was for relative size. Adjusted values ranged from $123,980 to $447,127 per acre, with a mean of $285,836 and a weighted value of $253,929. The value of the benchmark interior resort lot was concluded to be $255,000 per acre, or a total of $2,040,000 for the 8.018-acre representative site.

Concluded Market Value in the Existing State

The aggregate value of the interior Kaluakoi Resort parcels was estimated to be **$25,060,000** as of January 31, 2013.

Reasonable Exposure Time

1 to 2 years.

KALUAKOI OCEANFRONT RESORT LAND

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-3-8	21.965	H-M/Hotel	Vacant	Investment	$0
5-1-3-14	15.330	H-M/Hotel	Vacant	Investment	$3,090,000
5-1-3-15	22.360	H-M/Hotel	Vacant	Investment	$4,250,000
5-1-3-17	12.120	H-M/Hotel	Vacant	Investment	$2,410,000
5-1-3-18	28.800	HM/Open	Vacant	Investment	$6,570,000
Aggregate	**100.575**				**$16,320,000**

Location/Address	Kaluakoi, Molokai, Hawaii
Site Specific Environs	These oceanfront resort development parcels are located in the Kaluakoi Resort. With the exception of TMK 5-1-03, Parcel 8, these oceanfront parcels currently do not have formal roadway access.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Urban.
Ownership	The fee simple interest in each is held by Kaluakoi Real Estate LLC, a subsidiary of Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Recent Subject Property Market Activity	None.
Physical Description	The five Kaluakoi oceanfront resort development parcels range in size between 12.120 and 28.800 acres with topography varying from level to moderately sloping. TMK 5-1-03, Parcel 8 is commonly referred to as Kaiaka Rock which is a rock mound and landmark along the otherwise undulating coastline. Due to the prominence and cultural significance of the Kaiaka Rock site, we judge it not marketable in the current political environment. Ocean, coastline, and/or golf course views are afforded from most lots.
Improvement Description	All sites are currently vacant and except for TMK 5-1-03, Parcel 8, do not have asphalt paved roadways and utilities to the property line.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Hotel and resort development.
Specific Value Considerations	As stated earlier, TMK 5-1-03, Parcel 8 (Kaiaka Rock) was deemed unmarketable in the current political climate.
Valuation Approach Utilized	The sales comparison approach was utilized to value an oceanfront benchmark lot on a price per acre basis, accounting for differences in market conditions, location, access/frontage, zoning, golf course frontage, physical characteristics, and size. The remaining oceanfront lots where then valued in relation to the benchmark employing a similar rationale.

Comparables Examined	There have not been any transactions of similar oceanfront resort sites on Molokai. Therefore, we selected three recent transactions from the island of Kauai for specific comparison to the subject benchmark lot. Oceanfront Resort Transactions O-1 through O-3 were employed in our valuation analysis. All comparables are located on Kauai in non-resort locations.
Compensating Adjustments	Inasmuch as all transactions occurred since 2009, no market conditions adjustment was deemed necessary. We have employed the general location adjustment for Kauai of negative 50 percent discussed in the previous section. For access/frontage, all comparables were deemed superior in varying degrees to the benchmark's lack of roadway access. The H-M zoning of the benchmark was deemed superior to Transactions O-1 and O-3. Having white sand beach frontage, Transactions O-1 and O-2 were rated superior to the benchmark. Transactions O-3 has portions with sloping topography and was thus judged inferior to the benchmark. The only other significant adjustment was for relative size. Adjusted values ranged from $88,821 to $264,833 per acre, with a mean of $176,523 and a weighted value of $194,246. The value of the benchmark oceanfront resort lot without roadway access was concluded to be $190,000 per acre, or a total of $4,250,000 for the 22.360-acre representative site.
Concluded Market Value in the Existing State	The aggregate value of the oceanfront Kaluakoi Resort parcels without roadway access was estimated to be **$16,320,000** as of January 31, 2013. This total excludes Kaiaka Rock (TMK 5-1-03, Parcel 8) which was deemed to not be marketable.
Reasonable Exposure Time	1 to 2 years.

KALUAKOI RESORT EXPANSION LANDS

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-3-1	1,052.452	Various	Vacant	Investment	$4,580,000
5-1-3-3	33.400	OZ	Vacant	Investment	$0
5-1-3-23	5.407	Open	Vacant	Investment	$0
Aggregate	**1,091.259**				**$4,580,000**

Location/Address	Kaluakoi, Molokai, Hawaii.
Site Specific Environs	These interior and oceanfront resort expansion lots are located in the Kaluakoi Resort. This asset is comprised of parcels that are zoned for multifamily, commercial, agriculture, and open space uses but are currently inaccessible by existing paved roadways.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Urban and Rural.
Ownership	The fee simple interest to each of the subject lots is held by Kaluakoi Real Estate LLC, a subsidiary of Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Physical Description	The three Kaluakoi Resort future expansion parcels range in size between 5.407 and 1,052.452 acres with topography varying from generally level to moderately sloping. The resort expansion lands contain an aggregate area of 1,091.259 acres bordered to the south by Kakaako Gulch, east by privately owned Kaluakoi Ranch lots, north by agricultural land owned by Molokai Properties, and to the west by the ocean. Pohakumauliuli Gulch bifurcates the holding in a west to east plane.
Improvement Description	The entire resort expansion holding is vacant of substantial improvements.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Resort expansion per zonings.
Specific Value Considerations	None.
Valuation Approach Utilized	The sales comparison approach was utilized to value the entire 1,091.259-acre assemblage accounting for differences in market conditions, location, access/frontage, zoning, ocean frontage, physical characteristics, and size.
Comparables Examined	Our research did not uncover any transactions of similar urban expansion acreage on Molokai. Therefore, we expanded our research to all neighbor islands and selected three acreage transactions for specific comparison to the subject. Urban expansion Transactions U-1 through U-3 were employed in our valuation analysis. Transaction U-1 is adjacent to the Wailea Resort on Maui, and Transactions U-2 and U-3 are urban expansion lands in Kaloko and adjacent to Waikoloa Village, respectively, on the island of Hawaii.

Compensating Adjustments

The adjustment for market conditions employed a 12 percent per annum increase between January 1, 2004 and December 31, 2006. Between January 1, 2007 and current, a negative 20 percent adjustment is indicated. As described in an earlier section, comparisons of median product sales prices between Molokai, Maui and the island of Hawaii resulted in general location adjustments of negative 50 percent for the island of Hawaii and negative 60 percent for Maui. Having extensive dual frontage on a primary roadway, Transaction U-2 was rated superior to the subject. The subject property is predominantly designated agriculture and State Land Use Rural which required downward adjustment to all comparable transactions for zoning. All transactions lack ocean frontage and were adjusted upward for this criteria. There are two gulches that run through the consolidated subject holding which resulted in all transactions being judged superior for physical characteristics. After compensating for size differences, the adjusted values ranged from $3,850 to $4,855 per acre, with a mean of $4,244 and a weighted value of $4,240. The value of the 1,091.259-acre Kaluakoi urban expansion acreage was concluded to be $4,200 per acre.

Concluded Market Value in the Existing State

The aggregate value of Kaluakoi Resort urban expansion lands was estimated to be **$4,580,000** as of January 31, 2013.

Reasonable Exposure Time

1 to 2 years.

PAPOHAKU RANCH LOTS AND KAUPOA BEACH CAMP

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-2-48	30.246	Agriculture	Beach Camp	Owner Occupancy	$2,400,000
5-1-4-22	32.772	Agriculture	Vacant Lot	Sale	$191,000
5-1-6 (various)	93.600	Agriculture	Vacant Lots	Sale	$843,000
5-1-7 (various)	119.790	Agriculture	Vacant Lots	Sale	$1,063,000
5-1-8 (various)	565.551	Agriculture	Vacant Lots	Sale	$5,119,000
Aggregate	**841.959**				**$9,616,000**

Location/Address

Kaluakoi, Molokai, Hawaii.

Site Specific Environs

These ranch lots are located in agricultural subdivisions east and south of Kaluakoi Resort on the west side of Molokai and are primarily used as residential estates.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Agriculture, Conservation.
Ownership	The fee ownership of five of the vacant interior lots is held by Kaluakoi Residential LLC, a subsidiary of Kaluakoi Land LLC, a subsidiary of Molokai Properties Limited; the remainder are held in fee by Molokai Acquisition LLC. The fee title to the Beach Village (TMK 5-1-2-48) is held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest. Kaluakoi Residential, LLC acquired the various ranch lots in TMK 5-1-4 and 5-1-6 on December 17, 2001. Molokai Acquisition LLC acquired the various ranch lots in TMK 5-1-7 and 5-1-8 on January 10, 2002. There have been no sales of the subject lots since 2006. To our knowledge, these properties have not been listed for sale or received any offers within the past three years.
Physical Description	The 33 interior ranch lots range in size from 20.003 to 43.357 acres with topography varying from level to gently sloping. Each lot is served by underground utilities including water, sewer, telephone, and electric. Ocean and coastline views are afforded from most lots. The oceanfront Kaupoa Beach Camp is remotely located away from the other ranch lots, accessible via private unpaved roads. It has no electricity, telephone, or septic system, and private water. Many protected culturally significant features exist on the site.
Improvement Description	The beach camp is improved with one small permanent structure built in 1999, utilized as a kitchen and open air gathering area.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Single-family home sites/estates.
Specific Value Considerations	The now defunct beach camp cannot be financially sustained on a stand alone basis, and the land and marginal improvements have greater value as a private exclusive single home site/estate.

Valuation Approach Utilized	The sales comparison approach was utilized to value an interior benchmark lot on a price per lot basis, accounting for differences in market conditions, frontage, view, physical characteristics, and size. Values for the remaining interior lots where then estimated in relation to the benchmark employing a similar adjustment rationale. The oceanfront beach village parcel was valued by direct sales comparison with neighboring vacant oceanfront parcels, based on price per acre. Additional adjustments were made for beach frontage, privacy, access, and utilities.
Comparables Examined	Interior Ranch Lot Comparables RA-1 through RA-4 were utilized in valuing the interior benchmark lot. Oceanfront Ranch Lot Comparables RA-5 to RA-9 were employed in the valuation of the beach camp parcel. All comparables are located within the Papohaku Ranch subdivision.
Compensating Adjustments	Interior Ranch Lots – Interior ranch lot comparables were taken from the same subdivision as the benchmark and required only modest adjustments, including downward five to ten percent allowances for listings. The adjusted values ranged from $209,480 to $253,422, with a mean of $226,313 and a weighted value of $222,203. The value of the benchmark interior lot was concluded to be $220,000. The other lots were then valued in relation to the benchmark lot. Kaupoa Beach Camp – Due to its unique attributes, there were significant adjustments made to the ocean front comparables to equate them to the beach camp parcel; these included allowances for quality of beach frontage, privacy, and property access. These adjusted values ranged from $59,918 to $113,357 per acre, with a mean of $83,897 per acre and a weighted value per acre of $79,454. The value of the 30.246-acre oceanfront lot was concluded to be $79,500 per acre, or $2,400,000 total.
Concluded Market Value in the Existing State	The aggregate values of the Papohaku Ranch Lots and Kaupoa Beach Camp lot totaled **$9,616,000** as of January 31, 2013.
Reasonable Exposure Time	6 to 9 months.

INDIVIDUAL PAPOHAKU RANCH LOTS
VALUE CONCLUSIONS
Molokai Properties Limited Property Assets

Second Division Tax Map Key	Land Area (Acres)	Concluded Value
2-5-1-2-48	30.246	$2,400,000
2-5-1-4-22	32.772	$191,000
2-5-1-6-50	28.364	$222,000
2-5-1-6-51	21.479	$207,000
2-5-1-6-52	20.003	$205,000
2-5-1-6-77	23.754	$209,000
2-5-1-7-11	24.654	$209,000
2-5-1-7-17	23.576	$220,000
2-5-1-7-18	23.333	$218,000
2-5-1-7-19	22.695	$207,000
2-5-1-7-20	25.532	$209,000
2-5-1-8-1	25.143	$220,000
2-5-1-8-2	20.910	$218,000
2-5-1-8-3	20.894	$218,000
2-5-1-8-4	21.064	$218,000
2-5-1-8-5	21.091	$229,000
2-5-1-8-6	43.357	$252,000
2-5-1-8-7	40.027	$240,000
2-5-1-8-8	40.197	$252,000
2-5-1-8-9	23.007	$218,000
2-5-1-8-10	23.007	$218,000
2-5-1-8-11	23.669	$220,000
2-5-1-8-12	21.562	$218,000
2-5-1-8-13	24.739	$220,000
2-5-1-8-14	21.994	$218,000
2-5-1-8-15	22.075	$218,000
2-5-1-8-16	22.074	$218,000
2-5-1-8-17	24.494	$220,000
2-5-1-8-20	20.474	$216,000
2-5-1-8-21	21.632	$218,000
2-5-1-8-22	21.258	$218,000
2-5-1-8-25	21.471	$218,000
2-5-1-8-26	20.475	$216,000
2-5-1-8-27	20.937	$218,000

Note: All lots are zoned Agriculture.

MAUNALOA AND KALUAKOI HOTEL PROPERTIES

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-2-27	10.804	Hotel	Closed Lodge/ Warehouse	Investment	$6,010,000
5-1-3-05	18.120	Hotel	Closed Hotel	Owner Occupancy	$8,880,000
Aggregate	**28.924**				**$14,890,000**

Location/Address

Maunaloa, Molokai, Hawaii
Kaluakoi, Molokai, Hawaii

Site Specific Environs

The Lodge at Molokai Ranch is situated in Maunaloa Village at the 1,200-foot elevation affording unobstructed countryside and distant ocean views.

The oceanfront Kaluakoi hotel is situated within the Kaluakoi Resort on the west side of Molokai and is neighbored by an abandoned 18-hole golf course and the West Molokai Resort project.

PROPERTY DATA AND DESCRIPTION

State Land Classification Urban.

Ownership

Fee simple title to The Lodge at Molokai Ranch is held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.

The fee to the Kaluakoi Hotel is held by Kaluakoi Poolside, LLC, a subsidiary of Kaluakoi Land LLC, a subsidiary of Molokai Properties Limited.

Physical Description

The irregular-shaped parcel containing The Lodge at Molokai Ranch is located at the western end of Maunaloa Village and gradually slopes downward to the west. Access is directly available from Maunaloa Highway. The site is served by underground utilities including water, sewer, telephone, cable, and electric. A separate commercial warehouse is also situated on the parcel.

The oceanfront Kaluakoi Hotel site is fairly level, but highly irregularly shaped, as boundary lines were drawn to exclude any former hotel units that were sold off as condo units when the hotel closed. The site is accessed via Kepuhi Place, and is served by underground utilities including water, sewer, telephone, cable, and electric.

Improvement Description

The Lodge at Molokai Ranch is comprised of a central building containing the front desk, great hall, restaurant, grill, fitness center, outdoor pool, and 6 guest rooms, and two ancillary buildings each containing 8 guest rooms. The 22-room wood-frame luxury-hotel was built in 1999. Located across the landscaped parking lot from The Lodge at Molokai Ranch is the 7,517-square foot "Outfitters" warehouse, originally built in 1926, that has been renovated and divided and is currently occupied by a church.

The 152-room, wood-frame, bungalow-style Kaluakoi Hotel, abandoned in January 2001, was constructed in 1976 and originally comprised of 290+ rooms, the difference of which was previously subdivided and sold as condominium units. The feasibility and cost to renovate and reopen the hotel is currently being studied by Andre Tatibouet, a Hawaii hotel development and management consultant. Other improvements at the hotel include a front desk, restaurant, small commercial spaces, and pool. One commercial space and the pool remains open at the present time.

VALUATION

Rights Appraised

Fee simple interest.

Highest and Best Use

Hotel.

Specific Value Considerations

The Lodge at Molokai Ranch has been closed since circa 2008 and portions have been vandalized. The contributory value of the existing improvements have been estimated by depreciated cost analysis.

The anticipated required renovations to the Kaluakoi Hotel are greater than the estimated value of the improved hotel, and thus do not make an independent contribution above land value.

Valuation Approach Utilized

The Lodge at Molokai Ranch and Commercial Warehouse (Outfitters)

The sales comparison approach was utilized to value the H-1 zoned Lodge at Molokai Ranch site on a price per acre basis, accounting for differences in market conditions, location, access/frontage, zoning, physical characteristics, and size.

Comparables Examined

Interior Resort Transactions RR-1 through RR-4 presented earlier in valuing the Kaluakoi Interior Resort Multifamily Benchmark were employed in our valuation analysis.

Compensating Adjustments

No market conditions adjustment was necessary since all transactions occurred since 2009. For general location, Kauai and Maui were determined to be 50 and 60 percent superior to Molokai, respectively. For access/frontage, the three sided frontage of Transaction RR-4 was rated superior to the subject. Transaction RR-3 is a flag lot and was rated inferior. The H-1 zoning of the subject was deemed superior to all transactions. The irregular shapes of Transactions RR-1 and RR-3 were judged inferior to the slightly irregular shape of the subject. The only other significant adjustment was for relative size. Adjusted values ranged from $115,370 to $412,733 per acre, with a mean of $265,483 and a weighted value of $236,351. The value of the Maunaloa Lodge site (TMK 5-1-02, Parcel 27) was concluded to be $237,000 per acre, or a total of $2,560,000 for the 8.018-acre site.

The contributory values of the Lodge at Molokai Ranch and Outfitters buildings were estimated by depreciated cost analysis employing construction costs and in service dates provided by the client, and depreciation applied by the analysts. Depreciation considered the physical condition of the structures and external factors such as current economic circumstances. The contributory value of the Lodge at Molokai Ranch and Outfitters was estimated at $3,450,000. Adding this to the previously concluded fee simple land value of $2,560,000 indicates a total property value for the Lodge at Molokai Ranch and Outfitters building (TMK 5-1-02, Parcel 27) of $6,010,000.

Kaluakoi Hotel Property

A sales comparison approach was utilized to value the Kaluakoi oceanfront hotel site on a price per acre basis, accounting for differences in market conditions, location, access, ocean frontage, physical characteristics, and size.

Valuation Approach Utilized	The sales comparison approach was utilized to value the H-1 zoned Kaluakakoi Hotel site on a price per acre basis, accounting for differences in market conditions, location, access/frontage, zoning, ocean frontage, physical characteristics, and size.
Comparables Examined	Oceanfront Resort Transactions O-1 through O-3 were employed in our valuation analysis. All comparables are located within resorts on Kauai.
Compensating Adjustments	Inasmuch as all transactions occurred since 2009, no market conditions adjustment was deemed necessary. We have employed the general location adjustment for Kauai of negative 50 percent discussed in the previous section. For access/frontage, Transactions O-2 and O-3 were deemed superior in varying degrees to the Kaluakoi Hotel property. The subject's H-1 zoning was judged superior to Transaction O-1 and O-3. Having white sand beach frontage, Transactions O-1 and O-2 were rated superior to the subject's cliff and rocky coastline. All transactions were adjustment upward slightly to recognize their lack of golf course frontage. Transaction O-3 has portions with sloping topography and was thus judged inferior to the subject. The generally more regular shapes of Transactions O-1 and O-2 were rated superior to the subject. The only other significant adjustment was for relative size. Adjusted values ranged from $366,998 to $545,716 per acre, with a mean of $485,652 and a weighted value of $491,805. The value of the Kaluakoi Hotel site (TMK 5-1-03, Parcel 5) was concluded to be $490,000 per acre, or a total of $8,880,000 for the 18.120-acre site.
Concluded Market Value in the Existing State	The aggregate value of the hotel properties was estimated to be **$14,890,000**, as of January 31, 2013.
Reasonable Exposure Time	1 to 2 years.

KALUAKOI AND IRONWOOD GOLF COURSES

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Acres)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-3-7, 21, 22, 24 and 27; and 5-1-6-76	154.327	OZ/Golf Course	Golf Course	Owner Occupancy	$1,730,000
5-2-13-21 (por.)	68.000	AG/Golf Course	Golf Course	Owner Occupancy	$1,290,000
Aggregate	**222.327**				**$3,020,000**

Location/Address	Kaluakoi, Molokai, Hawaii Kualapuu, Molokai, Hawaii
Site Specific Environs	The abandoned Kaluakoi Golf Course (TMK 5-1-3-7, 21, 22, 24, and 27; 5-1-8-76) was an 18-hole oceanfront facility located in the Kaluakoi Resort on the west side of Molokai. The property no longer resembles a golf course and is presently overgrown. Located in Kualapuu, the Ironwoods Golf Course is currently a nine hole layout leased on a month-to-month basis to a private operator.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Kaluakoi Golf Course – Urban Ironwoods Golf Course – Agriculture, Urban
Ownership	The abandoned Kaluakoi Golf Course is owned by Kaluakoi Golf Course LLC, a subsidiary of Kaluakoi Land, LLC, which is a subsidiary of Molokai Properties Limited. Fee simple interest to the Ironwoods Golf Course is held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Physical Description	The Kaluakoi Golf Course was an 18-hole seaside championship layout designed by Ted Robinson Sr. Situated between Kepuhi and Papohaku Beaches, the course played to a par 72 and a distance of 6,187 yards from the regular tees. The course featured well-placed bunkers and water hazards, and good views of the ocean from most of the holes. Now abandoned, the course is overgrown and does not resemble a golf course.

The Ironwoods Golf Course was constructed in 1938 by pineapple plantation workers to serve as a recreational amenity. The nine-hole par 35 course plays to a distance of 2,850 yards and is positioned in a forested area in the hills above Kualapuu. Hilly terrain, narrow fairways, heavily wooded surrounding, and small greens contribute to the challenge of this course. Access to the golf course is over a dirt roadway.

Improvement Description

The abandoned Kaluakoi Golf Course is improved with a small wood frame pro shop, two wooden comfort stations, driving range, and a maintenance complex off of Kaiaka Road (built in 1976-1985). We were unable to observe most of the structures because of the current overgrown condition.

The Ironwoods Golf Course has no substantial permanent structure. There is no clubhouse at this facility and a trailer serves as the pro shop.

VALUATION

Rights Appraised

Fee simple interest.

Highest and Best Use

Golf course and site with golf course development potential.

Specific Value Considerations

The Kaluakoi Golf Course can no longer be considered a golf course and has been valued as resort expansion land.

The Ironwood Golf Course is leased to a private operator on a month-to-month basis for $18,750 per annum. There is no long-term lease to consider and the property has been appraised as if fee simple.

Valuation Approach Utilized

A sales comparison approach was utilized to value the Ironwood Golf Course on a price per hole basis, accounting for differences in market conditions, location, course quality, and special circumstances. The golf course market is complex and convoluted as it involves a variety of seller and buyer motivations, and varying degrees of additional developable land. The best available transactions were employed in our sales comparison analysis.

The abandoned Kaluakoi Golf Course has been valued as resort expansion land by sales comparison analysis.

Ironwood Golf Course

Comparables Examined

Golf Course Comparables G-1 through G-6 were employed in the valuation of the Ironwood Golf Course. The transactions are located on the islands of Oahu, Maui, and Kauai.

Compensating Adjustments

To recognize the general downward trend in the golf market in recent years, a negative 20 percent adjustment has been applied for market conditions. The general locations of all transactions were rated superior in varying degrees to the Molokai location of the subject golf course. In terms of course quality, the Bay View Executive Golf Course was judged to be comparable. In all other instances, the course quality of the comparables were rated superior in varying degrees to the subject course. The adjustment for special circumstances accounted for lack of a clubhouse at the time of sale and inclusion of additional developable land. For the Ironwood Golf Course, adjusted values ranged from $83,333 to $306,667 per hole, with a mean of $164,741 and a weighted value of $143,289. The value of the nine hole Ironwoods Golf Course was concluded to be $143,000 per hole, resulting in a total value of $1,290,000.

Abandoned Kaluakoi Golf Course

Comparables Examined

Urban expansion Transactions U-1 through U-3 were employed in valuing the 154.327-acre abandoned Kaluakoi Golf Course site.

Compensating Adjustments The adjustment for market conditions employed a 12 percent per annum increase between January 1, 2004 and December 31, 2006. Between January 1, 2007 and current, a negative 20 percent adjustment is indicated. For general location, adjustments of negative 50 percent for the island of Hawaii and negative 60 percent for Maui were employed. Having extensive dual frontage on a primary roadway, Transaction U-2 was rated superior to the subject. The subject property is zoned Open or Golf Course which required downward adjustment to all comparable transactions for zoning. All transactions lack ocean frontage and were adjusted upward for this criteria. The configuration and undulation of this former golf course site was deemed inferior to the comparables for physical characteristics. After compensating for size differences, the adjusted values ranged from $10,166 to $12,803 per acre, with a mean of $11,188 and a weighted value of $11,172. The value of the 154.327-acre abandoned Kaluakoi Golf Course site was concluded at $11,200 per acre, or a total value of $1,730,000.

Concluded Market Value in the Existing State The aggregate value of the Kaluakoi and Ironwoods Golf Courses was estimated to be **$3,020,000** as of January 31, 2013.

Reasonable Exposure Time 1 to 2 years.

INFILL LOTS

IDENTIFICATION AND VALUE

Second Division Tax Map Key	Land Area (Sq.Ft.)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
5-1-2-17	42,013	Interim/Park	Church	Owner Occupancy	$52,000
5-1-2-47	31,145	Interim/PD	Vacant	Owner Occupancy	$45,000
5-2-13-12	13,634	Single Family	Vacant	Owner Occupancy	$61,000
5-3-11-38	27,276	Interim	Vacant	Owner Occupancy	$68,000
Aggregate	**114,068 Sq.Ft. or 2.619 Acres**				**$226,000**

Location/Address Maunaloa, Molokai, Hawaii
Kualapuu, Molokai, Hawaii
Kaunakakai, Molokai, Hawaii

Site Specific Environs	The infill lots are located along the east side of Maunaloa Village in Kualapuu adjacent to the Ironwoods Golf Course, and in the Ranch Camp subdivision in Kaunakakai, Molokai, Hawaii.

PROPERTY DATA AND DESCRIPTION

State Land Classification	Urban.
Ownership	TMK 5-3-11, Parcel 38 is owned in fee simple by Cooke Land Company, Inc. The fee simple interests of all other subject lots are held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Physical Description	TMK 5-1-02, Parcel 17 is an elongated generally level site with extensive frontage along Maunaloa Road. Having an irregular shape, TMK 5-1-02, Parcel 47 is a slightly sloping site positioned behind a low income housing project and appears to have no roadway access. TMK 5-2-13, Parcel 12 in Kualapuu in an irregular shaped, slightly sloping site that is overgrown with trees and shrubs. Access is available via an unimproved roadway. Located in the Ranch Camp subdivision in Kaunakakai, TMK 5-3-11, Parcel 38 is a triangularly shaped vacant site situated at the east terminus of Kakalahale Street.
Improvement Description	TMK 5-1-02, Parcel 17 is improved with an old church building. All other parcels are vacant of significant structural improvements.

VALUATION

Rights Appraised	Fee simple interest.
Highest and Best Use	Residential use.
Specific Value Considerations	TMK 5-1-02, Parcel 17 is improved with a church which is leased at nominal rent. The structure is judged to not contribute to property value over and above land value.
Valuation Approach Utilized	Having adequate transactions by geographical location, separate sales comparison analyses were utilized to value the four infill lots. Adjustments have been made for market conditions, location, corner/frontage, view, development potential, physical characteristics, and size.

Maunaloa Infill Lots

Comparables Examined

Three transactions were selected for detailed comparison with the two subject lots. These have been identified as R-1, R-2 and R-6 and represent lots that were acquired for single family residential purposes. Transactions R-1 and R-2 are situated in the Maunaloa North subdivision and Transaction R-6 in the Maunaloa South subdivision.

Compensating Adjustments

The adjustment for market conditions employed a negative five percent adjustment. Located in Maunaloa North, Transactions R-1 and R-2 were rated superior to both subject lots for location. For TMK 5-1-02, Parcel 17, its Park Community Plan designation was rated inferior to all transactions. TMK 5-1-02, Parcel 47 lacks access and roadway frontage and was deemed inferior to all transactions. Being situated behind the low income housing project, view potentials are rated inferior to all comparables. Its Project District Community Plan designation and larger parcel size offers subdivision potential which was recognized as a superior attribute. After all adjustments including recognition of size differences, the value range, mean, and weighted values were as follows:

Property	Mean	Weighted	Concluded
5-1-02-17	$52,585	$51,740	$52,000
5-1-02-47	$45,126	$44,469	$45,000

Kualapuu Infill Lot

Comparables Examined

Transactions M-1 through M-3 were selected for comparison with the subject lot. Transactions M-1 and M-2 are rectangular shaped lots located in close proximity to the subject on Kalae Highway. Transaction M-3 is also situated in close proximity in the Kalae Houselots subdivision north of the subject.

Compensating Adjustments

The methodology and adjustment rationale is identical to that of the Maunaloa infill lots. Having unimproved roadway access, the subject was rated inferior to all transactions. The irregular shape and slightly sloping topography of the subject was rated inferior to all transactions. After all adjustments including a size allowance, the values ranged from $39,500 to $79,100 per lot, with a mean of $58,700 and a weighted value of $60,740. We conclude a value of $61,000 for the 13,634-square-foot TMK 5-2-13, Parcel 12.

Kaunakakai Infill Lot

Comparables Examined	Valuation of the triangular shaped infill lot in Kaunakakai employed Transactions M-2, M-4 and M-5. Transactions M-4 and M-5 are in the Kaunakakai Homesteads subdivision in Kaunakakai. Transaction M-2 is a Kualapuu lot described above. Transaction M-4 and M-5 are rectangular shaped sites on Manila Place.
Compensating Adjustments	The Kualapuu location of Transaction M-2 was rated interior to the subject. Due to its large size, offering subdivision possibilities, the subject was rated superior to the comparables for development potentials. The triangular shape of the subject was deemed inferior to all transactions. The size adjusted values ranged from $67,000 to $68,000 per lot, with a mean of $67,417 and a weighted value of $67,500. We conclude a value of $68,000 for the 27,276-square-foot TMK 5-3-11, Parcel 38.
Concluded Market Value in the Existing State	The aggregate value of the infill parcels was estimated at **$226,000** as of January 31, 2013.
Reasonable Exposure Time	6 to 9 months.

CONTRIBUTORY VALUE OF TELECOMMUNICATIONS LICENSES

IDENTIFICATION AND VALUE

Telecommunications License	Lease Term	Annual Rent	Rent Changes	Concluded Value
Wavecom [1]	01/01/1992–12/31/2021	$51,500.00	CPI (3)	$542,000
Aeronautical Radio	05/01/1983-04/30/2013	$157,353.24	CPI	$1,240,000
Hawaiian Telcom Kualapuu	10/01/1997-09/30/2017	$100,000	Level 10/1/12 to 9/30/17	$778,000
Hawaiian Telcom Puunana	01/01/1963-12/31/2013	$40	Level	$1,000
Oceanic Time Warner Cable	09/01/1993-08/31/2013	$20,038.32	Assume CPI	$150,000
Maui Electric	09/19/1989-09/15/2039	$12,000	9/16/19 Reneg., 10 yrs.	$122,000
Cellco Partnership (Verizon)	05/01/2008-04/30/2013	$24,311	CPI	$266,000
Crown Castle	11/01/2008-10/31/2023	$37,907[2]	CPI	$288,000
State of Hawaii (DLNR)	07/01/2004-06/30/2014	$40,000	7/01/14, $50,000 or FMV	$351,000
Visonary Entertainment	01/01/2012–12/31/2016	$13,596	Assume CPI	$120,000
Aggregate				**$3,858,000**

1. Formerly Pacific Lightnet; assumed automatic renewal for ten years.

2. Includes base rent plus 33.3% of subleases to AT&T, T-Mobile and Coral; subleases increase at 3% to 4%.

3. MPL receives all sublease rents up to $5,000 after which it is split 50/50.

Location/Address

Aeronautical Radio has sites on portions of TMK 5-1-02, Parcels 1, 4 and 35.

Crown Castle, Wavecom, Oceanic, Maui Electric, Visonary Entertainment, and State of Hawaii have sites situated on portions of TMK 5-1-02, Parcel 4.

Cellco Partnership Maunaloa is located on a portion of TMK 5-1-9, Parcel 118.

Hawaiian Telcom Kualapuu is located on a portion of TMK 5-2-13, Parcel 16.

Hawaiian Telcom Puunana is located on TMK 5-1-02, Parcel 13.

PROPERTY DESCRIPTION

Beneficial Interest	The beneficial interest of the telecommunications licenses are held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Recent Subject Property Market Activity	None known.
Physical Description	The telecommunications facilities consist of a variety of towers, antennas, satellite dishes, and small shelter buildings situated along the Puunana ridgeline and other strategically located sites on Molokai.

VALUATION

Rights Appraised	License Revenue.
Highest and Best Use	Telecommunications use.
Specific Value Considerations	The underlying land parcels have been valued with other asset groups thus resulting in no reversionary interest being added to the value of the periodic income streams.
Valuation Approach Utilized	Income capitalization of the revenue generated by these telecommunications facilities. The lease term, annual rent, and method of rent escalation are summarized in the foregoing table. Pertinent assumptions of our analysis are summarized below: • The Consumer Price Index (CPI) over the past 26 years averages 3.18 percent. We have employed a CPI of 3.0 percent per annum for those licenses requiring annual CPI escalations. • These telecommunications facilities are significant and integral components of the entire network of communication and transmission for these licensees. There is a high likelihood of continued demand for these sites. We have assumed all licenses and leases will continue at least for ten years after their upcoming expiration. • The income stream from these telecommunications facilities are considered highly reliable thus reducing the associated risks and resulting in the selection of a ten percent discount rate.
Concluded Market Value in the Existing State	The aggregate contributory present value of the telecommunications revenues was estimated to be **$3,858,000** as of January 31, 2013.
Reasonable Exposure Time	Not Applicable.

CONTRIBUTORY VALUE OF THE GAS COMPANY LEASE

IDENTIFICATION AND VALUE

Tenant	Lease Term	Annual Rent	Rent Changes	Concluded Value
The Gas Company	04/01/2012 – 03/31/2017	$12,160	FMV	$103,000

Location/Address	The Gas Company is located on TMK 5-2-11, Parcel 29 (por.) and 24 adjacent to the Molokai Industrial Park.

PROPERTY DESCRIPTION

Beneficial Interest	The beneficial interest of these lease agreements are held by Molokai Properties Limited. Molokai Properties Limited is a subsidiary of Guoco which is indirectly owned by Guoco through its non-wholly owned subsidiaries and in which Guoco has a 66.5% attributable interest.
Recent Subject Property Market Activity	None known.
Physical Description	The Gas Company lease encumbers 15,000 square feet and is minimally improved with lessee constructed improvements.

VALUATION

Rights Appraised	Present value of income stream.
Highest and Best Use	Industrial.
Specific Value Considerations	The underlying land parcel has been valued with other asset groups thus resulting in no reversionary interest being added to the present value of the periodic income streams.
Valuation Approach Utilized	Income capitalization analysis has been employed to value the revenue generated by these lease agreements. The lease term, annual rent, and method of rent escalation are summarized in the table above. Pertinent assumptions of our cash flow analysis are summarized below:

- The fee simple interest in the 15,000-square-foot Gas Company site was valued for rent reopening purposes at $152,000. Annual rent was estimated at eight percent of the fee simple value of the site.

- The Gas Company must renegotiate the lease rent for the next five years and has a high likelihood of continued occupancy of the site thereafter. We have assumed the lease has been extended for the five-year term ending 3/31/2017 and there are two five-year extensions thereafter.

- The revenue from this lease is considered highly reliable thus reducing the associated risks and resulting in the selection of a ten percent discount rate.

Concluded Market Value in the Existing State

The aggregate contributory present value of the lease revenues was estimated to be **$103,000** as of January 31, 2013.

Reasonable Exposure Time

Not Applicable.

PROPERTIES WITH NO MARKET VALUE

Properties that are estimated to not have a market include various roadways, remnant lots, utilities, greenbelts, and parks. These components are typically considered non marketable assets that enhance the value of other lands, but have no market value in and of themselves. The following table summaries the Molokai Ranch holdings with no market value.

MOLOKAI RANCH HOLDINGS WITH NO MARKET VALUE

Second Division Tax Map Key	Land Area (Acres)	Existing Use	Concluded Value
5-1-002-021	44.363	Roadway	$0
5-1-02-25 (por.)-9	0.917	Roadway	$0
5-1-003-009	20.158	Roadway	$0
5-1-004-018	2.001	Utility	$0
5-1-004-036	2.562	Utility	$0
5-1-006-157	79.861	Roadway	$0
5-1-009-109	0.286	Greenbelt	$0
5-1-009-116	1.168	Park	$0
5-1-009-119	9.029	Roadway	$0
5-1-010-010	1.181	Park	$0
5-1-010-133	1.658	Park	$0
5-1-010-135	0.081	Roadway	$0
5-1-010-136	0.081	Roadway	$0
5-1-010-137	10.551	Roadway	$0
5-2-011-008	0.534	Roadway	$0
5-2-012-025	0.004	Roadway	$0
5-2-012-035	0.980	Roadway	$0
5-2-028-098	6.773	Park	$0
5-2-028-108	0.018	Roadway	$0
5-2-029-060	0.280	Roadway	$0
5-2-031-014	0.653	Nature Conservancy	$0
5-2-031-023	1.726	Roadway	$0
5-3-002-094	0.242	Park	$0
5-3-002-097	5.457	Park	$0
5-3-002-105	0.264	Park	$0
5-3-002-131	0.099	Roadway	$0
5-3-002-161	0.002	Remnant	$0
5-3-002-163	0.002	Remnant	$0
5-3-002-164	0.002	Remnant	$0
5-3-002-167	5.411	Park	$0
5-3-002-169	0.041	Remnant	$0
5-3-006-041	0.003	Remnant	$0
5-3-008-023	0.042	Utility	$0
5-3-010-016	0.231	Roadway	$0
5-3-011-130	0.372	Roadway	$0
Aggregate	**197.033**		**$0**

MPL'S CORPORATE HONOLULU OFFICE SPACE

IDENTIFICATION AND VALUE

First Division Tax Map Key	Leased Area (Sq.Ft.)	Zoning/ Land Use	Existing Use	Classification Held For	Concluded Value
2-1-11-01	2,033	BMX-4	Office	Leasehold Rental	$0

Location/Address	1003 Bishop Street, Pauahi Suite 1170 Honolulu, Hawaii 96813.
Site Specific Environs	The leasehold office space is located in the Class A Pauahi Tower of Bishop Square at the center of the Honolulu's central business district.

LEASE DESCRIPTION

Landlord	Douglas Emmett 2010, LLC (an independent third party to the Guoco Group)
Floor Area Leased	2,033 Square Feet.
Lease Term	6 years, 6 months.
Monthly Rent	$5,710.21 (includes Monthly Maintenance Charges CAM & Hawaii GE Tax of 4.712%)
Rent Changes	Level.
Comments	Assignment or sub-letting of the space is prohibited.

VALUATION

Rights Appraised	Short Term Leasehold.
Highest and Best Use	Office Space.
Specific Value Considerations	The leasehold interest has no commercial value due to the prohibition against assignment or sub-letting, and the lack of substantial profit rent.
Concluded Market Value in the Existing State	The asset was determined to have zero commercial value as of January 31, 2013.
Reasonable Exposure Time	Not Applicable.

CERTIFICATION

The undersigned do hereby certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct. It is further certified that the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions. We further certify that we have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved. We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. The Hallstrom Group, Inc. has performed appraisal/consulting services, or services in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. The appraisal analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice. The use of this report is subject to the requirements of the Appraisal Institute relating to review by duly authorized representatives. The undersigned certify that they have made personal inspections of the property that is the subject of this report. No other persons provided significant real property appraisal assistance other than the undersigned.

As of the date of this report, Jeffrey K. Hallstrom has completed the Standards and Ethics Education Requirements for Associate Members of the Appraisal Institute.

The Appraisal Institute conducts programs of continuing education for their members. As of the date of this report, the undersigned have completed the requirements of the continuing education program of the Appraisal Institute.

James E. Hallstrom, Jr., MAI, CRE
Hawaii State Certified
General Appraiser, CGA-178
Exp. Date December 31, 2013

Brian S. Goto, MAI, SRA
Hawaii State Certified
General Appraiser, CGA-62
Exp. Date December 31, 2013

Esther H.C. Price, MAI
Hawaii State Certified
General Appraiser, CGA-314
Exp. Date December 31, 2013

Jeffrey K. Hallstrom
Hawaii State Certified
General Appraiser, CGA-817
Exp. Date December 31, 2013

ADDENDA

LIMITING CONDITIONS AND ASSUMPTIONS

The research, analysis, conclusions, and certification for valuation or market studies performed by The Hallstrom Group, Inc. are subject to and influenced by the following:

- The report expresses the opinion of the signers as of the date stated in the letter of transmittal, and in no way has been contingent upon the reporting of specified values or findings. It is based upon the then present condition of the national and local economy and the then purchasing power of the dollar.

- Legal descriptions used within the report are taken from official documents recorded with the State of Hawaii, Bureau of Conveyances, or have been furnished by the client, and are assumed to be correct. No survey is made for purposes of the report.

- Any sketches, maps, plot plans, and photographs included in the report are intended only to show spatial relationships and/or assist the reader in visualizing the property. They are not measured surveys or maps and we are not responsible for their accuracy or interpretive quality.

- It is assumed that the subject property is free and clear of any and all encumbrances other than those referred to herein, and no responsibility is assumed for matters of a legal nature. The report is not to be construed as rendering any opinion of title, which is assumed to be good and marketable. No title information or data regarding easements which might adversely affect the use, access, or development of the property, other than that referenced in the report, was found or provided. The property is analyzed as though under responsible ownership and competent management.

- Any architectural plans and/or specifications examined assume completion of the improvements in general conformance with those documents in a timely and workmanlike manner.

- Preparation for, attendance, or testimony at any court or administrative hearing in connection with this report shall not be required unless prior arrangements have been made therefor.

- If the report contains an allocation of value between land and improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other purpose and are invalid if so used.

- If the report contains a valuation relating to a geographical portion or tract of real estate, the value reported for such geographical portion relates to such portion only and should not be construed as applying with equal validity to other portions of the larger parcel or tract; and the value reported for such geographical portion plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity.

- If the report contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interest may or may not equal to the value of the entire fee simple estate considered as a whole.

- It is assumed that there are no hidden or inapparent conditions of the property, subsoil, or structures which would render it more or less valuable; we assume no responsibility for such conditions or for engineering which might be required to discover such factors.

- Nothing in the report should be deemed a certification or guaranty as to the structural and/or mechanical (electrical, heating, air-conditioning, and plumbing) soundness of the building(s) and associated mechanical systems, unless otherwise noted.

- Information, estimates, and opinions provided by third parties and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility is assumed for possible misinformation.

- If additional consultation or appraisal services outside the scope of this specific assignment are required, fees and schedule will be separately negotiated, whether or not this report has been delivered to the Client at the time of the request.

- Each party will hold the other harmless from and against any liability, cost or expense (including attorneys' fees) arising out of any claim or legal proceeding brought by a third party where such claim or legal proceeding is based on the negligent act or omission, or misconduct of the other party.

- With respect to data provided by Client, The Hallstrom Group, Inc. will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraisers.

- Possession of the report, or a copy thereof, does not carry with it the right of publication, and the report may not be used by any person or organization except the client without the previous written consent of the appraiser, and then only in its entirety, provided, however, the client is permitted to present the report to the Court and to prospective buyers of the property for information purposes. If the client releases or disseminates the reports to others without the consent of the appraiser, the client hereby agrees to hold the appraiser and the analysts harmless from any liability, damages, or losses which the analysts might suffer, for any reason whatsoever, by reason of dissemination of the report by the client. However, nothing herein shall prohibit the client or analysts from disclosing said report or opinions contained therein as may be required by applicable law.

- If a party shall commence any action or proceeding against another party in order to enforce the provisions of the Agreement or to recover damages as a result of the alleged breach of any of the provisions of the Agreement, the prevailing party shall be entitled to recover from the other party all reasonable costs in connection therewith, including reasonable attorneys' fees.

- Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any public means of communication without the prior consent and approval of the appraisers.

- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. We did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

- The function of this report is for the sole purpose(s) stated herein. It may not be used in connection with any proposed or future construction for a real estate syndicate(s), real estate investment trust(s) or limited partnership to solicit investors or limited partners, and may not be relied upon for such purposes.

- The appraiser's conclusion of value is based upon the assumption that there are no hidden or inapparent conditions of the property that might prevent buildability. The appraiser recommends that due diligence be conducted through the local building department or the municipality to investigate buildability and whether the property is suitable for its intended use. The appraiser makes no such representations, guarantees or warranties.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Guoco Group.

The information contained in this Composite Document relating to the Offeror has been supplied by the Offeror and Hong Leong. The issue of this Composite Document has been approved by the Offeror Directors and Hong Leong Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Guoco Group and Somerley), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Guoco Group, the Independent Board Committee and Somerley) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The information contained in this Composite Document relating to the Guoco Group has been supplied by Guoco. The issue of this Composite Document has been approved by the Guoco Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to Hong Leong, the Offeror, the Offeror Group, the Concert Parties and Standard Chartered Bank), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by Hong Leong, the Offeror, the Offeror Group, the Concert Parties and Standard Chartered Bank) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF GUOCO

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

	Number of Shares	**Amount** *US$*
Shares of US$0.50 each		
Authorised:		
Balance as at the Latest Practicable Date	1,000,000,000	500,000,000
Issued and fully paid:		
Balance as at 30 June 2012 (being the end of the latest financial year of Guoco)	329,051,373	164,525,687
Shares issued since 30 June 2012 and up to the Latest Practicable Date	–	–
Balance as at the Latest Practicable Date	329,051,373	164,525,687

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and capital. No Shares were issued during the period from 30 June 2012 (being the end of the latest financial year of Guoco) to the Latest Practicable Date.

The Shares are listed on the Stock Exchange and none of the securities of Guoco are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, there were 329,051,373 Shares in issue. As at the Latest Practicable Date, Guoco did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. MARKET PRICES OF SHARES

During the period commencing six months preceding the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK$97.45 on 22 April 2013 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$57.15 on 14 June 2012.

The table below sets out the closing prices of the Shares as quoted by the Stock Exchange on the Latest Practicable Date, the last trading day prior to the date of the Second Announcement, the Last Trading Date and the last trading day of each calendar month during the period commencing six months preceding the commencement of the Offer Period and ending on the Latest Practicable Date:

Date	**Closing price** *HK$*
29 June 2012	59.80
31 July 2012	65.05
31 August 2012	62.00
28 September 2012	69.80
31 October 2012	71.60
30 November 2012	70.75
Last Trading Date	70.50
31 December 2012	93.00
31 January 2013	93.00
28 February 2013	95.95
28 March 2013	94.80
22 April 2013 (being the last trading day prior to the date of the Second Announcement)	97.45
Latest Practicable Date	92.75

4. DISCLOSURE OF INTERESTS IN SHARES OF GUOCO

(a) As at the Latest Practicable Date, the Offeror held Shares and the Concert Parties owned or controlled Shares as set out below:

Shareholder	**Number of Shares**	**Approximate percentage of the issued share capital of Guoco (%)**
Offeror	235,348,529	71.52
Mr. Kwek Leng Hai(1)	3,800,775	1.16
Mr. Kwek Leng San(2)	209,120	0.06
Mr. Quek Leng Chan(3)	1,656,325	0.50
Mr. Quek Leng Chye(4)	16,822	0.01
AFCW(5)	4,026,862	1.22
GCL(6)	50,000	0.02
Aggregate number of Shares held by the Offeror and owned or controlled by the Concert Parties	245,108,433	74.49

Notes:

1. Mr. Kwek Leng Hai is a director of the Offeror and therefore a deemed Concert Party.

2. Mr. Kwek Leng San is a director of the Offeror and therefore a deemed Concert Party.

3. Mr. Quek Leng Chan is a director of the Offeror and therefore a deemed Concert Party. As at the Latest Practicable Date, he held 1,056,325 Shares under his personal name and 600,000 Shares through CL which is wholly-owned by him.

4. Mr. Quek Leng Chye is a brother of Mr. Quek Leng Chan, Mr. Kwek Leng Hai and Mr. Kwek Leng San and therefore a deemed Concert Party.

5. AFCW is a wholly-owned indirect subsidiary of Guoco and the trustee of the share option plan adopted by Guoco on 16 December 2002. The Offeror is deemed to be interested (as defined under the SFO) in the 4,026,862 Shares held by AFCW as at the Latest Practicable Date.

6. GCL is a wholly-owned indirect subsidiary of Hong Leong and therefore a deemed Concert Party.

(b) As at the Latest Practicable Date, the following Guoco Directors had the following interests in Guoco:

Name of Guoco Director	Personal interest	Corporate interest	Number of Shares interested	Approximate percentage of the issued share capital of Guoco (%)
Mr. Quek Leng Chan[(1)]	1,056,325	245,225,391	246,281,716	74.85
Mr. Kwek Leng Hai	3,800,775	–	3,800,775	1.16
Mr. Kwek Leng San	209,120	–	209,120	0.06
Mr. Tan Lim Heng	566,230	–	566,230	0.17

Note:

1. The corporate interests of 245,225,391 Shares (or underlying Shares) comprised the respective direct interests held by:

	Number of Shares (or underlying Shares)
Offeror	235,348,529
GCL*	5,250,000
AFCW**	4,026,862
CL***	600,000

* The interests of 5,250,000 Shares (or underlying Shares) held by GCL comprised 50,000 Shares and unlisted cash settled derivatives in respect of 5,200,000 underlying Shares. As at the Latest Practicable Date, GCL, a wholly-owned indirect subsidiary of Hong Leong and a Concert Party, held unlisted cash settled derivatives in respect of 5,200,000 underlying Shares (representing approximately 1.58% of the issued share capital of Guoco) pursuant to the Equity Master Confirmation entered into on 4 June 2008 and amended on 15 June 2011. Under the terms of such confirmation, GCL entered into such cash settled share swap transaction at the initial price of US$12.97 per Share and the scheduled termination date is 16 June 2014.

** AFCW is wholly-owned by Guoco which is in turn 71.52% owned by the Offeror. The Offeror and GCL are wholly-owned by GuoLine Capital Assets Limited which is in turn wholly-owned by Hong Leong. Hong Leong is 49.27% owned by Mr. Quek Leng Chan as to 2.424% under his personal name, 46.534% via HL Holdings Sdn Bhd (HLH) which is wholly-owned by him and 0.311% via Newton (L) Limited (NLL). NLL is wholly-owned by Newton Capital Group Limited which is 2.424% owned by Mr. Quek Leng Chan and 46.534% owned by HLH.

*** CL is wholly-owned by Mr. Quek Leng Chan.

As at the Latest Practicable Date, none of the Guoco Directors who owned or controlled any Shares or any other securities of Guoco carrying voting rights or convertible securities, warrants, options or derivatives of Guoco had irrevocably committed themselves to accept or reject the Offer. All the above-mentioned Guoco Directors intend, in respect of their own beneficial shareholdings in Guoco, to accept the Offer.

(c) Mr. Quek Leng Chan, Mr. Kwek Leng Hai and Mr. Kwek Leng San, in their capacity as Offeror Directors, had interests in Guoco as disclosed in paragraph 4(b).

(d) Other interests

As at the Latest Practicable Date, save as disclosed in paragraphs 4(a), 4(b) and 4(c):

(i) the Offeror did not hold and the Concert Parties did not own or control any Shares or convertible securities, warrants, options or derivatives in respect of any Shares;

(ii) none of the Guoco Directors or the Offeror Directors had any interests in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

(iii) none of the subsidiaries of Guoco, the pension funds of the Guoco Group or the advisers to Guoco as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders), owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

(iv) no persons who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had irrevocably committed themselves to accept or reject the Offer;

(v) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Guoco or with any person who is an associate of Guoco by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code;

(vi) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any Concert Party;

(vii) no fund manager (other than exempt fund managers) connected with Guoco who managed funds on a discretionary basis owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and

(viii) none of Guoco, the Guoco Directors, the Offeror or the Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had been either on-lent or sold.

5. DISCLOSURE OF INTERESTS IN OFFEROR SHARES

As at the Latest Practicable Date:

(a) Guoco had no interests in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror; and

(b) save as disclosed in the table below, none of the Guoco Directors had any interests in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror:

Name of Guoco Director	**Personal interest**	**Corporate interest**	**Number of shares interested**	**% of total issued share capital**
Mr. Quek Leng Chan	–	345,000	345,000	100

6. DEALINGS IN SHARES OF GUOCO

(a) During the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, save as disclosed in this paragraph 6(a), none of the Offeror, the Concert Parties or the Offeror Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

Name	**Date**	**Type of transaction**	**Number of Shares**	**Price per Share**
GuoLine Capital Limited	21 December 2012	Unwinding of unlisted derivatives*	50,000	HK$66.757

* Pursuant to an equity swap confirmation entered into on 16 October 2012, GCL, a wholly-owned indirect subsidiary of Hong Leong and a Concert Party, held unlisted derivatives in respect of 50,000 underlying Shares, which provided for cash or physical settlement at the election of GCL. On 21 December 2012, GCL acquired these 50,000 Shares by early unwinding such derivatives and electing for physical settlement of the Shares in accordance with the terms of such derivatives.

(b) During the Offer Period and ending with the Latest Practicable Date, none of the subsidiaries of Guoco, the pension funds of the Guoco Group or the advisers to Guoco as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(c) During the Offer Period and ending with the Latest Practicable Date, no fund manager who managed funds on a discretionary basis (other than exempt fund managers) connected with Guoco had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(d) During the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, none of the Guoco Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(e) During the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, none of the Offeror or any Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any Shares which had been either on-lent or sold.

7. DEALINGS IN SHARES OF THE OFFEROR

(a) During the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, Guoco had not dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

(b) During the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, none of the Guoco Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

8. GUOCO DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, none of the Guoco Directors had, as at the Latest Practicable Date, any service contract with Guoco or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract with more than 12 months to run irrespective of the notice period:

- On 11 December 2012, the director's service contract between Mr. Tan Lim Heng and GuocoCapital Limited was renewed for a further term of one year from 28 February 2013 to 27 February 2014 at a total annual remuneration of HK$3,238,000 with such discretionary bonus as may be determined by the Board Remuneration Committee of Guoco.

9. MATERIAL LITIGATION

Save as disclosed in note 42 ("Contingent Liabilities") to the audited financial statements of the Guoco Group for the year ended 30 June 2012 on pages II-89 to II-91 of this Composite Document and note 17 ("Contingent Liabilities") to the unaudited financial statements of the Guoco Group for the six months ended 31 December 2012 on page II-117 of this Composite Document, as at the Latest Practicable Date, none of the members of the Guoco Group were engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Guoco Directors to be pending or threatened by or against any member of the Guoco Group.

10. MATERIAL CONTRACTS

No contract (not being a contract entered into in the ordinary course of business of the Guoco Group) has been entered into by members of the Guoco Group during the period commencing two years prior to the Offer Period and up to (and including) the Latest Practicable Date, and which are or may be material.

The Offeror has not entered into any material contract in which any Guoco Director has a material personal interest.

11. EXPERTS

The following are the qualifications of each of the experts who have been named in this Composite Document or who have given their opinion or advice, which are contained in this Composite Document:

Name	**Qualification**
Standard Chartered Bank (Hong Kong) Limited	A licensed corporation under the SFO, licensed to carry out for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Somerley Limited	A licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
CBRE Limited	Member of Hong Kong Institute of Surveyors
Christie + Co	Royal Institution of Chartered Surveyors
Gerald Eve LLP	Royal Institution of Chartered Surveyors
Cushman & Wakefield Spain Ltd	Royal Institution of Chartered Surveyors
The Hallstrom Group Inc.	Member of the Appraisal Institute State of Hawaii Certified General Appraiser

12. CONSENTS

Standard Chartered Bank, Somerley and the Independent Property Valuers have given and have not withdrawn their respective consents to the issue of this Composite Document with the inclusion in this Composite Document of the text of their respective letters and reports and references to their names in the form and context in which they are included.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) from 10:00 a.m. to 4:00 p.m., Monday to Friday at the office of Guoco at 50th Floor, The Centre, 99 Queen's Road Central, Hong Kong, (ii) on the website of Guoco at http://www.guoco.com and (iii) on the website of the SFC at http://www.sfc.hk from the date of this Composite Document until the Closing Date:

(a) the memorandum of association and Bye-Laws of the Offeror;

(b) the memorandum of association and Bye-Laws of Guoco;

(c) the annual reports of Guoco for the two financial years ended 30 June 2011 and 2012;

(d) the interim report of Guoco for the six months ended 31 December 2012;

(e) the letter from Standard Chartered Bank, the text of which is set out on pages 10 to 20 of this Composite Document;

(f) the letter from the Board, the text of which is set out on pages 21 to 27 of this Composite Document;

(g) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this Composite Document;

(h) the letter from Somerley, the text of which is set out on pages 30 to 71 of this Composite Document;

(i) the letter, summary of valuation and valuation certificates from each Independent Property Valuer in connection with the valuations of the property interests held by the Guoco Group and its associated companies (as defined in the Takeovers Code) as at 31 January 2013, the text of which is set out on pages III-1 to III-308 of this Composite Document;

(j) the derivative confirmations referred to in the sections headed "4. Disclosure of Interests in Shares of Guoco" and "6. Dealings in Shares of Guoco" in this Appendix;

(k) the director's service contract referred to in the section headed "8. Guoco Directors' Service Contracts" in this Appendix;

(l) the written consents referred to in the section headed "12. Consents" in this Appendix; and

(m) this Composite Document.

14. MISCELLANEOUS

(a) None of the existing Guoco Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offer.

(b) There is no agreement or arrangement between any of the Guoco Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(c) There is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any Concert Parties (on the one part) and any of the Guoco Directors, recent Guoco Directors, Guoco Shareholders or recent Guoco Shareholders (on the other part) having any connection with or dependence upon the Offer.

(d) The registered office of Guoco is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The correspondence address of Guoco is 50th Floor, The Centre, 99 Queen's Road Central, Hong Kong.

(e) The Hong Kong branch share registrar and transfer office of Guoco is Computershare Hong Kong Investor Services Limited, located at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The registered office address of the Offeror is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its correspondence address in Hong Kong is 50th Floor, The Center, 99 Queen's Road Central, Hong Kong.

(g) The registered office address and correspondence address of Hong Leong are at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, Malaysia.

(h) The Offeror Directors are Mr. Quek Leng Chan, Mr. Kwek Leng San, Mr. Kwek Leng Beng and Mr. Kwek Leng Hai.

(i) The Hong Leong Directors are Mr. Quek Leng Chan, Mr. Kwek Leng Beng, Mr. Kwek Leng Hai, Mr. Kwek Leng Peck, Dr. Poh Soon Sim and Mr. Kwek Leng San.

(j) Save for any Shares to be pledged in favour of Standard Chartered Bank (in its capacity as banker to the Offeror) in accordance with the terms of the loan documentation entered into in relation to the Offer (details of which are set out in the section headed "Confirmation of financial resources" in the Letter from Standard Chartered Bank contained in this Composite Document) and for any Shares which may be pledged for any future external financing for the Offeror Group, the Offeror has no intention to transfer, charge or pledge any Shares acquired pursuant to the Offer to any other person.

(k) The principal place of business of Standard Chartered Bank is at 32/F, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong.

(l) The principal place of business of Somerley is at 20th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong.

(m) As at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Offeror or any Concert Parties, and any other person.

(n) The English language text of this Composite Document shall prevail over the Chinese language text.